



# 2023 IMPACT AND ESG REPORT



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## About this Report

This report covers Zscaler’s global operations for fiscal year 2023 (August 1, 2022, to July 31, 2023), unless otherwise specified. In line with our commitment to transparency, we publish an annual environmental, social, and governance (ESG) report, providing data and context about trends in our business and the industry as well as our operational impacts and progress.

Our approach to ESG reporting is guided by our company’s legacy of strong business ethics and values. We are pleased to share our journey, highlights from this fiscal year, and areas where we are focused moving forward, through this report and other channels.

For more information, visit our [website](#).



# Letter from our CEO

Our customers need—and our platform delivers—cutting-edge Zero Trust security that enables their organizations to compete in today’s digitally connected world. At Zscaler, we work tirelessly to build and deliver solutions that continuously raise the bar for secure connectivity.

Zscaler has been successful in creating the world’s largest security cloud because we are dedicated to our customers’ needs. We secure their data and earn their trust by operating with integrity and making customer obsession the foundation of everything we do. We are successful when our team members surpass our customers’ expectations each and every day.

Despite macroeconomic uncertainty, investments in cybersecurity solutions continued to be a top priority in 2023. This underscores the critical importance of cybersecurity in business and society today. We are proud to be a vital partner securing more than 7,700 global organizations, including over 40% of the Fortune 500.

In 2023, one of the most important technological shifts of our time gained prominence: artificial intelligence (AI). When handled responsibly, AI can be a powerful force for good. In the wrong hands, AI can compromise data security and multiply business risks.

At Zscaler, we leverage signals from over 320 billion daily transactions processed through our Zero Trust Exchange™ platform, to enhance our detection of cyberthreats and create valuable insights for our customers. Our proxy architecture and security features help our customers implement AI policies, control their data, and safely adopt AI tools, so they can propel their businesses forward.

We would not be able to pursue this kind of innovation without maintaining our focus on our ESG priorities, which helps us build customer trust, attract and retain the best people, and sustain strong business practices as we reach new milestones on our growth journey.

Over the past year, we have invested heavily in people and processes to support our values-driven culture, to better serve our customers and partners, power our business, and enable possibilities for our team and the communities we serve. We have implemented programs to develop future-focused leaders who are empowered to execute on our strategic objectives, deliver solutions that delight our customers, and guide Zscaler to capture opportunities. We have also maintained an inclusive culture that enables growth and opportunity.

We remain committed to our environmental objectives. Our platform has been running on 100% renewable energy since 2021. We are rolling out powerful new infrastructure and code to further increase our efficiency and performance as we continue our net zero journey. We are committed to the Science Based Targets initiative, joining many of our customers on the clearly defined pathway to reduce emissions and the impact of climate change.

As I look back on the year, I’m proud that our global teams continue to innovate and push boundaries, delivering solutions that enable our customers to securely transform their businesses. We are a mission-critical partner dedicated to, and aligned with, our customers’ priorities.

**Jay Chaudhry**  
CEO, Chairman  
and Founder



# Zscaler ESG Highlights

## Our Security Impact

**41 million+**  
users protected

**320 billion+**  
transactions  
processed daily

**150 million+**  
cyberthreats blocked daily



## Environmental

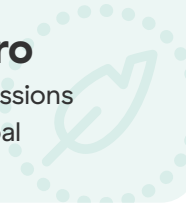
**100%**  
renewable energy for  
global data center and  
offices since 2021

**Carbon neutral**  
since 2022

**Science-Based  
Targets**

initiative commitment  
made in 2023

**Net zero**  
carbon emissions  
by 2025 goal



## Pioneer and Leader in Cloud Security

**12+ years**  
of operational  
experience at scale

**Public company**  
since 2018, Nasdaq  
100 index component

**7,700+ customers**  
and 41 million+ users  
protected in 185  
countries

**Trusted by**  
40% of Fortune 500

**12 consecutive  
years**  
as Gartner Magic  
Quadrant Leader

**>70 Net  
Promoter Score**  
vs. average NPS of high  
30's for SaaS providers

**500 trillion+**  
daily signals leveraged  
for AI-enhanced  
security, policies,  
and insights

**430+**  
issued and  
pending patents



## Governance

**ESG**  
oversight by board  
committee

**Certified**  
to international security  
and privacy standards

## Security & Privacy

oversight by board  
committee



## Social

**92%**  
of employees say Zscaler is  
a Great Place To Work

**61%**  
of employees are based  
outside the United States

**88%**  
of employees are  
highly engaged



# About Zscaler

We founded our company in 2007 with the idea that the internet would be the new corporate network, and that seamless security would empower people to work and live in a hyperconnected, mobile, and cloud-enabled world.

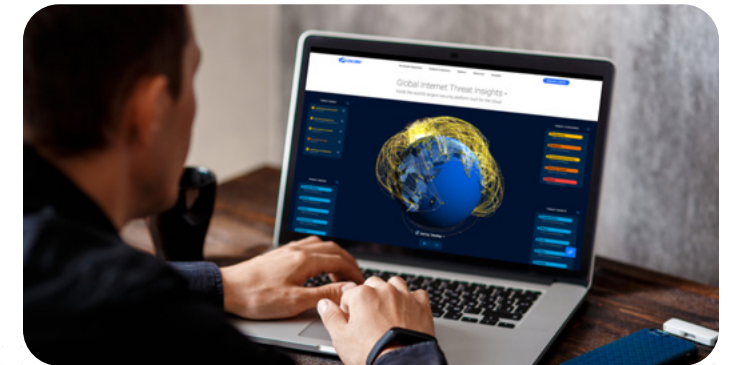
Secure digital transformation has never been more important. We believe the internet should be safe for businesses and that the user experience should be enjoyable for everyone. It's our mission to anticipate, secure, and simplify the experience of doing business for our customers, transforming today and tomorrow.

We built a revolutionary platform from the ground up to securely connect individual users, devices, and applications. Today, the Zscaler Zero Trust Exchange™ platform—the world's largest security cloud—provides organizations with the flexibility and agility to safely and securely do their best work, whether it's a hospital caring for patients, a school district educating students, or a company inventing tomorrow's technology.

We are excited to continue leading this transformation, guided by our strong ESG vision to secure a world of possibility.

## Company Vision

Zscaler envisions a world in which the exchange of information is always secure and seamless.



## Zscaler Zero Trust Exchange™ Platform: A Transformative Experience

The pace of technological change impacts how organizations function, compete, and deliver. Applications continue to move to the cloud, workers are increasingly mobile, and advances in AI open up unprecedented possibilities. We built our platform to help companies accelerate their application, network, and security transformations. Our platform makes adopting new technologies, reimagining business, and navigating change a simpler, more productive experience.

Security is a solution that does more than stop threats. When executed effectively, security is an enabling experience for organizations and the people they serve. When enterprises adopt the right tools to defend against cyberthreats and take action based on valuable insights about their operations, they become more agile, are empowered to push forward, and realize their potential faster. Through Zscaler, our customers can experience their world, secured.

The Zscaler Zero Trust Exchange platform is optimized for capacity, availability, security, and performance. Our approach delivers a seamless user experience that enables our customers to operate securely in insecure environments.

## How the Zero Trust Exchange Platform Delivers Impact to our Customers

### **Defends against cyberthreats and protects**

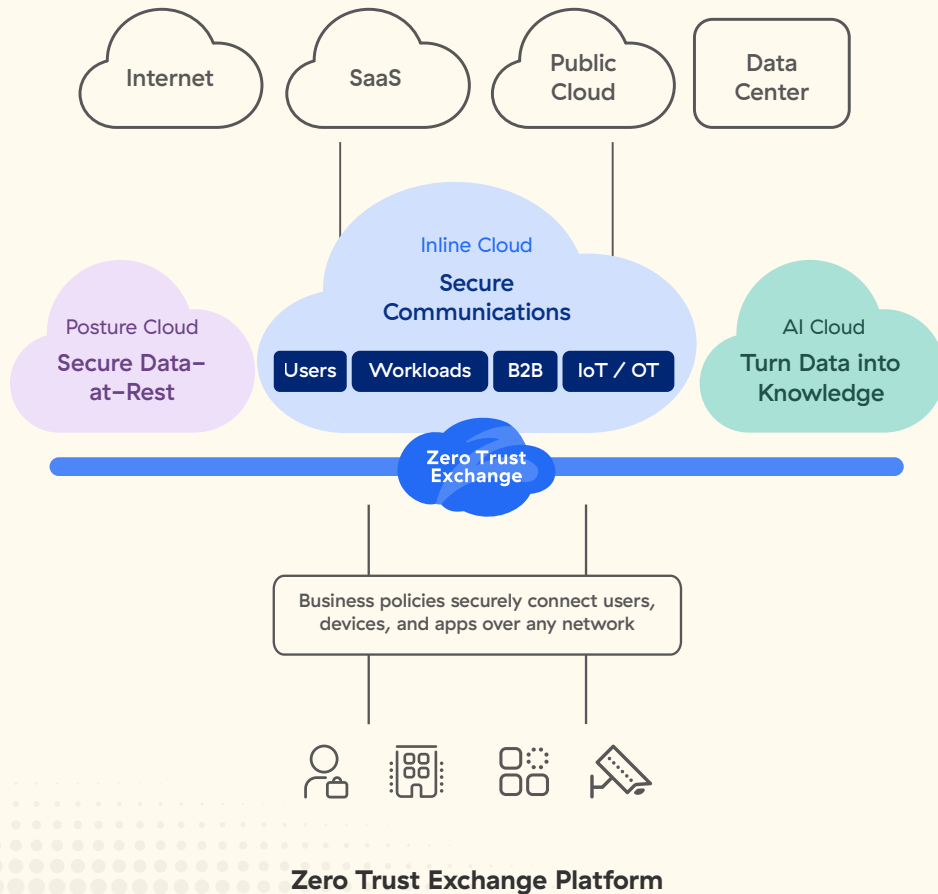
**data:** As companies shift their critical assets to the cloud, zero trust security is the way forward in today's digital world. Our cloud-based architecture securely connects users, devices, and applications over any network and replaces the obsolete "castle and moat" systems. Our approach is a fundamental shift that brings security to our customers, enabling them to run their businesses wherever they are with speed, agility, and mobility.

**Enables secure IT transformation:** We partner with customers to transform their technology, replacing inefficient and costly legacy infrastructure with an approach that is more flexible and environmentally sustainable. We deliver unparalleled business insights that help customers improve security while providing a better user experience. In these ways, we work with our customers so they can realize the potential of digital transformation.

### **Supports environmental impact reduction**

**efforts:** Our cloud-based approach is efficient by design and powered by 100% renewable energy, enabling emissions reductions for our customers. Our approach also helps our customers modernize IT by eliminating hardware, streamlining network infrastructure, and adopting cloud services that have less environmental impact.

**Enables a hybrid workforce:** Modernizing the workplace is a business strategy that focuses on people—employees, partners, and customers. This inclusive approach creates the right technological, physical, and psychological conditions to help people thrive. Zscaler helps companies meet the needs of a distributed, global, hybrid, and remote workforce.



## How our Platform Works

Our solution is built using an innovative, cloud-based architecture with inline traffic inspection and advanced threat protection to improve the privacy and security posture of companies. The streamlined, multitenant platform eliminates the need for costly investments in security hardware, supporting business resilience and environmental sustainability.

Every day, our platform secures millions of users and hundreds of billions of transactions, allowing organizations to compete at the speed of today's business. Through our platform, users can expect seamless functionality that provides data protection, zero trust connectivity, and a better user experience.

Our approach upends the traditional model, in which security is an element of control based on a centralized data center and complex network perimeter. Our zero trust architecture operates like a modern switchboard, intelligently connecting thousands of businesses and millions of users to their applications based on credentials and policy, with data privacy in mind.

This allows organizations to control secure access to their data throughout their operations, enabling security for users, workloads, as well as Internet of Things (IoT) devices and Operational Technology (OT) systems, and business-to-business (B2B) applications. The zero trust approach minimizes the "attack surface" of our customers' digital footprint and simplifies cumbersome IT stacks. The platform also secures data at rest by preventing risky sharing of data that is stored in public cloud applications.

The comprehensive coverage of the platform fuels our AI/ML capabilities by harnessing broad and updated data that results in improved security, policies, insights, and user experience.

To support a work-from-anywhere world, the Zscaler Zero Trust Exchange platform, spanning over 150 data centers, provides the highest levels of security for our users, regardless of their location.

For more information about zero trust, visit our [website](#).

# Our Approach to ESG

Our ambition is to build an iconic technology company, and we know that a deliberate, well-thought-out ESG approach is vital to this endeavor. We combine clear priorities, effective governance, and broad implementation to deliver benefits to our customers, employees, investors, and the communities we reach.

At Zscaler, ESG begins with security—the core of our business—and extends through our people-oriented culture, ethical business practices, and an environmentally sustainable technology platform. We are intentional about our ESG journey, focusing on programs that will create lasting value and impact for our business and customers, with a continued commitment to transparency on our ESG progress.

As the world around us evolves and the expectations of companies change, our ESG approach is guided by our company [values](#). Our focus areas are informed by: the needs of our customers; guidance from relevant and pragmatic ESG frameworks; global regulatory developments; and feedback from investors.

We're committed to delivering an unparalleled platform that secures what our customers do today and the possibilities they dream of doing tomorrow. As we continue along our ESG journey, we are excited about pushing forward, together, toward a world of possibility.



**“Zscaler’s broad product platform secures organizations, protects data, enables workplace flexibility, and reduces environmental impact—all of which are important to our global customers. By focusing on our key issues, we are able to strengthen our own business practices, which supports our growth, builds company resiliency, and creates lasting value for our stakeholders.”**

—**Bill Choi**, Senior Vice President, Strategic Finance and Investor Relations



# Zscaler ESG Focus Areas

## Governance



### Securing Trust

We have built effective governance structures, impactful management, and ethical business practices to create the foundation for trust and foster a culture of integrity, excellence, and innovation. Our customers rely on us to protect their business, and our employees, investors, and partners need to have the confidence that we have the processes, accountability structures, and external certifications to deliver consistent performance. It's important that we uphold these practices throughout our organization, particularly in the areas of information security and data privacy.



Business  
Ethics



Risk  
Management



Information  
Security and  
Privacy

## Environment



### Embedding Environmental Efficiency

Efficiency has been at the heart of our business from the moment we created our cloud native Zscaler Zero Trust Exchange platform. Our platform eliminates the need for expensive and inefficient legacy architecture. Our solutions, powered with 100% renewable energy, are inherently more efficient, using significantly fewer resources per comparable unit of functionality when compared to legacy approaches. As we support our growing list of customers in their transformation journeys, we are committed to managing our environmental impacts and risks.



Energy and  
Climate



Enabling  
Green IT



Reducing  
Waste

## Social



### Enabling Possibility for People

Our platform is a business enabler, supporting our customers to create the best work environments for their people. We have grown our global team while building on the culture that has contributed to our success. We continue to invest in our people, especially our leaders, to guide us through our next phases of our growth. We aim to provide an inclusive environment and give our employees the opportunity to grow with us, advance their careers, and achieve their professional dreams. Our giving-back program supports community engagement efforts that are meaningful to our employees.



Leadership  
and Talent  
Development



Diversity and  
Inclusion



Community  
Engagement



# Governance

## Securing Trust

We secure trust through governance structures and management practices that are tailored to meet the needs of our business and to protect the interests of our stakeholders. All the while, we are guided by ethical business practices that foster a culture of integrity, excellence, and innovation.

- Corporate and ESG Governance
- Business Conduct and Ethics
- Risk Management
- Information Security and Privacy



# Securing Trust

As a critical partner to more than 7,700 global organizations, we know that robust business practices and strong governance are necessary to secure customer trust and confidence. We build trust by delivering high-quality solutions and by operating our business with the highest levels of integrity.

Our leaders recognize the importance of upholding our values and ethics as our operating environment evolves. We demonstrate this through our governance structures, ethical business practices and policies, risk management, and relentless focus on our core business of ensuring data privacy and information security.

As technology rapidly advances, including with the adoption of AI, our aim is to continue to deliver innovation and solutions while maintaining robust governance structures that secure our customers and our business.

## Corporate and ESG Governance

Our corporate governance framework provides the controls and structure that allow our business to maintain the pace of innovation necessary to keep up with today's rapidly changing environment. Operationally, our internal teams manage risk and provide updates to management and our Board of Directors to ensure corporate responsibility.

Our Board's Audit Committee oversees risk, including risks related to privacy and cybersecurity, among other responsibilities. Our Internal Audit Team continuously reviews company procedures and policies to provide reasonable assurance that they are in line with best practices and that they are followed throughout our organization. The Internal Audit Team provides regular updates to the Audit Committee.

The Board's Nominating and Corporate Governance Committee oversees and evaluates our ESG policies, programs, and progress, to support the sustainable growth of our business. Our ESG Team works cross-functionally across our organization to set strategies and goals, build and embed programs into operations, and track progress.



For more information on our Board committees and their responsibilities, see our [corporate governance documents](#) and [proxy statement](#).

## Business Conduct and Ethics

How we conduct ourselves is just as important as what we do, and we're committed to conducting our business in an ethical, legal, and environmentally and socially responsible manner. Upholding this commitment underpins our ability to secure the trust of our customers, who rely on us to protect their business.

We promote and uphold the highest standards of business ethics and integrity, and our corporate policies define our principles and expectations for employees, suppliers, and third-party partners.

The cornerstone of our ethics program, Zscaler's [Code of Conduct](#), describes what we stand for. Our Code of Conduct training, which emphasizes respecting others, acting with integrity, and accountability, is mandatory for Zscaler employees and contractors globally. Other policies and programs that help support our ethical business practices include our [Supplier Code of Conduct](#), as well as our [privacy](#), anti-corruption, insider trading, and whistleblower policies. Every quarter, our sales personnel are required to sign a statement that they have not violated our anti-corruption policy, and our Legal Team regularly reviews Zscaler practices to address potential anti-competitive risks.

Our confidential whistleblower hotline, which is hosted by a third-party provider, is available 24/7 for employees, contractors, business partners, suppliers, and others, to raise concerns anonymously, as allowed by law, if they choose. We investigate all reported concerns and take appropriate action when necessary.

Our Supplier Code of Conduct outlines our expectations for suppliers to operate in an ethical and responsible manner, including practices to uphold labor, human rights, and environmental protection standards. In addition, we conduct security risk assessments of our suppliers' controls for protecting Zscaler information; we do this when they are onboarded, during our engagement with them, and when they are offboarded.

Our reseller partners, who comprise a significant part of our distribution, are subject to additional compliance and anti-bribery due diligence review.



## Risk Management

Trust is the foundation of everything we do, and we earn that trust through a robust approach to identifying, managing, and mitigating risk to our business and operations. We set and update policies, implement effective controls, and conduct internal audits and assessments to manage risks in critical areas of our enterprise. Strategic, financial, business and operational, cybersecurity, privacy, ESG, legal and regulatory compliance, and reputational risks identified through these processes are escalated to management and our Board of Directors as appropriate.

Our approach to managing risk in our business includes certifying our solutions to internationally recognized commercial and government standards. These standards help guide our approach to reducing various risks in our operations, so that our customers can adopt our services with confidence.

For more information on our climate risk management approach, see [page 24](#).

## Business Resilience and Emergency Preparedness

We consider and regularly review a wide range of potential threats that could affect our standard business processes. Our Facilities Team has developed emergency response plans for our global offices and employees.

Our Business Continuity and Disaster Recovery Plan, which is updated annually or as our products and processes change, outlines the steps we take to maintain the global availability of our cloud services. Our Cloud Operations Team monitors our platform 24/7 to respond to issues and ensures that our platform is resilient in the face of natural or human-caused disasters or other unplanned emergencies.

With operations in more than 150 data centers globally, we build in fault tolerance and redundancy wherever possible, providing both intra- and inter-data-center redundancy for our production cloud. We also assess the business continuity plans of our data center providers and select partners with the ability to maintain services and connectivity.

We use data and tools to pinpoint where issues may be located in the network. This helps us to find solutions quickly in order to meet platform availability and latency targets. We also regularly conduct drills and leverage actual incidents to test our systems and improve the way we manage our platform.

Our compliance team works to ensure that Zscaler products are aligned with and certified against the rigorous requirements of internationally recognized commercial and government **standards**.

### Global Commercial Certifications



### Global Government Certifications



## Information Security and Privacy

Protecting the security and privacy of our customers is a key focus of Zscaler. We believe that privacy is a fundamental human right that is critical to how we build and maintain customer trust. We operate the world's largest security cloud and understand the importance of security by design and privacy by default.

Every day, our platform protects millions of people at thousands of enterprises and government organizations against cyberattacks and data breaches. We invest in the people, processes, and technologies that support the security, privacy, and resilience to deliver a world-class platform.

### Cybersecurity Approach

The Zscaler platform was built leveraging guidance from leading industry frameworks to effectively manage and mitigate cybersecurity risks. Our rigorous risk management processes ensure the highest levels of confidentiality, integrity, and availability for our customers. We constantly evaluate the performance and strengthen the security of our products, to anticipate the evolving threat landscape. We engage with customers, external experts, and industry groups with diverse perspectives so that we can continue to deliver innovative solutions.

Zscaler's Cyber Risk Management Group identifies and prioritizes protective measures across our products and enterprise, continuously driving improvements to our security approach as threats evolve. The group is made up of key functional leaders across the company who share critical information and use data-driven strategies to manage cyber risks. The group meets regularly, provides updates to the Audit Committee quarterly, and apprises the full Board as needed.

Our in-house global threat research team, [Zscaler ThreatLabZ](#), has a mission to protect our customers from advanced cyberthreats. Armed with insights from over 500 trillion daily signals from our platform, this team of more than 100 security experts collectively operates 24/7 to identify and prevent emerging threats, using malware reverse engineering, behavior analytics, and data science.

In addition to improving Zscaler's products, the team shares its research with the wider industry to promote a safer internet. We implement security checks and reviews throughout our development lifecycle, and our internal security teams and external cybersecurity auditors continuously evaluate our products. In addition, we perform regular vulnerability scans, risk assessments, and penetration tests to maintain the highest standards of security.

Our cloud platform is monitored in real time, and we provide publicly available insights into the performance and health of our services. Our [Trust Portal](#) displays real-time statuses and advisories, thereby providing transparency to maintain the trust of our customers.



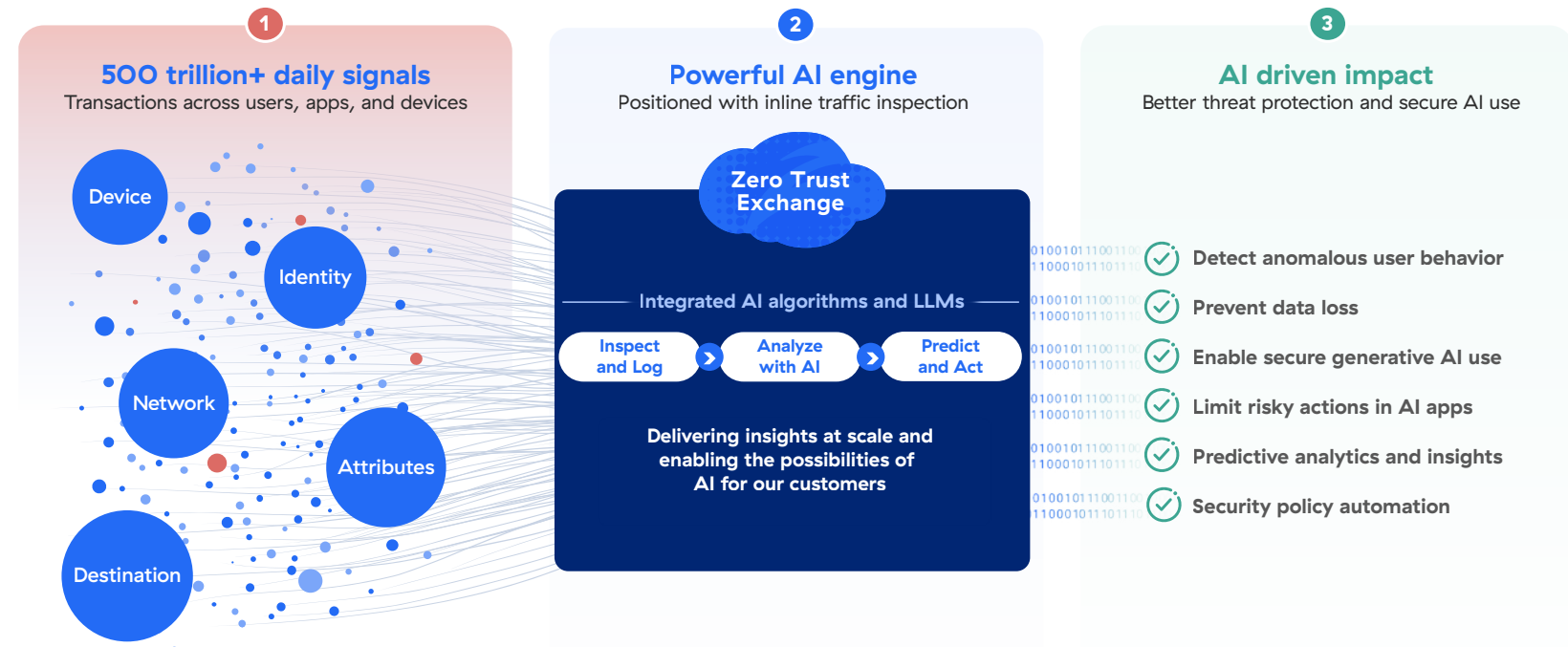
## Leveraging the Power of AI

Zscaler leverages AI to examine the hundreds of billions of security log metadata we receive every day to identify potential threats early. Our researchers and platform apply AI to this unique data set to further strengthen our tools to predict and prevent ransomware and other sophisticated attacks.

Additionally, while generative AI has tremendous potential to unlock insights, improve employee productivity, solve complex problems, adopting the technology can increase exposure to security risks, with many companies with many companies banning the use of this new technology completely.

Zscaler’s policy engine sits inline between users and AI tools, allowing companies to protect against data loss and set parameters to manage responsible use. For example, our browser isolation functionality enables companies to prevent unauthorized employees from typing or pasting sensitive information into generative AI prompts. Our customers can rely on a proven partner to help them participate in the AI revolution with confidence.

## Zero Trust Exchange: Uniquely Positioned to Deliver Impact Through AI



For more information, see how [Zscaler uses AI](#) and we help enable the [secure use of generative AI](#)

## Privacy Policy and Approach

Our detailed policies—covering employees, customers, and third parties—govern our data management and use practices.

Keeping our customers' data secure and private while providing seamless and continuous service is fundamental to our business. In line with our commitment to helping our customers comply with local privacy laws, we implement technical and organizational measures for customer data that pass through our Zero Trust Exchange platform. Zscaler evaluates any changes to our products or services by conducting a privacy impact assessment prior to release.

Our privacy policy respects our users' right to access, correct, and delete personal data. We require our vendors to abide by these same practices. We conduct due diligence to ensure that our vendors' privacy practices are appropriate to their level of data access and the scope of the services they provide. In addition, our suppliers undergo thorough security risk assessments. We also disclose a list of suppliers that may process customer data in our [sub-processor list](#).

When possible, customers can choose to have their logs, which capture network traffic metadata, stored exclusively in the U.S. or the EU/Switzerland, regardless of where their users are located. Additionally, we provide our customers with the ability to configure which of our global data center

locations process their data according to their compliance needs. Customer logs are retained by Zscaler for a rolling period of six months during the term of subscription. When the subscription term ends or expires, the customer logs are deleted by Zscaler after the six-month retention cycle.

With respect to our corporate website, we collect personal data only for specific, explicit, and legitimate business purposes, and we store that data only for the period necessary to achieve the purpose of the storage, or as permitted by law.

Our full-time, certified privacy professionals and our global security compliance team are responsible for day-to-day management, ensuring that we meet our obligations and requirements under various privacy and security certifications. To protect both Zscaler and customer assets, we require all our employees and contractors to complete our extensive data privacy and information security training when they are hired and annually thereafter.

For more information about our data privacy practices, visit our [Data Privacy and Protection webpage](#).

For information about our security architecture, visit our [Security and Compliance webpage](#).

## Security, Privacy, and Trust

**Security:** Our Zero Trust Exchange platform is based on the principle of least privilege, where every entity is assumed to be hostile. Trust is established through context, such as a user's location, their device's security posture, the content being exchanged, and the application being requested. Customer transaction content is not cached or written to disk; inspections take place in memory. Once inspection is complete, data flow continues unimpeded, with no record of the source data preserved beyond tokenized audit logs of the transaction.

**Privacy:** By default, Zscaler products set privacy settings to maximum confidentiality. As a data processor, we only process personal data on behalf of our customers, the data controller, and on written authorization from the data controller. We contractually uphold this responsibility through our [Data Processing Agreement](#). When possible, customers can choose to have logs stored exclusively in the U.S. or the EU/Switzerland.

**Trust:** Customers can trust that the limited data that we collect is safe with us. Our platform is certified to stringent standards. We have a track record of over 12 years of operational experience delivering the highest levels of security to our customers. We are committed to transparency and provide visibility into the real-time statuses of our operations through our [Trust Portal](#).



## Helping to Educate and Empower Executives and Board Members on Cybersecurity

As the rate of cyberattacks and information security risks continues to grow, consumers and business partners are becoming more aware of security vulnerabilities at organizations with which they share sensitive information. In addition to financial and asset loss, major data breach incidents can result in the loss of trust with company stakeholders, which can have long-term impacts.

Moreover, investors and regulators, such as the SEC, are increasingly pressuring companies to report on cybersecurity incidents and to disclose their strategies for managing these risks. This has solidified cybersecurity as a top ESG issue for executives and company boards.

Threat actors have ever-evolving and increasingly sophisticated cyberattack approaches. As a result, company executives must have an updated understanding of their vulnerabilities and potential financial loss exposure. Attempting to holistically assess risk or thoroughly investigate incidents using traditional siloed stand-alone security tools is an ongoing challenge for security leaders.

We are helping our customers' executive teams and Boards of Directors to better understand the risk posture of their organization through a risk quantification framework and dashboard called **Risk360**. This offering provides unparalleled visibility, with up-to-date security status and corrective actions they can take in a timely fashion. Through a partnership with the **National Association of Corporate Directors**, we are helping corporate Board members build foundational cybersecurity and zero trust knowledge, with the aim of advancing effective cybersecurity discussions between executives and boards and promoting a deeper understanding of overall cyber risk exposure.

We have also published "**Cybersecurity: Seven Steps for Boards of Directors**" to help board members assess cyber maturity, manage risk, and become successful stewards of cyber issues.

We believe that as companies enhance their cybersecurity governance, the increased oversight will help more businesses protect their data, brand, intellectual property, infrastructure, operations, and finances.



Zscaler Risk360™ dashboard



# Environment

## Embedding Environmental Efficiency

By embedding efficiency into our product design and powering our cloud platform with renewable energy, we enable our customers to securely accelerate digital transformation while supporting their environmental objectives. In line with our commitment to combat climate change, we have achieved carbon neutrality through the application of carbon offsets, and we're working toward our goal of net zero carbon emissions by 2025.

- Delivering Environmental Benefits to our Customers
- Our Approach to Managing Environmental Impacts
- GHG Inventory
- Climate Risk and Opportunity



# Embedding Environmental Efficiency

We are committed to minimizing our impact on the planet and supporting our customers in achieving their environmental goals by providing a security cloud that is significantly less emissions-intensive than legacy point product security solutions.

Our most significant carbon impact comes from the electricity used to power our cloud-based services. We have taken steps to address this throughout our offering, including with the architecture and optimized processing we use, our co-located data centers, and the renewable energy that powers our cloud.

Our platform and global offices have been powered with 100% renewable energy since 2021. Beginning in 2022, we began purchasing high-quality offsets to reduce our emissions impact in additional areas. We believe that further reductions are necessary, and we have set a goal to reach net zero carbon emissions by 2025. In 2023, we enhanced our emissions reduction strategy by committing to the Science Based Targets initiative (SBTi), which will further align our approach with global efforts and better support our customers' sustainability initiatives.

In addition to addressing climate impacts, we are taking a mindful approach to managing waste, including by repairing, reusing, and recycling hardware.

## Delivering Environmental Benefits to our Customers

When customers entrust their cybersecurity to our cloud, they can securely accelerate their digital transformation while reaching key environmental objectives:



**Minimize IT waste:** Our cloud-based approach reduces our customers' need to purchase, manage, and replace hardware. We also take a responsible approach to minimizing the waste that comes from our hardware use.



**Lower energy consumption:** We deliver better security using less energy per comparable unit of functionality with a purpose-built multitenant cloud security solution.



**Reduce carbon footprint:** We help customers lower the greenhouse gas (GHG) emissions associated with their security program through our zero trust platform, which is powered by 100% renewable energy.



**Enable a hybrid workplace:** By supporting a secure, work-from-anywhere experience, we help customers reduce everyday emissions from employee commutes and business travel.

## Our Approach to Managing Environmental Impacts

We take a pragmatic approach to environmental management, starting with a deep understanding of the data, which points to our biggest impacts.

In 2022, we conducted a product life-cycle assessment (LCA), which demonstrated that the Zscaler Zero Trust Exchange platform can deliver significant hardware reduction and energy efficiency over legacy on-premises solutions, including up to 93% less energy usage and 15 times lower emissions.

By tracking energy and carbon data, we are able to identify and address priority issues. Since our biggest impacts come from the electricity used to power our network of over 150 data centers, our internal teams—including cloud operations, ESG, and executive teams—work cross-functionally to engage our data center providers in emissions management (read more in “Reducing the Carbon Impact of Cloud Operations,” [page 23](#)). Although our LCA revealed only minimal waste impacts, we are intentional about our approach to minimizing waste (see “Managing Waste,” [page 21](#)).

## Lowering our Carbon Footprint

We are committed to addressing our climate impacts and creating meaningful change for our customers and the planet.

In calendar year 2022, we achieved carbon neutrality for our offices, data centers, business travel, employee commuting, and procurement, along with customer and public cloud usage, by purchasing high-quality, third-party-certified renewable energy certificates and carbon offsets that are additional and permanent.

We also recognize that carbon neutrality through the use of offsets is not the end goal, and deeper reductions are necessary. That’s why we set a goal to achieve net zero carbon emissions by 2025 for key impact areas under our control, joining many of our customers in a collective effort to support the transition to a low-carbon economy. To work toward this goal, we are implementing new policies and practices, including engaging with our most impactful suppliers on emissions reductions and renewable energy in their operations. We have deployed new software code and are testing upgraded hardware to lower our power needs. We also use data to identify additional areas for improvements as our business grows.

In 2023, to demonstrate the rigor of our environmental program, we committed to developing a science-based target in line with the global goal to limit global warming to well below 1.5°C above pre-industrial levels. This commitment directly supports many of our customers’ science-based target objectives.

We will continue to share our progress so that our customers have the confidence that they are working with a partner aligned with their carbon-reduction goals.



# Reducing Environmental Impact Across the Cybersecurity Life Cycle: Zscaler vs. Legacy Solutions

## Product Life Cycle – Cybersecurity Solutions



### Hardware

**Raw Materials + Manufacturing + Distribution:** The carbon footprint of security hardware includes impacts from the extraction and processing of raw materials, product manufacturing, assembly, and distribution to site locations.

**Zscaler Approach:** Our purpose-built multitenant security cloud relies on networking and server hardware customized from high-performance, off-the-shelf components. This reduces the overall amount of hardware needed to provide security services, including the hardware our customers purchase and the hardware we need to provide security services.


### Use Phase

**Customer Use:** Energy is required to power hardware for processing and scanning user traffic related to security services. It is also used to provide cooling for server rooms and data centers.

**Zscaler Approach:** Our cloud, which is run in over 150 co-located data centers around the world, has been powered by 100% renewable energy since 2021.

**End-of-Life:** As newer hardware and technologies are introduced, IT hardware is retired and disposed of at its end-of-life.

**Zscaler Approach:** To the extent possible, the vast majority of our retired IT equipment is reused or recycled in a zero waste manner after the destruction of sensitive components. This reduces the amount of hardware going to landfills.



**Up to 93% reduction in energy usage**

### Managing Waste

Our cloud-based services provide customers the benefit of reducing server waste and costly hardware upgrades associated with cybersecurity. We take a responsible approach to managing our two primary waste streams: hardware and office waste.








**Repair, reuse, or recycle hardware:** We deploy server hardware with efficiency, performance, and longevity in mind, which also optimizes for environmental sustainability. Whenever possible, we service or repair hardware, and at server end-of-life, the vast majority of our hardware is reused or recycled. We partner with a third party that clears, sanitizes, and physically shreds sensitive components to destroy data. Our vendor then repurposes working parts and recycles the remaining materials. In 2022, nearly 21,000 pounds of retired server hardware was repurposed or recycled.

**Minimize office waste:** As we expand globally, we use flexible working spaces in some regions to optimize office space. This, combined with our hybrid work approach, has helped us to reduce office waste. We have reduced office waste by using second-hand furniture in our headquarters, where appropriate.

For our LCA results, see our [Environment webpage](#).

## GHG Inventory

Verified GHG emissions for calendar years 2021 and 2022 by scope are as follows:

Scope	Inclusions	Emissions (MTCO <sub>2</sub> e)	
		CY 2021	CY 2022
<b>Scope 1</b>			
 Natural gas used to heat offices		362	277*
<b>Scope 2</b>			
 <b>Location-based</b> Indirect emissions associated with purchased electricity in offices and co-located data centers		25,096	22,877
 <b>Market-based</b> Purchased environmental attribute certificates/renewable energy credits		0	0
<b>Scope 3</b>			
 Purchased goods and services		852	671
 Business travel		999	7,439
 Employee commuting		N/A	455
 Use of product		2,714	3,470
<b>Scope 3 Total</b>		<b>4,564</b>	<b>12,035*</b>
<b>Scope 1 + 2 + 3 (location-based)</b>		<b>30,022</b>	<b>35,189</b>
<b>Intensity MTCO<sub>2</sub>e / revenue (\$m)**</b>		<b>29.6</b>	<b>17.1</b>

## Year-Over-Year Emissions Changes

We are committed to sharing our progress as our business activities evolve. In calendar year 2022, we observed changes in our emissions due to the following factors:

- **Scope 2:** Our emissions changed due to better data provided by data center providers. In calendar year 2021, our emissions number was based on conservative energy use estimates; in calendar year 2022, the actual emissions data recorded reflected a lower value.
- **Scope 3:** With decreased risks related to COVID-19 exposure, our business travel increased in calendar year 2022, as Zscaler teams traveled to meet with customers and team members. Our emissions associated with employee commutes also increased with the return-to-office for our teams.

We will continue to work with our providers to gather data that more accurately reflect our energy consumption and emissions.

We have also purchased carbon offsets to match the metric tons of carbon emitted from calendar year 2022 Scope 1 and Scope 3 activities.

For more details, please see our greenhouse gas [verification statement](#).

\*Does not include the application of voluntarily purchased carbon offsets that cover 100% of the relevant emissions categories listed above from Scopes 1 and 3. We selected projects that produced offsets that are additional and do not have risk of reversal.

\*\*Includes Scope 1 and 2 (location-based) emissions only. Our fiscal year runs from August through July. Revenue for the intensity figure above represents data from our financial filings associated with Q3 and Q4 of fiscal year 2022 combined with Q1 and Q2 of fiscal year 2023.

## Reducing the Carbon Impact of Cloud Operations

We built our platform by choosing data centers that are exceptionally connected, with the highest level of security, are close to users, and are operationally reliable. We also take into account the carbon impact of our cloud operations.

Our strategic approach to renewable energy includes engaging data center providers on ways to reduce emissions and other environmental impacts, and purchasing renewable energy credits to ensure that our cloud is powered by 100% renewable energy.

In 2021, we updated our data center procurement processes to integrate sustainability considerations into facility selection and renewal criteria. Where possible, we prioritize data center providers that use renewable energy, have their own climate goals, and achieve efficiency through other practices, such as motion-activated LED lights, automated controls, and recycled water for cooling. We push improvements and monitor progress during regular business reviews with our data center providers, and we hold our partners accountable during renewal periods.

As an edge service provider, Zscaler has a footprint that is spread across many global locations. In addition to the renewable energy purchased by our data center providers, we purchase high-quality renewable energy credits from country-specific wind and solar projects to make up for the nonrenewable difference. This allows us to reach 100% renewable energy for our data centers and global offices.

In early 2023, we engaged with our data center providers through an environmental questionnaire to further understand and track their progress. We received responses representing over 95% of our data center capacity. We look forward to using this annual survey, as well as periodic business reviews, to more deeply engage our data center providers on our environmental priorities, particularly as we work toward our net zero target.

### Energy-Efficient Platform Architecture by Design

Zscaler's Zero Trust Exchange platform is built on a cloud native architecture that is designed to be more efficient than legacy solutions.

Through our differentiated architecture, we are able to efficiently process more than 320 billion transactions per day. The following architecture features assist in lowering energy consumption and associated carbon emissions:

- By using optimized hardware to build a true multitenant solution from the ground up, we are able to better match capacity with users. This improves performance while reducing idling hardware and wasted resources.
- Efficiency is necessary when engineering a solution to process millions of transactions every second. This required us to reimagine traditional ways of doing things in order to accelerate efficiency and deliver an inline solution with great user experience.
- Innovations such as our Single-Scan Multiple Action (SSMA) drastically reduce the number of compute cycles compared to the service chaining approach of legacy platforms, which require data to be passed along multiple point product appliances for the same level of protection.
- Optimizations to our platform have resulted in 12-fold increased throughput since 2013, leading to better traffic density per unit of hardware, improved performance, and reduced energy needs. New hardware and code optimizations will further improve our efficiency.
- Deploying our own service edge reduces computational overhead and allows for faster processing.

## Climate Risk and Opportunity

In line with the Task Force on Climate-related Financial Disclosures (TCFD) framework, we follow a comprehensive approach to assessing and managing climate risk across the key areas of our business, which helps us understand where our operations may need to adapt. This includes a multidisciplinary risk management process in which a cross-functional working group identifies, assesses, and responds to climate-related risks and opportunities.

We conduct a climate risk analysis annually, as well as whenever there is a substantial change to our business or operations, and we work with our internal business partners on an ongoing basis to factor climate risk and impacts into their planning. We undertake a similar process for identifying, assessing, and addressing climate-related opportunities.



## Climate Risk Management Approach

### 1 Identify

Our climate risk process starts with mapping the risk types defined by the TCFD framework across our entire value chain. Risks are identified across the framework categories. Below is a subset of examples:

#### Physical risks

**Acute physical risks** – potential impact of extreme weather events on data centers, suppliers, and workforce

**Chronic physical risks** – potential impact of increased sea level rise, wildfires, and heat waves on operations

#### Transitional risks

**Policy and legal risks** – increased emissions reporting requirements

**Technology risks** – new products’ energy demands

**Market risks** – increased energy-related costs

**Reputational risks** – perceptions on the sufficiency of our actions

### 3 Address

If climate-related risks without adequate management response are identified, the findings are shared with subject matter experts and leaders for further validation and consideration.

### 2 Assess

Identified risk areas are assessed across value chain stages, time horizons, and financial impacts using quantitative and qualitative methods to understand the impact to our business.

#### Value chain stages covered:

**Direct operations** – office locations, employees, data centers

**Upstream** – hardware suppliers

**Downstream** – customers, business partners

To assess acute and chronic physical risks, we consider current and future risk drivers by examining water stress, flood, and heat index data for office and data center locations.

### 4 Report

Based on our most recent climate risk assessment, we did not identify any inherent climate-related risks with the potential to have a substantive financial or strategic impact on our business. Regardless, we are taking action to mitigate potential risks.



## Climate Risk and Opportunity Assessment Results

Based on the analysis we conducted in 2023 of over 85 potential climate-related risks, we did not identify any climate-related risks or opportunities with the potential to have a substantive financial or strategic impact on our business. This is in part due to the efforts we have taken to design our product architecture and business model in ways that are resilient to climate risks, as well as other business risks. As global climate-related extreme weather events occur with increasing frequency in broader geographic areas, we are committed to assessing these risks and updating our approach regularly. We will also continue to assess the changing drivers of transitional risks. We will continue to monitor changes to our business and risk and make necessary recommendations to strengthen our operations as relevant.

### Resilient by Design

The results of our most recent climate risk assessment continued to reveal that our cloud—which is at the heart of the services we deliver—is resilient against climate risk, including outages caused by storms, heat, or other climate-rated disruptions, through a highly redundant system of data centers deployed worldwide. We engineer our solution so that if any region or data center experiences an outage, we have the capacity to process

user traffic in other parts of the cloud, thereby minimizing business disruption. Additionally, our largest sites are located in areas with relatively low physical climate risk.

We also aim to reduce our customers' exposure to climate risk through our product solutions. As climate change continues to create chronic events, such as prolonged heat waves, storms, and fires, this may increase the need for more businesses to move to the cloud, adopt hybrid work environments, and plan for business continuity. We are hopeful these organizations will turn to Zscaler to accelerate their digital transformation, so that together we may build a more climate-resilient world.

Even though our analysis concluded that climate-related risks do not currently have the potential to produce a substantive financial or strategic impact on our business, we still work to mitigate these risks. Examples of our mitigation activities include:

- Setting a goal to reach net zero emissions by 2025.
- Making technological investments to reduce energy consumption, improve energy efficiency, and reduce GHG emissions (e.g., use renewable energy, upgrade hardware).
- Purchasing verified renewable energy credits from country-specific projects such as wind and solar farms to reach 100% renewable energy in our offices and global data centers.

- Enacting data center procurement processes to integrate sustainability considerations into facility selection and renewal criteria.
- Maintaining redundant architecture and global footprint to allow for dynamic failover of data centers, limiting the risk that a weather event will impact our overall operations.
- Monitoring emerging regulation in jurisdictions where we do business, and planning ahead to build robust processes to meet these regulations.

### Climate Risk Governance

Accountability for overseeing risk and ESG topics extends to Zscaler's Board of Directors and is managed by board committees. Our Nominating and Corporate Governance Committee, which receives updates on climate-related issues, oversees and evaluates our full ESG program, including reviewing climate risks, opportunities, and progress. Our Audit Committee reviews our major financial risk exposures and the steps our management team has taken to monitor and control these exposures.

More information can be found in our TCFD Index ([page 39](#)) and our [CDP response](#).



# Social

## Enabling Possibility for People

Our cloud-based digital security platform fosters a more inclusive, connected, and empowered world. Zscaler's success is powered by people. By giving our people the right tools and development opportunities to grow with Zscaler, we facilitate collaboration, innovation, and implementation, all of which support a more securely connected world.

- Zscaler Culture and Values
- Talent Attraction and Retention
- Talent Development
- Employee Engagement
- Diversity, Equity, and Inclusion
- Community



# Enabling Possibility for People

Zscaler's products help our customers foster innovation, workplace flexibility and transformation, and employee performance by enabling safety, security, and resilience in an increasingly digital world. Our solutions help organizations operate with confidence no matter where people are working.

Empowering our own employees is at the core of how we deliver for our customers. We invest in our people by cultivating a high-performing culture built around strong values, and by providing the programs, policies, and employee experience that help us find, grow, and enable a talented and diverse team.

We strive to create a positive, inclusive, and inspiring work environment in which employees have the opportunity to reach their potential.

## Zscaler Culture and Values

We're proud of our culture of teamwork and innovation, where people are passionate about learning and aligned around a common purpose of transforming cybersecurity for our customers and the greater social good.

Our culture is grounded in our shared TOPIC values and Zscaler's mission to anticipate, secure, and simplify the

experience of doing business for our customers. Even as Zscaler continues to grow, our values have remained steadfast, guiding how we operate as a company.

We aim to create a work environment where employees are encouraged to take risks, push boundaries, solve big challenges, and test new ideas. Our people are collaborative, curious, hardworking, and dedicated to helping our customers and each other.

### Our Values



**T**eamwork



**O**pen Communication



**P**assion



**I**nnovation



**C**ustomer Obsession

For more information on our Values, visit our [website](#).

When we're aligned around a common vision and purpose, we all pull together and work toward the same goals: to deliver for our customers, capture opportunities for our business, and enable everyone on our global team to succeed.

In 2023, we continued to deepen our investments in people at Zscaler. We launched a new performance management framework and refined our leadership principles to further align our employees with business opportunities.

A key theme for this year and beyond is making sure we build the right infrastructure and processes so that our people can grow along with Zscaler. Everything we do is designed to bring clarity to our shared mission; support our employees' wellbeing and productivity; and help everyone feel a sense of pride, purpose, and belonging.



### Workplace Awards



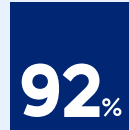
Certified as a Great Place To Work in **seven countries**



Fortune Best Workplaces in the **Bay Area 2023**



Fortune Best Workplaces for **Millennials 2023**



**92%** of employees say Zscaler is a Great Place To Work



UK's Best Workplaces for **Women 2023**



**Best Technology Companies to Work For**

“What excites me most about Zscaler can be summed up in one word: opportunity. I see this every day in how our people collaborate, innovate, and mobilize to capture opportunities that serve our customers, partners, business, and our communities. Together, we're leading the industry forward and delivering on our vision of a world in which the exchange of information is always seamless and secure.”

—Brendan Castle, Chief People Officer

## Talent Attraction and Retention

Zscaler is a destination for top talent looking to innovate at a mission-driven company revolutionizing the world's approach to security. We aim to attract and recruit from a diverse talent pool, and provide competitive compensation and benefits that help us retain and develop high-caliber employees.

### Recruiting Quality Talent

Our recruiting strategy is focused on hiring the best talent and building the next generation of cybersecurity and go-to-market leaders.

Our efforts to build a high-quality talent pipeline include:

- Employee referral programs that provide a monetary bonus for employees who recommend people we hire.
- Internship programs that provide students and recent graduates direct work experience through projects that have a tangible impact on our business.
- Executive recruiting outreach to build our pipeline and fill our leadership roles.

- Updates to our hiring approach, including creating a structured interview process that broadens the qualified talent pools, building a hiring team dedicated to increasing diversity within our company, and educating business partners on how to broaden the lens of consideration to a diversity of qualified talent when filling new roles.
- Participation in the U.S. Department of Defense (DOD) SkillBridge program, which provides U.S. service members opportunities to explore a transition into civilian careers.

These programs have contributed to our recruiting success and our ability to double our workforce over the past few years to support the growth of our business.

Increasing diversity is a challenge across the tech industry. We remain committed to implementing a strategy focused on attracting and supporting a diverse workforce, which helps us to better understand and meet the needs of our diverse customer base.

Looking ahead, we will continue to invest in training on how to reduce unconscious bias in hiring, and we will continue assessing where candidates may need support in the hiring process. We also plan to tap into new talent pools

by participating in events that attract underrepresented candidates, and growing specific hubs and geographies that reach a diversity of talent.

More information on our diversity, equity, and inclusion approach can be found on [page 35](#).



## Compensation and Benefits

While our culture connects people to opportunities in their professional lives, our competitive compensation and benefits packages support employees and their families in their personal lives.

In addition to base pay, employees may be eligible for annual bonuses that are tied to our financial results and long-term equity incentives that vest subject to continued service and performance metrics. Our employee stock purchase plan allows employees to contribute a percentage of their wages to purchase Zscaler stock at a discount.

In 2023, we conducted a comprehensive review of our global benefits, upgraded many of our offerings, and rolled out new local benefits to countries where we have expanded. We met with employees to get their feedback on the benefits that are most meaningful and impactful to them and incorporated their input to design the benefits packages in these markets.

Our benefits packages, which are designed to be globally competitive and locally relevant, include:

- Comprehensive health plans
- Life and disability insurance
- Mental health and wellbeing support
- Retirement programs
- On-demand learning and development
- Global tuition assistance program
- Paid time off
- Sick and bereavement leave
- Business travel accident coverage
- Supportive parental and family leave (including 18 weeks of fully paid leave for birthing parents and eight weeks of leave for non-birthing parents)



## Talent Development

In line with our commitment to developing employees at every stage of their careers, we have made substantial investments in talent development, connecting employees to opportunities to build their careers and do their best work. We know our approach is working when great employees are retained and advance in their careers at Zscaler. In 2023, our promotion rate was 20% for employees who had been in their roles for at least two years.

### Zscaler's Leadership Principles

**H**ire, develop, and inspire

**U**nderstand and innovate with the customer

**M**odel thoughtful bias for action

**A**ct like an owner

**N**urture a growth mindset

## Leadership Development

Leaders help set the tone for our company culture, modeling Zscaler values and cultivating a positive employee experience. Through our Leading at Z program, we offer development programs that meet leaders at different phases of their journey:

- **Manager Onboarding:** Newly hired and promoted managers take this training, offered twice monthly, within the first 30 days in their role.
- **Manager Foundations:** Front-line managers take this training, offered quarterly, within the first six months in their role.
- **Leading Teams:** Managers of managers take this training, offered quarterly, during their first year of leading people managers.
- **Senior Leader Program:** This cohort-based training, launched in 2023, is designed for senior leaders to build the skills necessary to lead large and complex organizations.

All managers have access to tools, resources, and timely live programming. Based on our most recent manager effectiveness survey, our investment in leadership development is having a positive impact: 89% of employees who responded to the survey said that their managers are effective at building great teams, driving results, demonstrating ownership, and role-modeling Zscaler values. Leaders identified as top talent have expanded access to development, including one-on-one leadership, executive coaching, and advanced education.

One of Zscaler's highest priorities is to equip leaders with the tools and training to lead by example. In 2023, we launched new leadership principles that represent the culture and values that our senior leaders are expected to model for all employees. These principles are embedded into how we work and give our leaders a common framework for how they lead and develop their teams, make decisions, draw inspiration and learn from each other, and evolve and change to deliver the best work. This helps drive a high-performance and positive culture.

## Training and Development

Employees who are set up for success and fulfilled in their work do more to delight our customers and deliver positive results for our company. That's why we provide ample opportunities and resources for employees to achieve career growth.

Given our fast growth, an efficient and meaningful onboarding program is essential to ensure our new hires are set up for success. In 2023, we launched a new global onboarding program aimed at giving new hires a consistent and inclusive experience. Through surveys, new hires reported high levels of satisfaction with the program and a strong sense of belonging at Zscaler: at each stage of the onboarding journey, 92% of survey respondents reported feeling like they belong.

Our Succeeding at Z toolkit offers a suite of training and development programs that support the needs of our business and meet people where they are in their career journey. It helps employees clarify their professional ambitions and tap into development experiences to meet their goals, including job-specific training. We offer a variety of tools, including structured sales training for

internal certifications, tech talks on cybersecurity trends and best practices, and resources on management best practices.

We also offer development and education opportunities, including curated content from external development organizations. This includes coursework from academic institutions, micro-learnings and targeted audio books, and vignettes. Additionally, eligible employees may receive tuition reimbursement to help them further their skills, knowledge, and job effectiveness. Mentoring at Zscaler connects mentors and mentees within the company to accelerate learning from each other.



## Performance Management

We pride ourselves on giving people the opportunity to grow with Zscaler. When our employees succeed, our customers succeed, and our business succeeds—we reinvest this success back into our employees.

To support our high-performance culture, we launched a new, integrated approach to performance management in 2023. Through our Goals, Performance, and Success (GPS) program, all employees set biannual goals that align with company objectives and key results (OKRs) and undergo a performance-review process that ensures their efforts are fairly assessed and rewarded according to their results and impact. GPS helps provide clarity on company priorities, management expectations, and how performance is evaluated.

During the GPS process, employees and managers have regular check-ins for feedback, along with biannual development conversations that give employees an opportunity to reflect on their career aspirations and make plans to get there. GPS empowers employees to be part of the performance process while ensuring frequent dialogue with and feedback from managers.

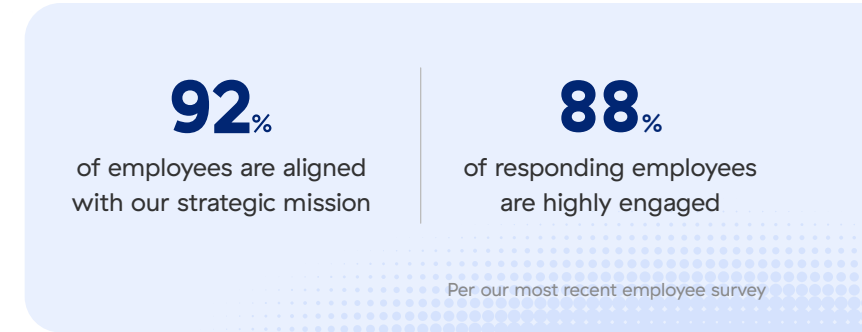


## Employee Engagement

Employee engagement helps us celebrate our culture, build employee loyalty and retention, and enable our people to deliver the best service to our customers. We are proud that our employees in France, Germany, India, Japan, U.K., U.S., and Singapore have rated Zscaler as a [Great Place To Work](#), with 92% of employees overall agreeing with that sentiment.

Part of what drives our high levels of employee engagement is our open culture. We are intentional about soliciting feedback both through informal processes, such as our open-door policy, and formal processes, such as our annual engagement survey and periodic pulse surveys that gauge employee sentiment.

These surveys give us a broad view of the employee experience, keep our leaders informed of areas for improvement, and help us understand the nuances across different demographics and geographies. We are proud to have an engaged and motivated workforce that exceeds the survey benchmark for companies in our industry, and we are determined to remain humble and open to constructive feedback and new ideas.



## Wellbeing and Mental Health

Our investments in employee wellbeing are helping us build a more agile and inclusive company. Wellbeing at Z is a holistic program that supports employees across four pillars:

- **Physical:** Preventative health programs and benefits focused on physical activity, nutrition, and self-care.
- **Emotional:** Enhanced employee assistance program that encourages employees to care for their mental health and provides resources to manage stress and anxiety.
- **Social:** Community programs, employee resource groups, and mentoring opportunities that cultivate a sense of belonging.
- **Financial:** Education, tools, and benefits that help our people understand and plan for their financial future.

We offer these programs globally and tailor them to local and group-specific needs.

Given the demanding, high-stakes nature of our industry, we make a concerted effort to support employees' mental health. While we are growing fast and have ambitious goals, we want all employees to take care of themselves, prioritize wellness, and rest on a regular basis.

In 2023, we introduced a Flexible Time Off policy to our U.S.-based employees. Under this policy, employees have the freedom to manage their time off without a prescribed limit, as long as they meet their work obligations and

coordinate with their manager and team to ensure minimal business disruption. The new policy is designed to support a culture of flexibility, trust, autonomy, and wellness.

## Future of Work Policy

In 2023, Zscaler adopted a Future of Work Policy that aims to give employees flexibility and support in where and how they work, while maintaining productivity, collaboration, and accountability. We take a hybrid approach that embraces a core set of guiding principles:

- Collaboration and engagement are core tenets of Zscaler culture, and we believe if the opportunity exists to be together in person, we should capitalize on that.
- Our customers are distributed, so ensuring we are close to our customers and communities is important.
- Certain roles require an office presence to be successful.
- Talent can come from every location, and we need to be flexible to hire the best talent.
- Not all teams/roles are created the same, so flexibility by team is important.
- Having time to focus and work independently is important to individuals.

We will continue to refine this policy, taking into account employee feedback.

## Securing the Hybrid Workforce

Businesses are built by people and succeed when their employees succeed. With the continued focus on business continuity, attracting talent, and a growing hybrid work environment, today's enterprises need an approach that securely connects applications, assets, and employees wherever they are.

Zscaler helps our customers support hybrid workplaces that take into account both organizational and people needs. Our solutions enable secure work-from-anywhere by providing universal access to applications to remote, hybrid, and in-office employees. Through our security cloud that prevents compromise and defends against data loss, users can securely access data and tools they need seamlessly from all devices and locations, over any network.

The right workplace solution fosters new opportunities, efficiencies, and innovations. Possibilities emerge when organizations focus on people unencumbered by legacy networks. Our solution enables business agility, flexible work, and productivity while improving digital experience, so our users feel confident and empowered to do their best work, regardless of location.

## Diversity, Equity, and Inclusion

At Zscaler, security means more than protection from cyberthreats. It means creating a culture where everyone feels safe and supported to be themselves, and empowered to use their voice.

Our investments in diversity, equity, and inclusion (DEI) constitute a business imperative; we strive to create a work environment where people feel safe, included, and supported. We also know that when we attract, engage, and develop people from a variety of backgrounds, experiences, and perspectives, we can cultivate a more creative, higher-performing team that is able to deliver even more for our customers.

We are a truly international company, with employees in 28 countries. When our global teams are representative of the customers and communities we serve, we're able to better anticipate customer needs, empathize with their experiences, and create solutions to cybersecurity threats.

### DEI Approach

Our DEI approach is guided by the following objectives:

#### **Attract the best representative cybersecurity talent:**

Expand our employment marketing reach; ensure representative candidate slates; and build marketing, selection, and decision processes without bias.

**Build inclusion awareness and engagement:** Educate leaders and employees on inclusion and bias, support and enable a community of employee resource groups, and celebrate our differences.

**Develop underrepresented talent:** Advocate for historically underrepresented populations; enable career development; and achieve equitable processes in rewards, opportunity, and advancement.

**Supporting the success of a diverse team:** Assess and improve the experience of underrepresented populations, and design programs and initiatives that support a diverse, equitable, and inclusive work environment.

In addition to creating a structured approach to recruiting and hiring diverse talent (see Recruiting Quality Talent, [page 29](#)), we are investing in programs and formal processes that foster inclusion and belonging.

We have hired a Head of Diversity, Equity, and Inclusion, who partners with leaders across the company to accelerate these efforts. Looking ahead, one of our key priorities is to deploy our holistic DEI strategy, which covers the talent pipeline, recruitment and hiring practices, pay and benefits, development, promotion, retention, and overall employee experience.



## Employee Resource Groups

Zscaler supports six employee resource groups (ERGs). Each ERG provides a community for underrepresented groups to feel supported and encouraged to advance in their careers. At the time of publication, 19% of Zscaler employees participate in at least one of our ERGs.

Our ERGs support our DEI approach by engaging their members as well as the larger Zscaler population through education, events, and giving-back opportunities.



AAPI@Z



Pride@Z



Vets@Z



B@Z



Sabor@Z



WIZE

## DEI Education, Training, and Programming

We offer courses for diversity awareness and training on topics such as managing and mitigating bias. Our talent team works with recruiters and hiring managers to guide them through how to search for and interview candidates. In addition, leaders receive training that emphasizes the role of diversity in building high-performing teams.

In 2023, we ran a second cohort through our 16-week leadership training and mentorship program, which matched high-potential women with a senior executive sponsor and career coach.



## Community Impact

One of the ways we engage employees is by connecting people with opportunities to do meaningful work in service of the communities they care about. We invest in the community by providing volunteer opportunities for our employees and giving back to the local communities where we operate.

We also leverage our skills, passion, and resources to support organizations and communities in creating a better and safer world. In 2023, teams across our global regions supported communities in need, including by donating to disaster relief efforts that helped people affected by Hurricane Ian in the U.S. and the devastating earthquakes in Turkey and Syria. In our San Jose headquarters, we organized on-site volunteer activities as part of a Summer of Service. In addition, each of our six employee resource groups donated \$15,000 to nonprofit organizations that resonated with their communities. We are building a global Community Leaders program to support passionate employees' efforts to scale volunteering efforts.

Looking ahead, we are developing a giving-back strategy that builds on Zscaler's legacy of philanthropy and continues to make a positive difference in the communities in which we operate.



## CXO Revolutionaries: A Forum for Enterprise Transformation

We began building a CXO Revolutionaries community in 2021 with the vision to support and fortify leaders at the forefront of enterprise transformation.

We curate exclusive events, roundtables, and panels with CXO pioneers driving secure digital transformation initiatives. Our CXO Revolutionaries platform offers a unique space where thought leaders dedicated to building a safer digital future can connect and share insights. This platform also champions diversity through inclusive programs such as the Women in IT Executive Circle.





# Appendix

We used leading ESG reporting standards to guide the development of this report, including the Task Force on Climate-related Financial Disclosure (TCFD) guidance and the Sustainability Accounting Standards Board (SASB) standard for the Software and Information Technology Services Industry.

- Task Force on Climate-related Financial Disclosures (TCFD) Index
- Sustainability Accounting Standards Board (SASB) Index



## Task Force on Climate-related Financial Disclosures (TCFD) Index

Zscaler supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board with the aim of improving the reporting of climate-related risks and opportunities. TCFD aims to develop voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The following index highlights our key public disclosures on climate change in alignment with the TCFD recommendations.

TCFD RECOMMENDATION	LOCATION OR RESPONSE
<b>GOVERNANCE</b>	
<p>a) Describe the board’s oversight of climate-related risks and opportunities.</p>	<p><b>2023 Impact and ESG Report, pp. 4, 11, 25</b></p> <ul style="list-style-type: none"> <li>• Overview &gt; Zscaler Highlights (p. 4)</li> <li>• Governance &gt; Corporate and ESG Governance (p. 11)</li> <li>• Environment &gt; Climate Risk and Opportunity (p. 25)</li> </ul> <p><b>2023 CDP Climate Response</b></p> <ul style="list-style-type: none"> <li>• C1.1, C1.1a, C1.1b, C1.1d, C1.2, C2.2</li> </ul> <p><b>2022 Proxy Statement, pp. 4, 24, 27, 28</b></p>
<p>b) Describe management’s role in assessing and managing climate-related risks and opportunities.</p>	<p><b>2023 Impact and ESG Report, pp. 11, 21</b></p> <ul style="list-style-type: none"> <li>• Governance &gt; Corporate and ESG Governance (p. 11)</li> <li>• Environment &gt; Climate Risk and Opportunity (p. 21)</li> </ul> <p><b>2023 CDP Climate Response</b></p> <ul style="list-style-type: none"> <li>• C1.1b, C1.2, C1.3, C1.3a</li> </ul> <p><b>2022 Proxy Statement, pp. 27</b></p>

TCFD RECOMMENDATION	LOCATION OR RESPONSE
<b>STRATEGY</b>	
<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.</p>	<p><b>2023 Impact and ESG Report, p. 24</b></p> <ul style="list-style-type: none"> <li>• Environment &gt; Climate Risk and Opportunity (p. 24)</li> </ul> <p><b>2023 CDP Climate Response</b></p> <ul style="list-style-type: none"> <li>• C2.3, C2.3b, C2.4, C2.4b</li> </ul> <p><b>2023 Form 10-K, p. 26</b></p>
<p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.</p>	<p><b>2023 Impact and ESG Report, p. 24</b></p> <ul style="list-style-type: none"> <li>• Environment &gt; Climate Risk and Opportunity (p. 24)</li> </ul> <p><b>2023 CDP Climate Response</b></p> <ul style="list-style-type: none"> <li>• C2.3, C2.3b, C2.4, C2.4b</li> </ul> <p><b>2023 Form 10-K, p. 26</b></p>
<p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p><b>2023 Impact and ESG Report, pp. 13, 24</b></p> <ul style="list-style-type: none"> <li>• Governance &gt; Risk Management (p. 13)</li> <li>• Environment &gt; Climate Risk and Opportunity (p. 24)</li> </ul> <p><b>2023 CDP Climate Response</b></p> <ul style="list-style-type: none"> <li>• C2.3b, C3.2</li> </ul>



TCFD RECOMMENDATION	LOCATION OR RESPONSE
<b>RISK MANAGEMENT</b>	
a) Describe the organization's processes for identifying and assessing climate-related risks.	<p><b>2023 Impact and ESG Report, pp. 13, 24</b></p> <ul style="list-style-type: none"> <li>• Governance &gt; Risk Management (p. 13)</li> <li>• Environment &gt; Climate Risk and Opportunity (p. 24)</li> </ul> <p><b>2023 CDP Climate Response</b></p> <ul style="list-style-type: none"> <li>• C2.1, C2.2, C2.2a, C12.3</li> </ul>
b) Describe the organization's processes for managing climate-related risks.	<p><b>2023 Impact and ESG Report, pp. 13, 24</b></p> <ul style="list-style-type: none"> <li>• Governance &gt; Risk Management (p. 13)</li> <li>• Environment &gt; Climate Risk and Opportunity (p. 24)</li> </ul> <p><b>2023 CDP Climate Response</b></p> <ul style="list-style-type: none"> <li>• C1.2, C1.3a, C2.1, C2.2, C2.2a, C12.3</li> </ul>
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	<p><b>2023 Impact and ESG Report, pp. 13</b></p> <ul style="list-style-type: none"> <li>• Governance &gt; Risk Management (p. 13)</li> </ul> <p><b>2023 CDP Climate Response</b></p> <ul style="list-style-type: none"> <li>• C1.1b, C2.2</li> </ul>

TCFD RECOMMENDATION	LOCATION OR RESPONSE
<b>METRICS AND TARGETS</b>	
<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p><b>2023 Impact and ESG Report, pp. 4, 20, 22</b></p> <ul style="list-style-type: none"> <li>• Overview &gt; Zscaler Highlights (p. 4)</li> <li>• Environment &gt; Lowering our Carbon Footprint (p. 20)</li> <li>• Environment &gt; CY2022 Greenhouse Gas (GHG) Inventory (p. 22)</li> </ul> <p><b>2023 CDP Climate Response</b></p> <ul style="list-style-type: none"> <li>• C1.3, C1.3a, C11.3</li> </ul>
<p>b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p><b>2023 Impact and ESG Report, p. 22</b></p> <ul style="list-style-type: none"> <li>• Environment &gt; CY2022 Greenhouse Gas (GHG) Inventory (p. 22)</li> </ul> <p><b>2023 CDP Climate Response</b></p> <ul style="list-style-type: none"> <li>• C4.1a, C6.1, C6.3, C6.10</li> </ul>
<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p><b>2023 Impact and ESG Report, pp. 4, 9, 19, 20, 24</b></p> <ul style="list-style-type: none"> <li>• Overview &gt; Zscaler Highlights (p. 4)</li> <li>• Overview &gt; Zscaler Focus Areas (p. 9)</li> <li>• Environment &gt; Delivering Environmental Benefits to our Customers (p. 19)</li> <li>• Environment &gt; Lowering our Carbon Footprint (p. 20)</li> <li>• Environment &gt; Climate Risk and Opportunity (p. 24)</li> </ul> <p><b>2023 CDP Climate Response</b></p> <ul style="list-style-type: none"> <li>• C4.1, C4.1a, C4.2</li> </ul>

## Sustainability Accounting Standards Board (SASB) Index

The [SASB Standards](#) identify the subset of environmental, social, and governance (ESG) disclosure topics most relevant to financial performance in 77 industries. The responsibility for managing these standards lies with the [IFRS Foundation](#), a not-for-profit, public interest organization established to develop high-quality, understandable, enforceable and globally accepted accounting and sustainability disclosure standards. Zscaler reports according to the SASB standard for the Software and Information Technology Services Industry.

### Standard for Software and Information Technology Services Industry

Topic	Accounting Metric	Category	Code	Data / Reference
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	TC-SI-130a.1	<p>(1) Total energy consumed: 221,769 GJ</p> <p>(2) and (3). We work with data center providers that draw electricity from the grid and support renewable energy through the purchase of renewable energy certificates (RECs) and virtual power purchase agreements (VPPAs). Through these providers, our hardware infrastructure energy usage is approximately 70% renewable. Zscaler matched the remaining nonrenewable energy usage with additional RECs purchases, resulting in 100% renewable energy for our cloud.</p> <p>Note: Data covers the January 1, 2022–December 31, 2022 reporting period.</p> <ul style="list-style-type: none"> <li>2023 ESG Report – Environment (p. 18)</li> <li><a href="#">Environment Page</a></li> </ul>
	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	TC-SI-130a.2	Zscaler works with data center providers to host our cloud solution. Comprehensive water consumption data is not currently available.
	Discussion of the integration of environmental considerations into strategic planning for data center needs	Discussion and Analysis	TC-SI-130a.3	<ul style="list-style-type: none"> <li>2023 Impact and ESG Report – Environment (p. 18)</li> </ul>

Topic	Accounting Metric	Category	Code	Data / Reference
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	Discussion and Analysis	TC-SI-220a.1	<ul style="list-style-type: none"> <li>2023 Impact and ESG Report – Information Security and Privacy (p. 14)</li> <li><a href="#">Privacy Page</a></li> </ul>
	Number of users whose information is used for secondary purposes	Quantitative	TC-SI-220a.2	<p>Zscaler does not use user information for any purpose other than those stated in our <a href="#">Data Processing Agreement</a>. Zscaler stores only a limited amount of personal data (e.g., IP addresses, URLs, user IDs, and user groups) used to deliver our service.</p> <ul style="list-style-type: none"> <li>2023 Impact and ESG Report – Information Security and Privacy (p. 14)</li> <li><a href="#">Privacy Page</a></li> </ul>
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	Quantitative	TC-SI-220a.3	<p>Zscaler did not incur any monetary losses as a result of legal proceedings associated with user privacy.</p> <p>Material legal proceedings are disclosed in Zscaler’s public filings.</p>
	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	Quantitative	TC-SI-220a.4	<p>Zscaler is a B2B service provider, and such requests for user information are forwarded to our customers, who manage their users’ information. Zscaler stores only a limited amount of personal data (e.g., IP addresses, URLs, user IDs, and user groups) used to deliver our service.</p>
	List of countries where core products or services are subject to government–required monitoring, blocking, content filtering, or censoring	Discussion and Analysis	TC-SI-220a.5	<p>Zscaler’s customers include large multinational organizations with operations throughout the world. Our platform sits inline between the users and content they are trying to reach. Zscaler follows all U.S. government regulations concerning embargoed countries.</p>

Topic	Accounting Metric	Category	Code	Data / Reference
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Quantitative	TC-SI-230a.1	(1) We did not experience any material data breaches in FY23. Material breaches, if any, will be announced on our Trust Portal and disclosed in Zscaler's public filings in accordance with cybersecurity incident disclosure rules from the Securities and Exchange Commission.
	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Discussion and Analysis	TC-SI-230a.2	<ul style="list-style-type: none"> <li>• 2023 Impact and ESG Report – Information Security and Privacy (p. 14)</li> <li>• <a href="#">Zscaler Certifications</a></li> </ul>
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of employees that are located offshore	Quantitative	TC-SI-330a.1	Of our employees, 61% are located outside the U.S.
	Employee engagement as a percentage	Quantitative	TC-SI-330a.1	Based on our employee survey, 88% of our employees are highly engaged.
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	TC-SI-520a.1	<p>Zscaler did not incur any monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations.</p> <p>Material legal proceedings are disclosed in Zscaler's public filings.</p>
Managing Systemic Risks from Technology Disruptions	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	Quantitative	TC-SI-550a.1	We are able to meet the 99.999% availability target, as stated in our Service Level Agreement. Performance issues and disruptions to our service are announced on our <a href="#">Trust Portal</a> .
	Description of business continuity risks related to disruptions of operations	Discussion and Analysis	TC-SI-550a.2	2023 Impact and ESG Report – Risk Management (p. 13)

## Forward-looking Statements

This report contains forward-looking statements. All statements other than statements of historical fact, including statements regarding our planned products and upgrades, business strategy and plans, and objectives of management for future operations of Zscaler, are forward-looking statements. These statements involve known and a significant number of unknown risks, uncertainties, assumptions, and other factors that could cause results to differ materially from statements made in this message, including any performance or achievements expressed or implied by the forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment, and new risks may emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results or outcomes to differ materially from those contained in any forward-looking statements we may make. Additional risks and uncertainties that could affect our financial and operating results are included in our most recent filings with the Securities and Exchange Commission. You can locate these reports though our website at <http://ir.zscaler.com> or on the SEC website at [www.sec.gov](http://www.sec.gov).

In some cases, you can identify forward-looking statements by terms such as “anticipate,” “believe,” “continues,” “contemplate,” “could,” “estimate,” “expect,” “explore,” “intend,” “likely,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “goal,” “will,” or “would,” or the negative of these terms or other similar words. Zscaler based these forward-looking statements largely on its current expectations and projections about future events that it believes may affect its business. Actual outcomes and results may differ materially from those contemplated by these forward-looking statements. All forward-looking statements in this document are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

For more information, please visit

[zscaler.com/corporate-responsibility](https://zscaler.com/corporate-responsibility)

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