

SB261

# **Climate Risk Disclosure Report**

2 December 2025



**Proofpoint Climate Risk Disclosures – SB261**

Governance	Disclose the organization’s governance around climate-related risks and opportunities.
<p>a. Describe the board’s oversight of climate-related risks and opportunities.</p>	<p>In 2025, Proofpoint initiated its formal approach to sustainability governance, marking its first year conducting a climate-related risk and opportunity assessment. As part of this foundational work, Proofpoint established an environmental, social, and governance (ESG) framework designed to embed sustainability considerations across its operations and decision-making processes.</p> <p>A key component of this framework is the ESG Policy, which was formally approved by the Board of Directors in 2025 and is subject to annual review. During this annual review, the Board of Directors will also receive an update on how implementation of ESG-related initiatives is progressing. The ESG Policy outlines Proofpoint’s commitment to identifying, managing, and disclosing material sustainability-related risks and opportunities, including those related to climate change.</p> <p>While formal climate-related risk management procedures are still in development, Proofpoint is progressively integrating these into its existing governance structure. It is expected that oversight of climate-related risks and opportunities by the Board of Directors will follow a similar governance pathway to that described for broader ESG matters with respect to executive management, as outlined in Section B.</p> <p>Proofpoint acknowledges that 2025 is its baseline year for climate-related disclosures. As such, governance processes are expected to evolve as climate-related capabilities and internal controls mature.</p>
<p>b. Describe management’s role in assessing and managing climate-related risks and opportunities.</p>	<p>Proofpoint has established a governance structure to operationalize and oversee the implementation of its sustainability strategy, including climate-related matters. This structure is led by an Executive Committee comprised of the Chief Financial Officer and Chief People Officer. These executives are responsible for:</p> <ul style="list-style-type: none"> <li>• Reviewing the ESG Policy on an annual basis;</li> <li>• Seeking Board approval, as necessary, for updates to the policy;</li> </ul>

	<ul style="list-style-type: none"><li>• Ensuring adequate resourcing for the execution of the ESG program.</li></ul> <p>Reporting into this structure is an ESG Steering Committee that includes a cross-functional group of senior leaders. Members include:</p> <ul style="list-style-type: none"><li>• Senior Director, Global Real Estate &amp; Workplace Services</li><li>• VP, Culture and People Experience</li><li>• GVP, General Counsel and Corporate Secretary</li><li>• Chief Information Security Officer</li><li>• Chief Accounting Officer</li><li>• SVP, Brand, Corporate, Marketing &amp; Global Communications</li></ul> <p>This committee is accountable for aligning departmental strategies with enterprise-wide ESG objectives and ensuring that climate-related initiatives are embedded across business functions. Workstream leads are appointed around priority ESG goals. These individuals are responsible for the day-to-day implementation of initiatives, interdepartmental alignment, and the removal of operational barriers to progress.</p> <p>The governance structure is further supported by members from the Data and Compliance Partners team and the Communications and Reporting team, who are engaged as needed. Their responsibilities include ensuring data accuracy, maintaining audit readiness, and translating sustainability strategy into effective external communications.</p>
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<p><b>Strategy</b></p>	<p><b>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.</b></p>
<p>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p><b>Climate-related risks</b></p> <p>Proofpoint has assessed its climate-related risks across short- (1-3 years), medium- (3-5 years), and long-term horizons (&gt;5 years), considering both the severity and likelihood of potential impacts ranging from 1.0 (lowest) to 5.0 (highest).</p> <p>Several risks exhibit elevated combined materiality. These include exposure to energy pricing and carbon-related fees exposure (Severity 3.8; Likelihood 3.6) and carbon and energy cost exposure (Severity 3.8; Likelihood 3.6)<sup>1</sup> as well as reputational concerns regarding unsustainable hosting practices (Severity 3.7; Likelihood 3.2). Both risks have the potential to affect cost predictability (i.e. operating expenses) and customer demand over the short to medium term.</p> <p>Risks associated with sustainability misalignment with customers (Severity 3.5; Likelihood 3.1) and potential erosion of stakeholder trust due to perceived climate inaction (Severity 3.4; Likelihood 3.0) are expected to materialize over the medium term, with implications for customer retention, corporate credibility, and competitive positioning.</p> <p>In addition, risks influencing market access and product development, such as procurement competitiveness (Severity 3.6; Likelihood 3.2) and increasing expectations for product efficiency (Severity 3.4; Likelihood 3.0), may shape future investment requirements and innovation cycles.</p> <p>While regulatory compliance obligations such as climate disclosure requirements (Severity 3.2; Likelihood 2.9) present operational impacts, they also create opportunities to enhance transparency, strengthen stakeholder trust, improve energy efficiency across infrastructure, and differentiate through lower-carbon services. This risk is expected to materialize over the medium term.</p> <p>Only physical risks (i.e. PR1 and PR2) have not been deemed material, given the sector in which Proofpoint operates. The software services/products sector is not very prone to physical</p>

<sup>1</sup> The scores for TR6 – Carbon and Energy Cost Exposure were increased based on discussions had with a third-party content expert. Severity was increased from 3.4 to 3.8 and likelihood from 3.1 to 3.6.

	<p>risks for its business operations<sup>2</sup>. They could occur over the long term and have limited effects.</p> <p><b>Climate-related opportunities</b> In addition to the identified climate-related risks, Proofpoint has assessed several opportunities that may generate strategic advantages over the short-, medium-, and long-term using the same scales as risks (with 'value' replacing 'severity').</p> <p>There is significant potential in sustainability-aligned product innovation (Value 3.3; Likelihood 2.8) as demand grows for energy-efficient, low-carbon security products and enhanced sustainability reporting tools.</p> <p>Customer sustainability procurement alignment (Value 3.4; Likelihood 3.2) represents a high-value opportunity, as enterprise buyers increasingly prefer vendors that can demonstrate credible climate strategies, creating potential revenue growth and improved competitive positioning.</p> <p>Proofpoint also identifies potential in expanding climate-resilient cybersecurity solutions (Value 3.2; Likelihood 3.1), as tools supporting secure remote access, fraud prevention, and continuity become more essential amid increased climate-related disruptions.</p> <p>Collectively, these material opportunities position Proofpoint to enhance organizational resilience, strengthen customer trust, and develop differentiated products that meet evolving market expectations for sustainability performance<sup>3</sup>. All these opportunities are expected to materialize over the medium term.</p>
<p>b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.</p>	<p><b>Climate Risks and Opportunities in Business Strategy and Planning</b></p> <p>Proofpoint recognizes that climate-related risks and opportunities are increasingly material to long-term business resilience, stakeholder expectations, and regulatory compliance.</p>

<sup>2</sup> The scores for physical risks (PR1 and PR2) were decreased based on discussions had with a third-party content expert. Severity was decreased from 3.4 to 2.0 for PR1 and likelihood from 2.8 to 2.0. Severity was decreased from 3.2 to 2.0 for PR 2 and likelihood from 3.2 to 2.0.

<sup>3</sup> For a complete overview of all risk and opportunity scores as well as definitions, please see 'Appendix 2'.

	<p>These factors are being integrated into strategic planning and operational decision-making in the following ways:</p> <p><b>Linkage to Core Operations and Long-Term Goals</b></p> <ul style="list-style-type: none"><li>• Climate considerations are embedded in the ESG strategy, which aligns with Proofpoint’s broader corporate responsibility and risk management frameworks.</li><li>• Initiatives such as emissions inventory (SB 253), climate risk disclosure (SB 261), and EcoVadis score improvement reflect a commitment to long-term sustainability and transparency.</li></ul> <p><b>Capital Allocation and Budgeting</b></p> <ul style="list-style-type: none"><li>• Climate-related risks are considered in capital expenditure decisions, particularly in areas such as energy efficiency upgrades, data center sustainability, and vendor selection.</li><li>• Budgeting processes increasingly account for ESG-related investments, including tools for emissions tracking and climate risk analysis.</li></ul> <p><b>Resilience to Uncertainty</b></p> <ul style="list-style-type: none"><li>• While formal scenario analysis has not been conducted yet, Proofpoint is taking steps to build climate resilience through:<ul style="list-style-type: none"><li>○ Enhanced supplier engagement on climate disclosures.</li><li>○ Internal climate risk screenings aligned with TCFD principles (continuously monitoring and updating the assessment portrayed in this disclosure).</li><li>○ Development of a SharePoint ESG resource hub to support cross-functional awareness and planning.</li><li>○ Using hyperscale cloud providers with extensive climate performance credentials and targets (e.g. Databank, Equinix).</li></ul></li></ul>
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	<p><b>Financial Planning Considerations</b></p> <ul style="list-style-type: none"> <li>• ESG-linked risks are being evaluated in insurance and compliance contexts, especially in relation to regulatory exposure under SB 261.</li> <li>• While Proofpoint does not currently utilize ESG-linked loans, climate-related disclosures and performance may influence future financing terms or investor expectations.</li> </ul>
<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>Proofpoint has not conducted a formal climate-related scenario analysis to assess the resilience of its strategy or business model to climate-related risks and opportunities. At this time, Proofpoint does not have immediate plans to undertake such analysis.</p> <p>However, Proofpoint recognizes that future physical and transition risks related to climate change could introduce uncertainty into strategic planning, particularly in areas such as regulatory compliance, insurance coverage, and supply chain continuity.</p> <p>Proofpoint is monitoring developments in climate-related disclosure expectations, including regulatory frameworks such as SB 261, and may revisit the use of scenario analysis as internal capabilities, data availability, and stakeholder expectations evolve.</p>

<b>Risk Management</b>	<b>Disclose how the organization identifies, assesses, and manages climate-related risks.</b>
<p>a. Describe the organization’s processes for identifying and assessing climate-related risks.</p>	<p>To support Proofpoint’s climate risk disclosure objectives and meet SB 261 compliance requirements, a structured, TCFD-aligned climate-related risks and opportunities assessment process was conducted. This four-step process was designed and facilitated by an independent third party, in collaboration with key internal stakeholders, to identify, validate, and prioritize climate-related financial risks and opportunities across relevant time horizons.</p> <p><b>Step 1: Identification of Climate-Related Risks and Opportunities</b></p> <p>The process began with the development of a preliminary inventory of potential climate-related risks and opportunities. This initial inventory was created using both:</p>

	<ul style="list-style-type: none"><li>• External research, including reviews of peer TCFD and CDP disclosures, peer sustainability reports, and industry insights and;</li><li>• Internal documentation, such as Proofpoint’s ESG Policy and other publicly available information on Proofpoint website.</li></ul> <p>This “outside-in” and “inside-out” methodology ensured that the initial inventory reflected both leading external practices and Proofpoint’s current risk landscape.</p> <p><b>Step 2: Internal Validation and Prioritization Workshop</b></p> <p>To validate and refine the inventory, a climate risk prioritization workshop was held with participation from key leaders across Proofpoint. The session aimed to evaluate each identified risk and opportunity across two key dimensions:</p> <ul style="list-style-type: none"><li>• Likelihood of occurrence and;</li><li>• Severity/Value of potential financial or operational impact</li></ul> <p>Thirteen internal stakeholders participated in the workshop, all of whom had current or prior engagement with climate risk-related workstreams. Participants represented the following departments:</p> <ul style="list-style-type: none"><li>• <b>People &amp; Culture</b> – 4 participants</li><li>• <b>Legal</b> – 2 participants</li><li>• <b>Information Technology (IT)</b> – 2 participants</li><li>• <b>Sales</b> – 2 participants</li><li>• <b>Real Estate &amp; Workplace Services</b> – 2 participants</li><li>• <b>Finance</b> – 1 participant</li></ul> <p>The group included 3 Vice Presidents, 8 Directors, 1 Manager, and 1 Individual Contributor, reflecting a strong base of senior operational and functional leadership.</p> <p>Through structured discussion and facilitated exercises, the group assessed the strategic and operational implications of both transition risks (e.g., policy and regulatory shifts, market changes, technology evolution) and physical risks (e.g., extreme weather events, chronic climate effects). During the session, participants completed a survey to share insights on business relevance based on their department-specific experience.</p> <p>The results were then analyzed by the third party and reviewed for prioritization and presented once more to the Proofpoint</p>
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	<p>team to validate the results. The outcome of the activity was a prioritized list of material climate-related risks and opportunities based on Proofpoint’s specific value chain, operations, and stakeholder context.</p> <p><b>Step 3: Strategic Integration and Governance Review</b></p> <p>Following the workshop, the third party worked with internal teams to evaluate how the prioritized risks and opportunities aligned with existing business strategies and governance structures. This included:</p> <ul style="list-style-type: none"> <li>• Reviewing climate risk integration into Proofpoint’s ESG governance structure,</li> <li>• Assessing whether climate-related risks inform capital planning and decision-making,</li> <li>• Identifying the roles of management and the board in overseeing climate issues.</li> </ul> <p>Where gaps or opportunities for enhancement were identified, recommendations were provided to strengthen alignment with TCFD expectations, such as incorporating scenario analysis into strategic planning cycles or expanding internal reporting mechanisms for climate metrics.</p> <p><b>Step 4: Disclosure and Reporting Support</b></p> <p>As a final step, the prioritized climate-related risks and opportunities, along with associated management insights, were compiled and structured in a format consistent with the TCFD’s four core pillars:</p> <ol style="list-style-type: none"> <li>1. <b>Governance</b> – Roles and responsibilities for climate oversight.</li> <li>2. <b>Strategy</b> – Actual and potential climate impact on the business and strategy.</li> <li>3. <b>Risk Management</b> – Processes for identifying and managing climate-related risks.</li> <li>4. <b>Metrics and Targets</b> – Indicators used to measure and monitor climate performance.</li> </ol> <p>This information is being incorporated into Proofpoint’s broader climate-related disclosures in support of its SB 261 compliance obligations and long-term climate risk transparency goals.</p>
<p>b. Describe the organization’s processes for</p>	<p>Proofpoint manages climate-related risks through a distributed model that integrates relevant responsibilities across operational, compliance, and ESG functions. While Proofpoint</p>

<p>managing climate-related risks.</p>	<p>has not yet established a formal climate risk management framework, current processes support risk mitigation through the following activities:</p> <ol style="list-style-type: none"> <li>1. <b>Functional Oversight and Mitigation Controls</b> Operational teams such as Facilities, IT, and Procurement implement mitigation actions relevant to their areas. These include:             <ol style="list-style-type: none"> <li>1.1. Improving energy efficiency in facilities and IT infrastructure;</li> <li>1.2. Monitoring and reducing Scope 1 and 2 GHG emissions;</li> <li>1.3. Incorporating ESG factors into supplier engagement where relevant, including upstream emissions transparency;</li> <li>1.4. Ensuring alignment with applicable regulatory frameworks (e.g. SB 253 and SB 261).</li> </ol> </li> </ol> <p>These actions are embedded in day-to-day operational planning and are tracked through internal dashboards and ESG reporting tools (e.g. SharePoint).</p> <ol style="list-style-type: none"> <li>2. <b>Compliance and Regulatory Risk Management</b> The Legal and Compliance teams monitor developments in climate-related regulation and lead Proofpoint’s response to disclosure and compliance requirements. Climate-related regulatory risks are addressed through internal policy reviews, compliance planning, and coordination with functional leads.</li> <li>3. <b>Risk Escalation and Executive Engagement</b> Material climate-related risks are escalated to the Executive Committee, particularly when associated with strategic risk planning, legal exposure, or reputational impacts.</li> <li>4. <b>Integration with Broader ESG Governance</b> Climate-related risk management is coordinated within Proofpoint’s broader governance structure, rather than as a standalone process. Cross-functional integration is supported through shared ESG tools, dashboards, and periodic internal updates.</li> <li>5. <b>Continuous Monitoring and Maturity Growth</b> While no formal review cycle is in place today, climate-related risks are expected to be assessed and managed annually, in conjunction with ESG reporting and operational planning. Proofpoint anticipates that its climate risk management processes will evolve as</li> </ol>
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	<p>internal awareness, data availability, and external expectations develop further.</p>
<p>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>Proofpoint's Risk Management framework will be centralized and overseen by cross-functional leadership, including the Facilities, Finance, Legal, Procurement, IT, and People &amp; Culture teams. The Risk Management system is designed to track strategic, operational, financial, and compliance risks across Proofpoint.</p> <p>At present, climate-related risks are not integrated into the Risk Management framework. They are not listed on the corporate risk register, and no specific risk owners or mitigation plans have been assigned. As such, Proofpoint acknowledges a current gap in its approach to integrating climate-related risks into enterprise-level risk governance.</p> <p>To address this, Proofpoint plans to begin aligning climate risk oversight with existing Risk Management structures as part of its broader ESG roadmap. Planned actions include:</p> <ul style="list-style-type: none"> <li>• Adding material climate-related risks to the corporate risk register</li> <li>• Assigning internal owners for emerging climate-related risks</li> </ul> <p>Proofpoint also recognizes that climate and non-climate risks can interact. For example, physical climate risks such as extreme weather events may disrupt supply chains or facilities, leading to downstream effects on service delivery or financial outcomes. These interdependencies will be assessed over time to determine appropriate integration and escalation pathways within Proofpoint's executive risk governance processes.</p>

<p><b>Metrics and Targets</b></p>	<p><b>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</b></p>
<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>2025 represents Proofpoint’s inaugural assessment of its climate-related risks and opportunities. As a result, additional metrics and quantitative disclosures will be provided in the forthcoming reporting cycle.</p>
<p>b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.</p>	<p>Scope 1, 2 and 3 will still need to be disclosed in relation to SB253. Proofpoint aims to disclose its Scope 1, 2 and 3 footprint in June of 2026.</p>
<p>c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>Proofpoint plans to actively manage climate-related risks and opportunities through the development of time-bound, quantitative goals. At present, no finalized climate-related targets are in place. Proofpoint acknowledges this as a current gap and intends to address it following the completion of its first comprehensive greenhouse gas (GHG) emissions inventory, expected in 2026.</p> <p>Once baseline data is established, Proofpoint plans to set reduction targets for Scope 1 and Scope 2 emissions, both in absolute and intensity terms. Initial targets are expected to be set with a 2030 achievement year and will be aligned with operational feasibility, evolving regulatory requirements, and stakeholder expectations. Scope 3 emissions will be evaluated in future phases of the climate strategy.</p> <p>In addition to emissions targets, Proofpoint is exploring energy efficiency improvements across operations and the introduction of low-carbon investment thresholds within procurement and infrastructure decision-making. Internal carbon pricing is not currently used but may be considered over time as Proofpoint’s climate risk management processes mature.</p> <p>These future targets are intended to support several strategic goals:</p>

	<ul style="list-style-type: none"><li>• Reducing regulatory risk (especially under climate disclosure mandates such as SB 261);</li><li>• Preparing for potential ESG-linked financing opportunities; and</li><li>• Meeting increasing customer and market expectations around sustainability performance.</li></ul> <p>Performance against targets will be tracked through annual internal reporting, ESG dashboards, and periodic external disclosures. Third-party assurance may be introduced at a later stage to enhance the credibility of reported progress.</p>
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**Appendix 1: Overview of risk and opportunity scoring methodology**

Risk and opportunities were considered material when they would score >2.5 average for both scores (i.e. likelihood and severity/value). Please see an overview of the scales below.

**Likelihood**

<b>1 – Very Low:</b>	<10% chance of occurrence
<b>2 – Low:</b>	10 - 30% chance of occurrence
<b>3 – Medium:</b>	30 - 60% chance of occurrence
<b>4 – High:</b>	60 - 85% chance of occurrence
<b>5 – Very High:</b>	>85% chance of occurrence

**Severity of Financial Effect (Risks)**

<b>1 – Very Low:</b>	Negligible impact, no disruption expected
<b>2 – Low:</b>	Limited impact, minor internal adjustments
<b>3 – Medium:</b>	Moderate impact on finances or strategy
<b>4 – High:</b>	Major impact; coordination and planning needed
<b>5 – Very High:</b>	Critical threat to viability; urgent response

**Value of Financial Effect (Opportunities)**

<b>1 – Very Low:</b>	Minimal benefit, unlikely to materialize
<b>2 – Low:</b>	Limited upside, minor efficiency gains possible
<b>3 – Medium:</b>	Moderate gain; enables strategic flexibility
<b>4 – High:</b>	Significant value; supports growth or returns
<b>5 – Very High:</b>	Transformational value; long-term advantage

**Appendix 2: Overview of workshop results for risks and opportunities**

No.	Risk/Opp. Name	Risk/Opp. Description	Severity	Likelihood
TR1	Climate Disclosure Compliance	Mandatory reporting (CCDAA, ISSB, CSRD) increases data collection, assurance, and compliance effort across global operations.	3.2	2.9
TR2	Energy Pricing and Carbon Fees	Carbon pricing in global markets and rising energy costs impact data center OpEx and make procurement less predictable.	3.8	3.6
TR3	Perception of Unsustainable Hosting	High-carbon cloud regions or lack of transparency on hosting may deter sustainability-driven customers.	3.7	3.2
TR4	Sustainability Misalignment with Customers	Lag in climate action or sustainability transparency may erode trust with enterprise buyers.	3.5	3.1
TR5	Uncompetitive in Procurement	Sustainability-focused RFPs increasingly require sustainability policies, emissions data or low-carbon services; firms without alignment may be disqualified.	3.6	3.2
TR6	Carbon and Energy Cost Exposure	Higher operating costs and revenue risks from electricity use and IT supply chain emissions.	3.8	3.6
TR7	Erosion of Stakeholder Trust Due to Inaction on Climate	Perceived climate inaction undermines credibility with enterprise clients, investors, and talent, weakening competitive positioning.	3.4	3.0
TR8	Product Efficiency Pressure	Hardware/software may need to become more energy efficient to meet customer and regulatory expectations.	3.4	3.0
PR1	Extreme weather disruption	Flooding, storms, heatwaves, and wildfires can cause outages or damage at cybersecurity offices, PoPs, logistics hubs, or data centers—whether owned or through partners. Even cloud-native firms depend on physical infrastructure that may	2.0	2.0

		become inaccessible during acute climate events, affecting SLAs and customer trust.		
PR2	Long-term environmental stress	Prolonged heat stress and water scarcity, particularly in APAC and the US Southwest, may reduce cooling efficiency or power reliability in data centers and partner sites. Chronic trends increase operating costs, challenge infrastructure planning, and may require facility migration.	2.0	2.0
OPP1	Sustainability-Aligned Product Innovation	Growing demand for energy-efficient, low-carbon security products and sustainability reporting tools (e.g., customer impact dashboards, secure edge services).	3.3	2.8
OPP2	Customer Sustainability Procurement Alignment	Customers may increasingly prefer vendors aligned with sustainability goals, creating competitive advantage for firms with credible sustainability strategies.	3.4	3.2
OPP3	Climate-Resilient Cybersecurity Solutions	Email continuity, fraud prevention, and secure remote access tools are increasingly valuable during climate-related disruptions.	3.2	3.1