



**PRENTISS
SMITH & CO**

Socially Responsible Investment Report for:

Salesforce.com, Inc

San Francisco, CA

Ticker: CRM US Equity

Last Updated: 07-30-2020

I. Exclusionary Screening

Does Salesforce.com, Inc appear on any of the following lists? In our exclusionary screening, a single appearance disqualifies an investment.

Fossil Fuels & Precious Metals Mining

- Carbon Underground 200
- CDP/CAI Carbon Major
- BICS - Oil, Gas & Coal
- BICS - Precious Metals Mining

Agrochemicals & Animal Cruelty

- BICS - Crop Chemicals & Fertilizers
- Cruelty Free Investing 10 Worst

Pornography, Gambling & Tobacco

- BICS - Casinos
- BICS - Gaming Equipment
- BICS - Adult/nightclubs
- BICS - Tobacco

Defense & Retail Gun Sales

- SIPRI Top 100
- BICS - Defense Primes
- NRA Top Industry Allies

Private Prisons

- BICS - Security Services

CDP = Carbon Disclosure Project
CAI = Climate Accountability Institute
BICS = Bloomberg Industry Classification Systems

SIPRI = Stockholm International Peace Research Institute
NRA = National Rifle Association

I. Environmental, Social & Governance Data

What quantifiable environmental, social and governance data, policies or recognition does Salesforce.com, Inc exhibit? Positive factors may help support a decision to invest.

General

Barron's 100 Most Sustainable Companies

#31

Dow Jones Sustainability World Index

Listed

GRI Criteria Compliance

No

Has the GRI checked?

No

Just Capital Overall (1-922)

#5

RobecoSAM Sustainability Score (1-100)

46

United Nations Global Compact Signatory

No

Climate Change & Fossil Fuels

CDP Climate Change 2019 Score:

A

CDP Reporting since:

2010

°C Reduction Commitment (SBTi)

1.5C

EPA - Green Power Usage

53%



TCFD Supporter Since:

6/2017

EP 100 Member

Yes

Initiatives and Policies in Place:

- **Climate Change Policy**
- **Renewable Electricity Target Policy**

Environmental Stewardship

Just Capital - Environment (1-922)

#49

Green Buildings

Yes

Publicly Disclosed Sustainable Supply Guidelines
Encompassing ESG Area

Yes

Initiatives and Policies in Place:

- **Social Supply Chain Management**
- **Water Policy**
- **Waste Reduction**
- **Environmental Supply Management**
- **Emission Reduction**
- **Energy Efficiency Policy**

Human Rights & Well-Being

Just Capital - Workers (1-922)

#2

Just Capital - Customers (1-922)

#213

Just Capital - Communities (1-922)

#111

Initiatives and Policies in Place:

- **Anti-child Labor Policy**
- **Human Rights Policy**
- **Equal Opportunity Policy**

Forbes Best World's Employers (1-500)

#82

Fortune - Best Workplaces (1-100)

#6

Fortune - Best for Parents (1-50)

#15

Diversity, Equity, Inclusion and Justice

HRC Equality Index (100 points)

100

CEO Action for Diversity Pledge

Signatory

Women on the Board

23%

Best Places to Work - Women (1-75)

#7

Best Places to Work - Diversity (1-100)

#25

Number of Women on the Board

3

Women Executives

20%

Women Employees

32%

Number of Women Executives

2

Corporate Responsibility

Just Capital - Shareholders (1-922)

#221

Best Places to Work - Best Companies (1-50)

#1

Size of the Board

13

Shareholder vote on management remuneration

96%

Community Spending (\$ USD millions)

15.5

Best Workplaces for Giving Back (1-50)

#3

Independent Directors

77%

Number of Employee Representatives on the Board

0

Initiatives and Policies in Place:

- **Whistle Blower Employee Protection Policy**
- **Ethics Policy**

Data sources may include:

- Sustainability and other report(s) published by the company.
- Banktrack Human Rights Benchmark
- Barron's 100 Most Sustainable US Companies
- Bloomberg LP ESG Data (via Data License).
- CDP
- CEO Action for Diversity & Inclusion Pledge
- Climate Accountability Institute (CAI)
- Corporate Human Rights Benchmark
- Digital Rights Corporate Accountability Index
- Dow Jones Sustainability Indices (DJSI)
- EPA's Green Power Partnership
- Equileap's Top 100 Companies for Gender Equality
- Forbes World's Best Employers
- Fortune's 50 Best Workplaces for Charity and Volunteering
- Fossil Free Funds
- Global Reporting Initiative (GRI)
- Great Places to Work
- HRC's 2020 Corporate Equality Index
- Institute for Clinical and Economic Review (ICER)
- Just Capital Rankings
- KnowTheChain Benchmark
- MSCI ESG Ratings
- National Rifle Association (NRA)
- Newsweek Green Rankings
- PEOPLE's 50 Companies That Care
- Points of Light Civic 50 Honorees
- RobecoSAM Corporate Sustainability Assessment
- Roundtable on Sustainable Palm Oil (RSPO)
- Science-Based Targets initiative (SBTi)
- State Street Global Advisors' Gender Diversity Index
- Stockholm International Peace Research Institute (SIPRI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- The 2019 Top 50 DiversityInc
- The Climate Group's RE100, EV100 and EP100

II. Research Narrative

What else has our research process told us about how Salesforce.com, Inc conducts business, in terms of its products and services, its environmental impact, and its approach to governance?

Summary

Salesforce.com, Inc was founded in 1999 and has since become the world’s leading provider of Customer Relationship Management (CRM) software.¹ With its charitable foundation and its now-widely recognized 1% model founded simultaneously with the company, Salesforce has also accrued a reputation for doing good, through its philanthropy, its environmental and social initiatives, and its prominent advocacy for those environmental and social causes. Highlights include the company’s carbon neutrality, achieved in 2017, its pledge to use 100% renewable energy by 2022, its \$330 million in grants and 5 million employee volunteer hours in its first 21 years of existence, and most recently, its rapid response to the COVID-19 pandemic, which included more than 50 million units of PPE for medical professionals and more than \$10 million in grants to organizations coordinating the response.

With a global workforce that is 67% male and a US workforce that is 62% white, Salesforce is more diverse than many companies of its size, but has ample room to further improve. To that end, the company states it “aspires” to have 50% of its workforce come from underrepresented groups by 2024. Salesforce does include clear diversity disclosures as part of its stakeholder impact reporting, and also runs a prominent network of company-sponsored “Equality Groups,” many of them for employees who identify with underrepresented groups.

1

<https://www.forbes.com/sites/louiscolombus/2019/06/22/salesforce-now-has-over-19-of-the-crm-market/#1f6a5cf9333a>

Products & Services

Salesforce was founded in 1999 in San Francisco, California, and has grown to become the world's leading provider of Customer Relationship Management (CRM) software. By 2019, the company had nearly 20% market share, more than double its closest competitor, SAP.² Like other tech startups of its era, Salesforce was founded out of a San Francisco apartment, but in just over 2 years the company had more than 3,000 customers and began opening global offices. Salesforce became a public company in 2004, and by 2020 had topped annual revenues of \$17 billion.³

Today Salesforce continues to develop, maintain, license and support cloud-based Software as a Service (SaaS) products, of which it is best known for its "Sales Cloud." The company's stated goal for its products is to "bring companies and customers closer together" by giving all employees the same, holistic view of a customer. To that end, its 2018 bundling of multiple products under the name "Salesforce Customer 360" now includes its "Service Cloud" and its "Marketing and Commerce Cloud," along with the core Sales Cloud that has evolved from the company's original offering. Paid subscriptions to these CRM services make up most of Salesforce's revenue.⁴

Salesforce has also developed a suite of services that are not necessarily end-user facing, but which allow software developers and advanced platform administrators to extend the functionality of its products by importing large volumes of complex data from other systems, by building custom apps within the Salesforce system, and by configuring "plug and play" integrations between Salesforce and other software products. The company also offers a large library of self-directed online learning courses as part of its free "Trailhead" service, intended to help companies onboard employees who are new to the product, and to help those already

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<https://www.forbes.com/sites/louiscolombus/2019/06/22/salesforce-now-has-over-19-of-the-crm-market/#1f6a5cf9333a>

³ <https://www.salesforce.com/company/news-press/stories/resources/history-of-salesforce/>

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https://www.sec.gov/ix?doc=/Archives/edgar/data/1108524/000110852420000014/crm-20200131.htm#i90a42bbe5846481f86e2f746aeb0fa35_334

familiar with it to learn new skills. In 2020, the service has more than 1.8 million users, which IDC says could create 4.2 million jobs globally by 2024.⁵

The ability to extend Salesforce's products, and the proliferation of training and reference materials, have allowed the company to target customers with a wide range of sales models across many industries, including banking, communications, consumer goods, government, healthcare, insurance, life sciences, manufacturing, media, nonprofit, retail, travel & hospitality, and wealth management. Particularly notable from an ESG standpoint, Salesforce's "Nonprofit Cloud," which includes most of its core CRM features, ships with 10 free licenses for 501(c)(3) organizations, while additional licenses typically sell at significantly reduced pricing compared to its for-profit products.

Salesforce's products are deployed on what the company calls a "clean cloud," which uses a multi-tenant computing model to ensure efficient energy use, and includes offsets for all remaining scope 1, 2, and 3 emissions (i.e. the emissions needed to run and maintain its products, as well as those that customers produce when using them). At the beginning of 2020, Salesforce also made its "Sustainability Cloud" widely available. The product is intended to help corporate customers centralize their own carbon emissions data for tracking, analysis and reporting.

Since at least 2016, Salesforce has invested significantly in artificial intelligence, which it sells as the "Einstein" add-in to its Sales Cloud. Among other features, Einstein is intended to help customers surface the best sales leads and close those sales more efficiently. In 2019, Salesforce also announced voice integration with its "Service Cloud Voice" and "Einstein Voice Assistant," along with a separate initiative to allow developers to build Salesforce apps using blockchain technology.

Of Salesforce's four "core values" of trust, customer success, innovation and equality, the company states that trust is foremost, and that "nothing is more important to us than the privacy of our customers' data."⁶ As a data platform, Salesforce has had to ensure its products comply with the slew of more stringent privacy standards recently enacted in the EU, California, Canada and elsewhere, and the company has been at the forefront of those calling for national data privacy laws in the United States.⁷

⁵ https://s23.q4cdn.com/574569502/files/doc_downloads/2020/FY20_Stakeholder_Impact_Report_CRM.pdf

⁶ <https://trust.salesforce.com/en/>

⁷ <https://www.cnn.com/2020/01/21/the-us-needs-a-national-privacy-law-for-personal-data-salesforce-co-ceo-says.html>

Environment

Salesforce has been reporting to CDP since 2011, receiving an “A” score in its 2018 and 2019 reporting years. The company reached its target of net-zero carbon emissions in 2017 through the purchasing of carbon offsets; now it is working to meet a goal of 100% renewable energy use by 2022. As part of the Science-Based Targets Initiative (SBTi), Salesforce has committed to reducing its absolute scope 1 and 2 greenhouse gas (GHG) emissions 50% by 2030, and its scope 3 emissions from fuel and energy related activities 50% by 2030 as well. This latter goal is supported, in part, by Salesforce’s further commitment that by 2024, *suppliers* representing 60% of its scope 3 GHG emissions will set their own science-based targets.⁸

In 2019, Salesforce joined partners including Bloomberg, Cox Enterprises, Gap and Workday to pool their local, renewable energy needs and support a solar project in North Carolina.⁹ The project received awards from both the Center for Resource Solutions and Smart Energy Decisions. The company also buys 40% of the power produced by a 205-megawatt Illinois wind farm, part of the 63% renewable energy use it has achieved to date. Salesforce has a goal to “support and mobilize the conservation and restoration of 100 million trees by 2030,” as part of its founding partnership in 1t.org, a World Economic Forum plan to reforest 1 Trillion trees worldwide.¹⁰

Salesforce has signed the World Green Building Council’s “Net Zero Carbon Buildings Commitment,” and as of fiscal year 2020 the company has achieved or is pursuing some level of green building certification for 74% of its office space. The company’s team of environmental volunteers, which it calls its “Earth Force,” donated more than 20,000 of volunteer time to environmental causes in 2020.¹¹ Perhaps unsurprisingly given the level of commitment across its business, Salesforce appears on JUST Capital’s list of the 100 top US companies for positive environmental impact and the US EPA’s Green Power Partnership Top 100, and is a constituent of the Task Force on Climate-Related Financial Disclosures and the Renewable Energy 100.^{12 13 14 15}

⁸ <https://sciencebasedtargets.org/companies-taking-action/>

⁹ <https://rebuyers.org/aggregating-small-energy-demand-case-study/>

¹⁰ https://s23.g4cdn.com/574569502/files/doc_downloads/2020/FY20_Stakeholder_Impact_Report_CRM.pdf

¹¹ https://s23.g4cdn.com/574569502/files/doc_downloads/2020/FY20_Stakeholder_Impact_Report_CRM.pdf

¹² <https://justcapital.com/rankings/?issue=env>

¹³ <https://www.epa.gov/greenpower/green-power-partnership-national-top-100>

¹⁴ <https://www.fsb-tcfd.org/tcfd-supporters/>

¹⁵ <https://www.there100.org/>

Management Integrity & Ethics

Salesforce has received ample recognition for its ESG practices: #11 in Barron's 2020 list of most sustainable US companies, #5 in JUST Capital's annual rankings, #46 in RobecoSAM's 2020 sustainability "Yearbook" ranking, inclusion in the Dow Jones Sustainability World Index, and a AAA rating from MSCI, among others. In 2020, Salesforce joined the UN Global Compact, after making 2019 a year of action to accelerate all 17 UN Sustainable Development Goals (SDGs), supporting that acceleration through \$17 million in donations and 1 million volunteer hours.¹⁶

Salesforce was started in San Francisco in March 1999 by CEO Marc Benioff, a San Francisco native, along with Parker Harris, Frank Dominguez and Dave Moellenhoff. In the early years of Salesforce, Benioff was outspoken about "The End of Software," anticipating that SaaS platforms would ultimately replace packaged software.¹⁷ Benioff's self-reported mentors included Steve Jobs, who he worked under during a summer internship at Apple, and Oracle Founder Larry Ellison. Prior to starting Salesforce, Benioff had worked for 13 years at Oracle, where he was promoted to vice president after just 3 years (making him Oracle's youngest-ever VP at the age of 26). Going further back, Benioff paid his own way through the University of Southern California using the \$1,500 per month in royalties he made from Atari 800 games he had programmed and licensed, via his own company, at the age of 15.¹⁸

Benioff and Salesforce are also credited with creating the 1-1-1 model, wherein companies pledge to contribute 1% of one or more of equity, employee time, product or profit to causes within the community. Currently over 10,000 companies in more than 100 countries have taken the pledge in some form.¹⁹ The Salesforce Foundation was started concurrently with the company's founding, and in its first 21 years gave \$330 million in grants and nearly 5 million employee volunteer hours. More than 46,000 non-profits and NGOs also use Salesforce products for free as part of the initiative. In 2020, Salesforce recorded over 1 million volunteer hours and \$70 million in grants, including nearly \$20 million to US public school districts.²⁰ These efforts have landed Salesforce at #1 on PEOPLE's 2019 list of top "Companies that Care," and #3 on Fortune's "50 Best Workplaces for Giving Back."

¹⁶ https://s23.q4cdn.com/574569502/files/doc_downloads/2020/FY20_Stakeholder_Impact_Report_CRM.pdf

¹⁷ <https://www.zdnet.com/article/the-end-of-software/>

¹⁸

<https://www.businessinsider.com/the-rise-of-salesforce-ceo-marc-benioff-2016-3#after-13-years-with-oracle-benioff-started-itching-for-something-new-with-ellisons-permission-benioff-took-a-sabbatical-to-travel-the-world-he-spent-part-of-that-time-studying-meditation-in-hawaii-17>

¹⁹ <https://pledge1percent.org/pledged/>

²⁰ https://s23.q4cdn.com/574569502/files/doc_downloads/2020/FY20_Stakeholder_Impact_Report_CRM.pdf

Salesforce's executive team of twelve has just two women and two people of color. Of its eleven board members, three are women and two are people of color. The board also has two non-independent directors, with Co-Founder Parker Harris sitting on the board along with Chairman and CEO Marc Benioff. Salesforce is transparent about the overall diversity of its global workforce, which is 67% male, and its US workforce, which is 62% white. The company "aspires" to have 50% of its US workforce made up of underrepresented groups by 2024.²¹

Notably, Salesforce does have an "Office of Equality," and it sponsors 12 "Equality Groups" that bring together employees of similar backgrounds to support and advocate for each other.²² Salesforce has also spent more than \$12 million since 2016 to close unexplained gender, race and ethnicity pay gaps.²³ Due in large part to acquisitions, Salesforce continues to make annual pay adjustments; for instance, these covered 6% of its workforce in 2016, and 7% in 2020.²⁴ In 2020, Salesforce plans to launch a registration process for diverse suppliers to lay the foundation for a more diverse supply chain; the company also has plans in the works for a centralized "Office of Accessibility."

The above efforts have Salesforce currently at #6 on "Fortune's 100 Best Companies to Work For" list, #2 of JUST Capital's best companies for workers, and appearing as one of Forbes' "World's Best Employers." Despite clear room for improvement on diversity, Salesforce also appears near the top of Great Place to Work's "Best Workplaces for Women" and "Best Workplaces for Diversity" lists for 2019. Salesforce's training programs may also be responsible for its strong reputation as an employer; at every level, the company has targeted programs to help employees advance, from executives to aspiring managers, interns and hiring pipelines.²⁵

Also noteworthy is Salesforce's response to the COVID-19 pandemic: in the first few months, the company said it sourced more than 50 million units of PPE for doctors, nurses and first responders in the US, France and India. Salesforce also quickly gave more than \$10 million in grants to organizations like the CDC foundation and local response funds in San Francisco, New York, Italy and France. Salesforce also offered small business grants of \$10,000 to help keep businesses afloat, and developed a new solution to help these businesses quickly adapt to the new reality of social distancing, which it offered free for 90 days.

²¹ https://s23.q4cdn.com/574569502/files/doc_downloads/2020/FY20_Stakeholder_Impact_Report_CRM.pdf

²²

<https://www.salesforce.com/company/news-press/stories/2020/6/racial-equality-and-justice/?d=cta-body-promo-173>

²³ <https://www.wired.com/story/how-salesforce-closed-pay-gap-between-men-women/>

²⁴ <https://www.salesforce.com/company/news-press/stories/2020/3/salesforce-equal-pay/>

²⁵ https://s23.q4cdn.com/574569502/files/doc_downloads/2020/FY20_Stakeholder_Impact_Report_CRM.pdf

Salesforce's 2019 acquisition of Tableau featured disclosure-related lawsuits against Tableau, which Salesforce inherited once the acquisition completed. Salesforce is not currently involved in other material legal disputes.

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