◣ ATLASSIAN

Don't #@!% the Planet

Stories, pointers, and lessons learned on our journey
to a net-zero future
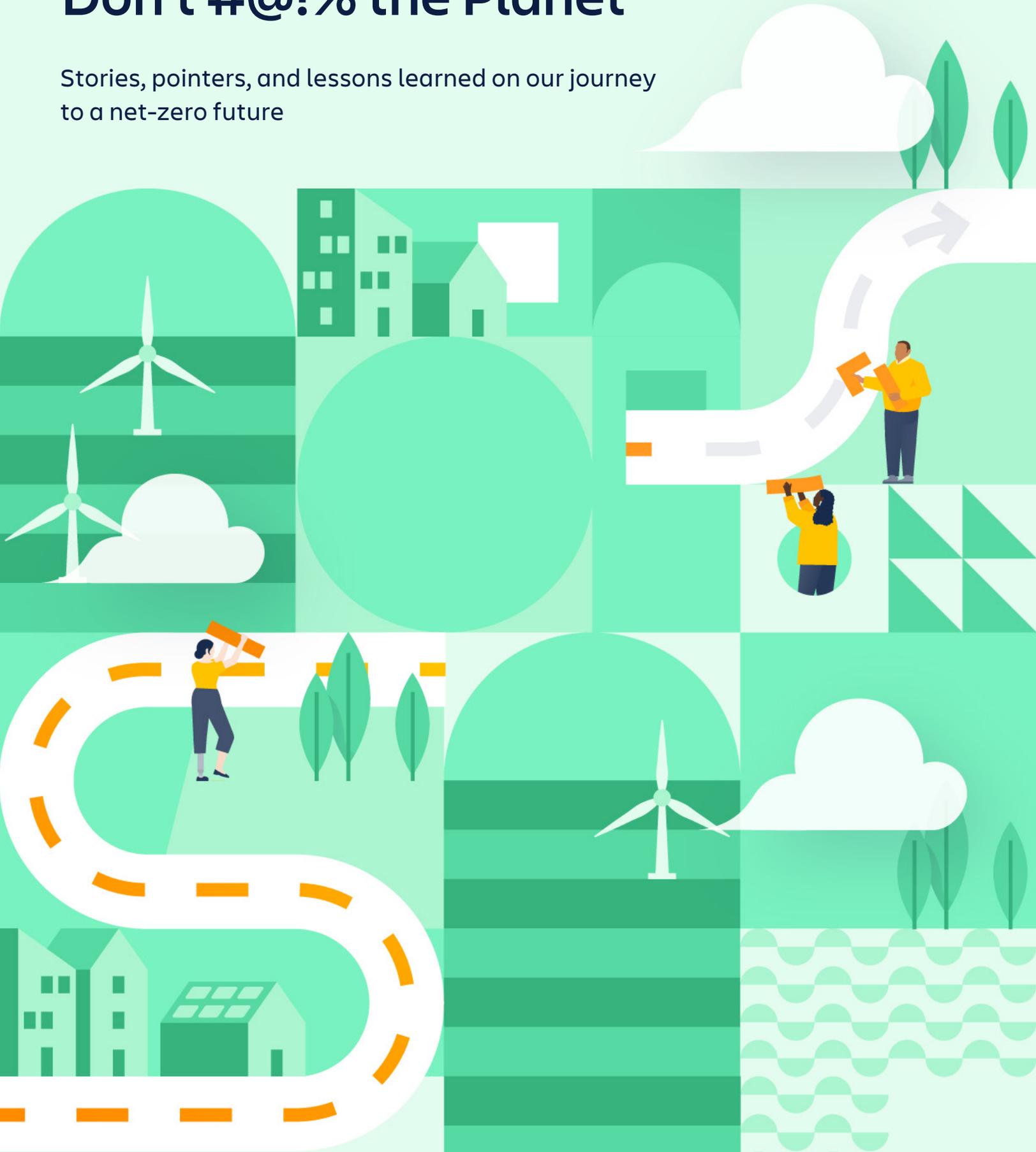
Part 1: Building our business case for sustainability (page 2)

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Atlassian is just as committed to sustainability as we are to building great products for our customers.

The reason should be obvious, even to the most hard-nosed capitalist: business can't thrive on an uninhabitable planet. Other companies understand this and want to do their part, but the whole thing seems overwhelming. Where to even start?! If that feeling sounds all too familiar, then you're exactly the person we created this guide for.

We'll start by sharing how we built our sustainability program from the ground up and got the business on board. Then, we'll dive into what we've learned so far about setting and achieving net-zero goals.

To give you a taste, here are the top three pieces of advice we wish we could go back in time and give ourselves:

1. **It's not as hard as you think.** Setting ambitious climate goals feels daunting, but it's worth the effort. Don't let the size of the program overwhelm you or hold you back from pushing farther than you think is feasible. You'll be surprised by what you can achieve.

2. **Success is achieved by playing as a team.** Progress is made through close relationships and long-term collaboration. It takes time, effort, compromise, and a lot of hard yards together to truly make a difference.

3. **Don't overcomplicate the process.** You don't have to have all the answers to get started. Be willing to push through the tough moments (and take the occasional leap of faith) as you set your goals and make progress.

Now, let's dive in!

> **NOTE**
>
> This guide does not replace technical step-by-step guidance from climate organizations like Science Based Targets. Our intent here is to supplement their protocols with nuance and anecdotes that bridge the gap between written instructions and real-world experience.

Building our business case for sustainability
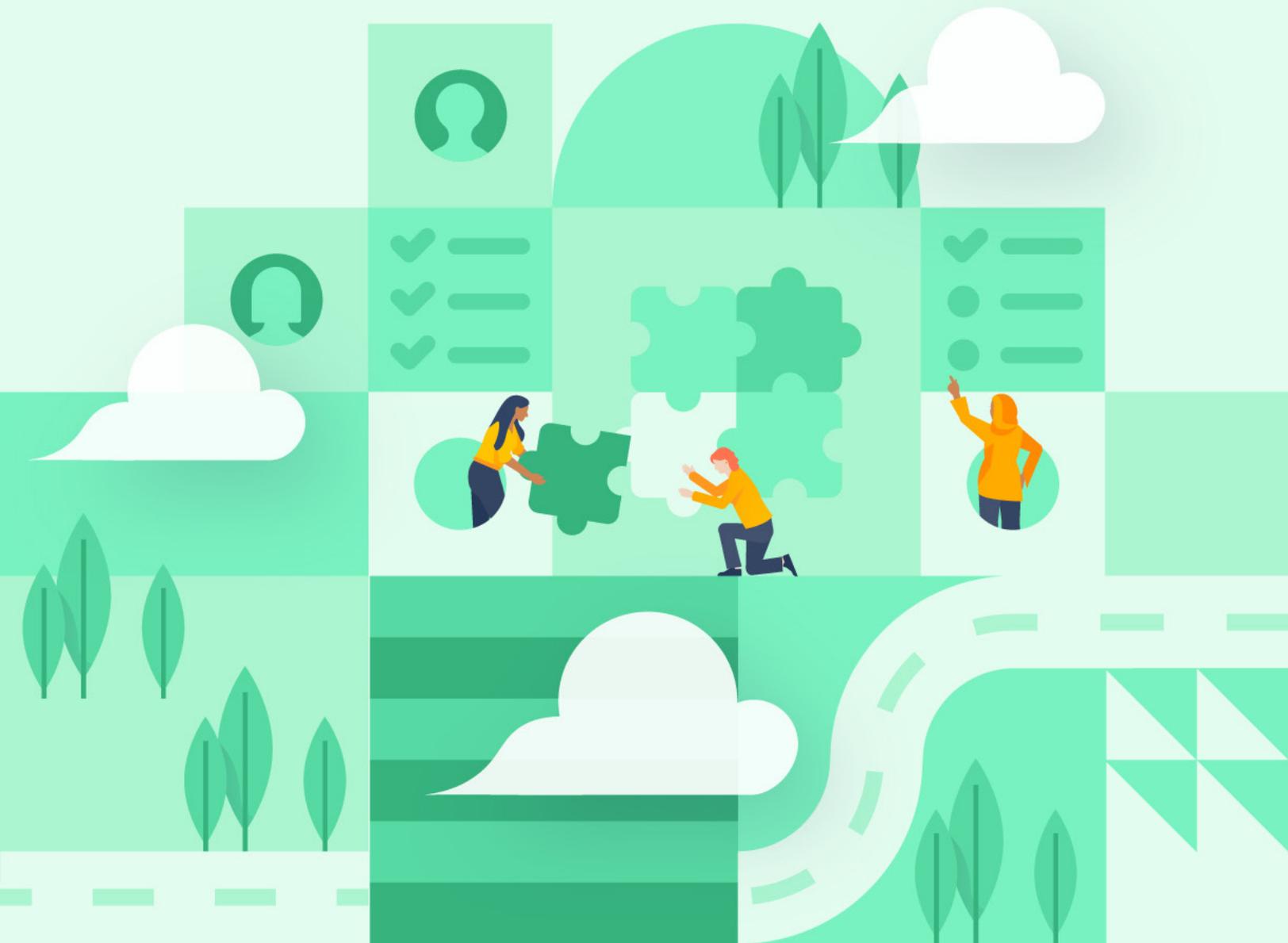
Why bother with sustainability?

The world around us is only getting more complicated. Globalization, tech advancements, climate change, social unrest, and the intensity of information sharing mean companies have to be crystal clear about their impact not just in the present, but also in the future.

When we started to consider a sustainability program in 2016, there were so many issues our employees and other stakeholders expected us to advocate for that we had difficulty knowing when to use our voice and influence. In fact, our own research in the US and Australia (see **Return on Action Report**) showed people are willing to leave employers whose values don't align with their own. We often felt like we were moving from one major issue to the next, always on our back foot.

And, employees aren't the only ones who care. We also need to do right by our customers, community stakeholders, and the planet that supports us all.

We wanted a consistent, efficient, and scalable way to apply our values and a long-term mindset to the changing world around us. Social and environmental progress should be integrated into everything Atlassian does, whether that means identifying opportunities to seize or mitigating emerging risks.

This led us to start the process of building a sustainability strategy and team. Like many of you, we started this in addition to our full-time jobs but felt passionately enough to take on the challenge and build the program from scratch.

The lay of the land

To kick this off, we completed a benchmark assessment to understand what other companies were doing, both within our peer group and outside of it, to understand what different journeys could look like. We were inspired by those we saw raising the bar and setting ambitious goals. It influenced the direction of our strategy and helped us realize how much of an impact our program could make if we pushed past the limits of what we thought was possible.

Conducting a materiality assessment

With this in mind, we decided to engage with the nonprofit sustainability consultancy, **BSR** (Business for Social Responsibility), to build our first materiality assessment. It ranked a set of core issues that mattered most to Atlassian's business and threats that were emerging in our industry, then revealed where we could have the most meaningful impact. We evaluated the external landscape (policy, global accords), our business (strategy, products, practices), and our stakeholders (customers, employees, investors, regulators).

From there, we created the sustainability framework below, outlining our core vision, pillars, and issues to focus on, which helped steer our decision making over the long run. To be clear, counteracting climate change is just one of our four pillars. We are equally passionate about the other three, but they fall outside the scope of this guide.

The initial materiality assessment gave us a solid foundation, but our operating environment is dynamic. So, we take an agile approach and update our issues annually. While our vision and four pillars have remained the same, the specific issues, their prioritization, and our understanding of the intersections between them have changed over time.

Our vision	Our four pillars
Atlassian is built to be open, inclusive, fair, and just. When we face tough questions about ethics, people, or the planet, we let those principles guide us. Whether you call it corporate social responsibility, corporate citizenship, or sustainability, this is just about being human.	• Planet • People • Customers • Community

Getting Atlassian leadership on board

Even if there's a general agreement within the business that a sustainability strategy is needed, you can't underestimate the time, effort, and importance of getting your leadership engaged in developing it. We wanted to make sure the Atlassian leadership team bought into the business case for our sustainability program so that when it came time to make tough trade-offs, we'd have their support behind us.

We started with our vision and four pillars (planet, people, customers, community), using the results of our materiality assessment to form "we believe" statements for each pillar. Then we went on a roadshow presenting this story to our executive team and partners, soliciting their feedback in the hopes of building alignment.

During these conversations, we built a shared understanding of what each team could contribute, highlighted areas where we might run into roadblocks, and even found where we just weren't making business sense.

Here's an example of what that looked like in practice for us:

PILLAR: Planet

WE BELIEVE STATEMENT: Our long-term prospects as a business rely on a functioning planet. Atlassian's customers, employees, partners, investors, and communities expect us to take an active role in preventing the most disastrous impacts of climate change, and we have an opportunity to lead our industry and customers toward climate action.

PARTNER-TEAM CONTRIBUTIONS:

- **Investor relations** briefed us on how investors and analysts were expecting us to manage (and communicate) climate-related financial risk, capitalize on market opportunities, and demonstrate our own transition to becoming a net-zero company.

- **Finance** showed us the different pathways to procuring renewables and helped us gauge the team's appetite to support investments. It turned out this team owned a big chunk of the data we'd need to understand emissions and would become one of our top partners!

- **Employees** were pushing Atlassian leadership to take climate action and told us what they expected to see. This helped provide a new business case pathway for seeking future investment.

- **Sales and marketing** educated us on the increasing expectations from our enterprise customers and regulators to start reporting our energy use and emissions data.

While there were still big questions as to what the program would look like, who would work on it, and what was achievable, the executive team agreed to allow us to move forward and come back to them with clear goals for each pillar.

We learned three big lessons in doing this:

1. **Lead with the opportunity, not the risks.** We made a misstep in making our case by playing up the risks of inaction and threat to our business. That didn't work well. Instead, focusing on the opportunity and inspiring our leaders was a much easier path to get them on board.

2. **Grassroots support matters.** You can get the executives on board, but the people actually doing the work have to be just as invested in the outcome as you are. During our roadshow, we spoke to several people on each team to get their buy-in before taking our plan to our executive approvers. This early connection helped us start building long-lasting relationships with our partner teams that we still rely on today to get our work done.

3. **If it feels uncomfortable, you're at the right level of ambition.** We quickly realized we had allies across the business who were going to push our thinking on what was possible. That inspired us to adopt a guiding principle that applies to all facets of our sustainability program: when in doubt, choose the more ambitious route.

RESULTS

🖼️ Here are the results of our work outlined in this section:

• **Corporate Social Responsibility**

• **The people have spoken, and they want to work for businesses that care**

• **New research reveals employees value well-being over climbing the ladder**

RESOURCES

🔍 Lessons from other companies, tools, training, and guides:

• **THE 17 GOALS | Sustainable Development**

• **United Nation Climate Change**

• **UN Guiding Principles - Business & Human Rights Resource Centre**

• **Double and Dynamic: How to Enhance the Value of Your Materiality Assessment**

• **Sustainability Insights**

Consultants

• **BSR**

Designing Atlassian's net-zero future
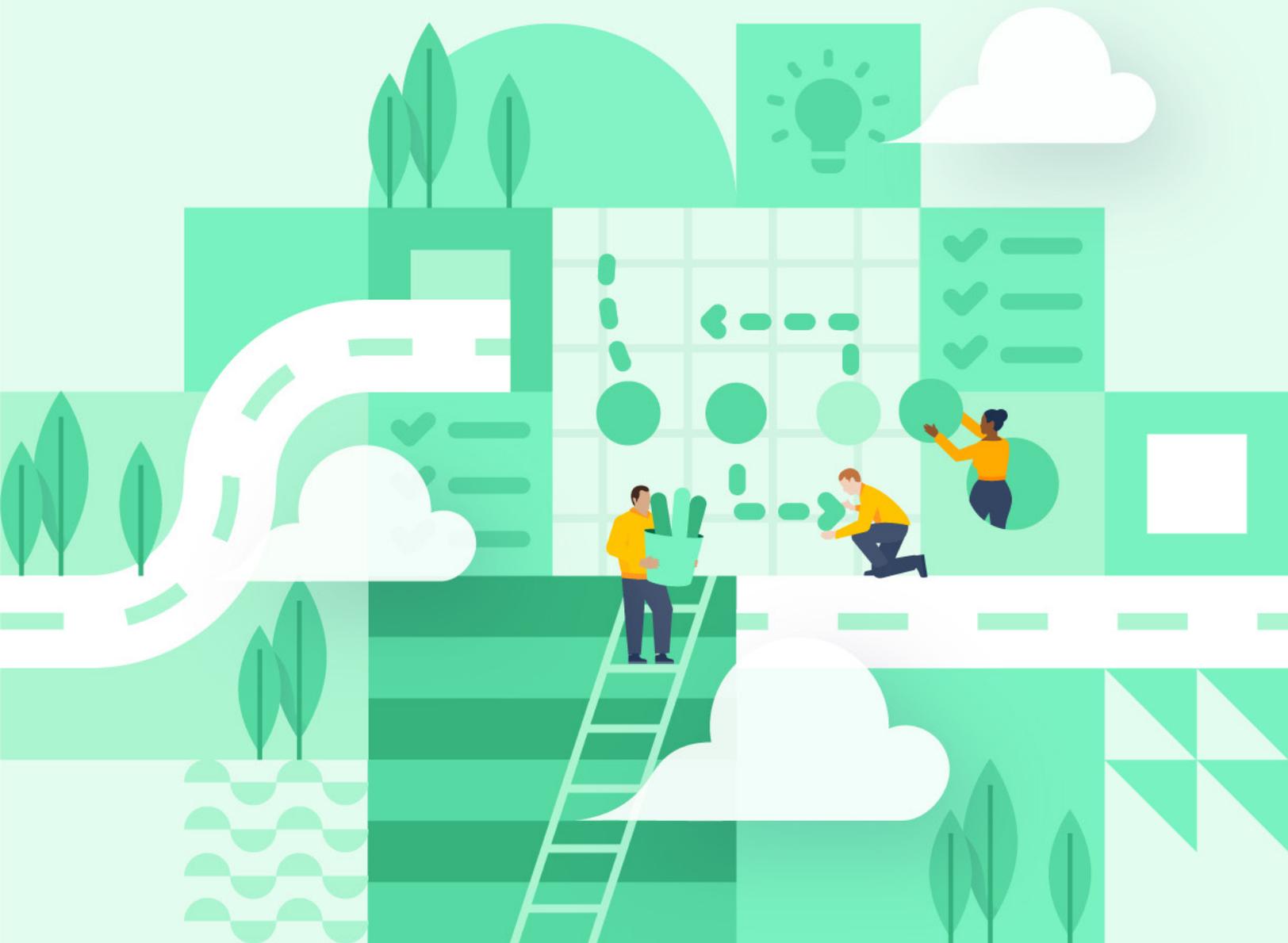
Recall that as part of building the business case for sustainability, we identified climate change as material to our business and aligned with our leadership team on a "we believe" statement that became a North Star guiding how we thought about this:

> We believe that our long-term prospects as a business rely on a functioning planet. Atlassian's customers, employees, partners, investors, and communities expect us to take an active role in preventing the most disastrous impacts of climate change, and we have an opportunity to lead our industry and customers toward climate action.

So the next step was to establish measurable goals and targets to hold ourselves accountable.

Step 1: Setting baseline goals and targets

In looking at Atlassian's ability to fight climate change, the area where we have the most control over our emissions is with our leased office spaces.

First, a 100% renewable electricity goal

RE100, an organization focused on renewable electricity goals, asked Atlassian to be one of the first Australian members to make a renewable electricity commitment. What drew us to RE100 is that they had clear criteria and guidance for setting 100% renewable goals.

> If you want more information about our other pillars, see our annual **Sustainability Report** which includes details across human rights, philanthropy, and DEI.

While we had some experience with external emissions reporting and an estimate of electricity use in our offices, it was more of a preliminary baseline. So, in order to set the renewable electricity baseline and goal, we worked with our finance and real estate teams to pull internal data that helped us model projected electricity use, which enabled us to understand the task we were signing up for.

Working with these teams, we learned that our energy profile already contained a small amount of renewable energy by way of the utilities that serve our California offices. Based on guidance from RE100, we decided to lean on tools offered by the existing utility provider, like 100% renewable options, then use Energy Attribute Certificates (EACs) for the rest. (More on EACs below.)

Following our "choose the more ambitious route" principle, we committed to sourcing 100% renewable electricity for our operations by 2025.

We gave ourselves five years to achieve the 100% renewable electricity goal. But wait! It turns out that by using EACs, we were able to source 100% renewable electricity by 2020, achieving our goal years ahead of our 2025 target. This led us to adopt another guiding principle: go fast, then go far.

We looked for easy wins early on to show momentum and progress in the program – renewables via EACs and other low-hanging fruit. We used our RE100 commitment to test out our processes, better understand our climate impact, and (this is important!) get people excited about climate leadership.

But in the background, we were taking what we were learning about our emissions, business operations, and team to help inform a bigger, longer-term strategy.

KEY PERFORMANCE INDICATORS

We will run operations on 100% renewable energy by fiscal year 2025.

Fiscal year 2019 baseline: 15% renewable
Fiscal year 2020 result: 100% renewable

RESULTS

Here are the results of our work outlined in this section:

- **Atlassian Summit 2019 product news and updates** (announce Re100)

- **Want resiliency? Be a leader in corporate social responsibility**

Setting a science-based target (SBT)

At UN Climate Week in September 2019, the UN Secretary General called on business leaders to **set ambitious climate** targets to reach net-zero emissions by no later than 2050, in line with the criteria of the **Science Based Target Initiative** (SBTi). We decided to make that commitment.

No one has all the answers when it comes to achieving net zero, and 2050 is a long way out. To keep the momentum up, and in alignment with the requirements of SBTi, we worked to set interim decarbonization targets for fiscal year 2025 that align with a 1.5° C pathway, which is the upper limit for global warming if we're to avoid catastrophe.

The net-zero goal was far more ambitious than our 100% renewables goal and came with even more ambiguity. Not in what we needed to achieve (SBTi has clear guidelines), but in understanding our baseline emissions, the impact to our business, and how realistic the goal was. We took the muscle we'd built in setting our RE100 goal and did some quick n' dirty analysis to understand the feasibility of setting and hitting an SBT so we could get buy-in from our executive team.

WHY SBTi?

Because it's not just a pledge. It's the most rigorous standard out there. Companies who commit to a science-based target can't make net-zero claims until they've accomplished two things:

1. Reduce scope 1-3 emissions by at least 90%

2. Address remaining residual emissions using carbon offsets

When we say we don't want to skimp on ambition, we mean it.

Know where you're starting from

First, we shared some benchmarking from companies we look to as leaders on SBTs. This helped give us confidence that we'd be in good company as went down the path of operationalizing our goals and reassured us that we didn't need to have all the answers in hand before committing.

We then estimated our scope 1-3 emissions and the potential costs we'd incur in making changes that would help us reduce emissions. This included procuring renewable electricity, energy-efficiency investments, and the consulting support we'd need to figure out how to address employee travel, commuting, and our supply chain.

Even with all of this, we needed to make the case to the executive team that Atlassian was fully capable of setting ambitious goals and working to achieve them despite some ambiguity. The last thing we wanted to do was to set a flashy, headline-grabbing goal and then shrug it off later if we failed to meet it. We wanted Atlassian to commit. We reminded them of previous times we had successfully "built the plane while flying it," which gave everyone a boost of confidence.

Ultimately our executives joined us in embracing the unknown and found excitement and inspiration in the possibility of what we could achieve with the net-zero goal as our North Star.

Just before UN Climate week in 2019, we submitted our letter of commitment to the SBTi (yep, without all the answers) and got to work building a plan.

> **A NOTE ON EMISSIONS**
>
> Every business emits greenhouse gas (GHG) emissions by doing business. This is how the **Greenhouse Gas Protocol** defines scopes of emissions:
>
> - **Scope 1 emissions:** GHG emissions directly from operations that are owned or controlled by the reporting company
>
> - **Scope 2 emissions:** Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company
>
> - **Scope 3 emissions:** All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions

RESULTS

Here are the results of our work outlined in this section:

- **Atlassian commits to the fight against global climate change**

A NOTE ABOUT AMBITION VS. PRAGMATISM

When we started our work, we were concerned that the more ambitious path would be a harder sell internally. But, we learned that setting ambitious goals helped us in the long term, not only in setting the right expectations with our partner teams and selling the vision, but in reducing risk within our long-term plan. We also pair that with pragmatism. We know there are things out of our control or that we don't have solutions to yet, so we have to be realistic about our timeframes. Some examples include:

- **Setting our science-based target to 1.5° C.** When we made the commitment to set a science-based target, we had three options: align our goal with a 1.5C, well below 2C, or 2-degree threshold for overall global warming. We opted for the most ambitious option, which has paid off because now the standard has shifted and everyone is being held to 1.5° C. Had we taken an easier goal, we would've had to reset our strategy entirely. (More on our specific targets below.)

- **Setting our net zero goal to 2040.** We originally set our net-zero goals in line with SBTi guidance which put our goal at 2050. But a few years in, we didn't feel good about it. Once we'd gotten started, we knew what was going to be required to reduce emissions. Some things we had control over and other things we didn't. But, we knew within 20 years we'd have done everything we could. So, we pulled our goal forward to 2040. It's still pragmatic (we can't get there tomorrow) but it signals the level of ambition we think every company should be embracing right now.

Commit to setting a goal

Once we committed to setting an SBT, the next
step was to build our proposed goal, which
we again submitted to the SBTi for approval.
Candidly, this step felt fairly overwhelming
at the start, but this is one of the things
we appreciate the most about setting a
goal through the SBTi. Having a third party
applying the most rigorous climate science
to review our emissions reduction goals gave
us confidence that the investment we were
making would have the impact we intended
it to. The reality is that science is evolving
constantly, so this just isn't a space where we
want to be grading our
own homework.

In the end, going through the SBTi review
and approval process was much more
straightforward than expected, especially with
the guidance of our consultants, **Anthesis**.

Set the baseline

Next up: understanding our emissions from
top to bottom. Anthesis was incredibly helpful
in collecting all the relevant data across
the scope 1-3 categories and using the GHG
protocol to ensure proper accounting.
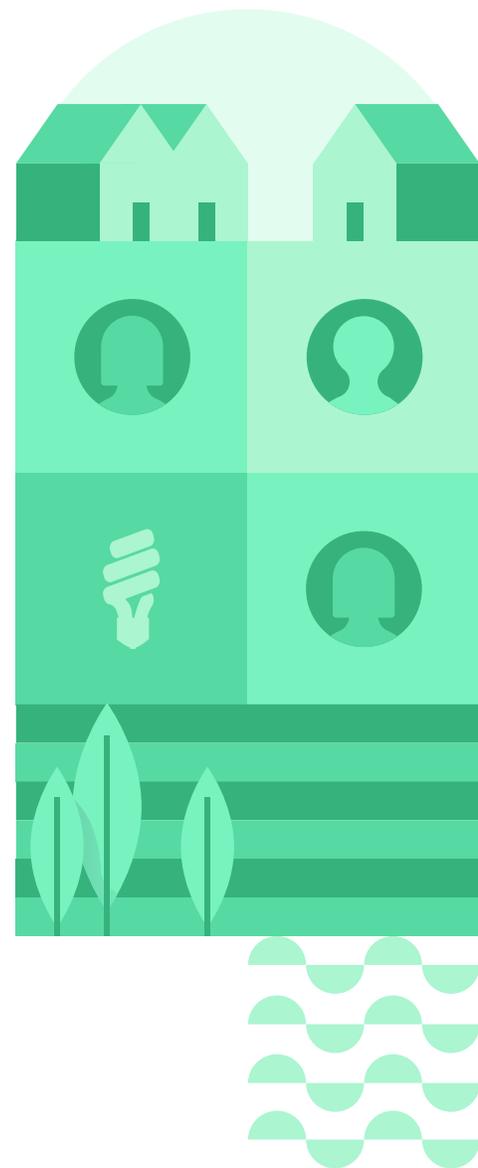
Submit reduction goals for approval

Then, it was time to set our 2025 near-term targets, using 2019 as the baseline year.

Our targets were largely driven by the SBTi's requirements, making the process fairly straightforward. SBTi specifies how much companies need to reduce their emissions to align with 1.5° C based on a "carbon budget" (the overall amount of greenhouse gas that can be emitted).

We used setting the near-term targets as an opportunity to engage Atlassian leaders. As is always the case with Atlassians, there was energy and momentum around going beyond the bare minimum and standing by our commitment to ambition. This included aligning our scope 3 goal with a 1.5° C pathway (even though 1.5° C wasn't required at that time) and setting our first milestone at fiscal year 2025, the most ambitious interim date across categories.

We had a lot of big decisions to make and approvals to gather before we could start the SBT work. To navigate it all, we identified the trade-offs involved and used them to guide the conversation with Atlassian's leadership and the teams who'd be tasked with driving the goals (i.e., procurement, business travel, real estate).

Make no mistake, we had some disagreements and tough conversations along the way. For example, with our scope 3 absolute emission reduction target, we could choose to get there by focusing on business travel alone or by combining it with employee commute emissions. To guide the conversation, we looked to our "be the change you seek" company value and sustainability principle around ambition.

But what would either option look like in practice? We reached out to the teams that required the most travel, the teams that had influence over commuting, and a cross-section of Atlassians involved in shaping our response to the COVID crisis, which began as these conversations were in progress.

As a collective, we decided that while the commuting goal may be easier to address (especially with COVID erasing commutes altogether), having a single goal would be easier to focus on, even if achieving it meant pushing even harder and creating knock-on pain points for the business. Not gonna lie, we were pretty nervous about this one.

Even though we all agreed to this, it wasn't an easy sell for two reasons. First, there were a lot of unknowns making it difficult to forecast travel volume once the COVID crisis passed. Second, Atlassian was experiencing hypergrowth, so we knew that under normal circumstances the demand for travel would continue to spike up. On the other hand, we also knew the teams tasked with making business travel policies would work with us to find solutions.

Ultimately, these conversations not only helped us land a better decision, but let us create a shared understanding of the goals and work to be done. When it came time to execute, the team was ready to get going.

We made several similar decisions that helped the group align on our approach, and once we made these decisions and set our goals, we submitted them to the SBTi. The process takes some time, but they got back to us in about five months with an approval. That said, we've heard there's a backlog these days and companies might experience a 12-month delay between submitting and getting approval.

KEY PERFORMANCE INDICATORS

We will run operations on 100% renewable energy by fiscal year 2025.

Fiscal year 2019 baseline: 15% renewable
Fiscal year 2020 result: 100% renewable

KEY PERFORMANCE INDICATOR

We commit to reducing our absolute Scope 1 and 2 greenhouse gas emissions 50% by fiscal year 2025.

Fiscal year 2019 baseline: 2,678.4 tCO2e
Fiscal year 2020 result: 967.9 tCO2e
Change: 63.9% decrease

KEY PERFORMANCE INDICATOR

We commit that 65% of our suppliers by emission covering purchased goods and services and capital goods will have science-based targets by fiscal year 2025.

Fiscal year 2019 baseline:
Suppliers with science-based targets accounted for 6% emissions

Fiscal year 2020 result:
Suppliers with science-based targets accounted for 4% emissions

KEY PERFORMANCE INDICATORS

We will reduce our absolute Scope 3 greenhouse gas emissions from business travel by 25% by fiscal year 2025.

Fiscal year 2019 baseline: 21,702 tCO2e
Fiscal year 2020 result: 8,320 tCO2e
Change: 61.7% decrease

RESULTS

Here are the results of our work outlined in this section:

- **Atlassian sets ambitious goals to combat the climate crisis and reach a net-zero future**

RESOURCES

Lessons from other companies, tools, training, and guides:

- **Salesforce climate action plan**
- **SME Climate Hub**
- **GHG emissions calculator**
- Science Based Targets **how-to guide**, **commitment form**, **criteria**, and **e-learning course**

Collaborative initiatives

- **RE100**
- **Business Ambition for 1.5° C**

Consultants

- **Anthesis**

Reducing emissions
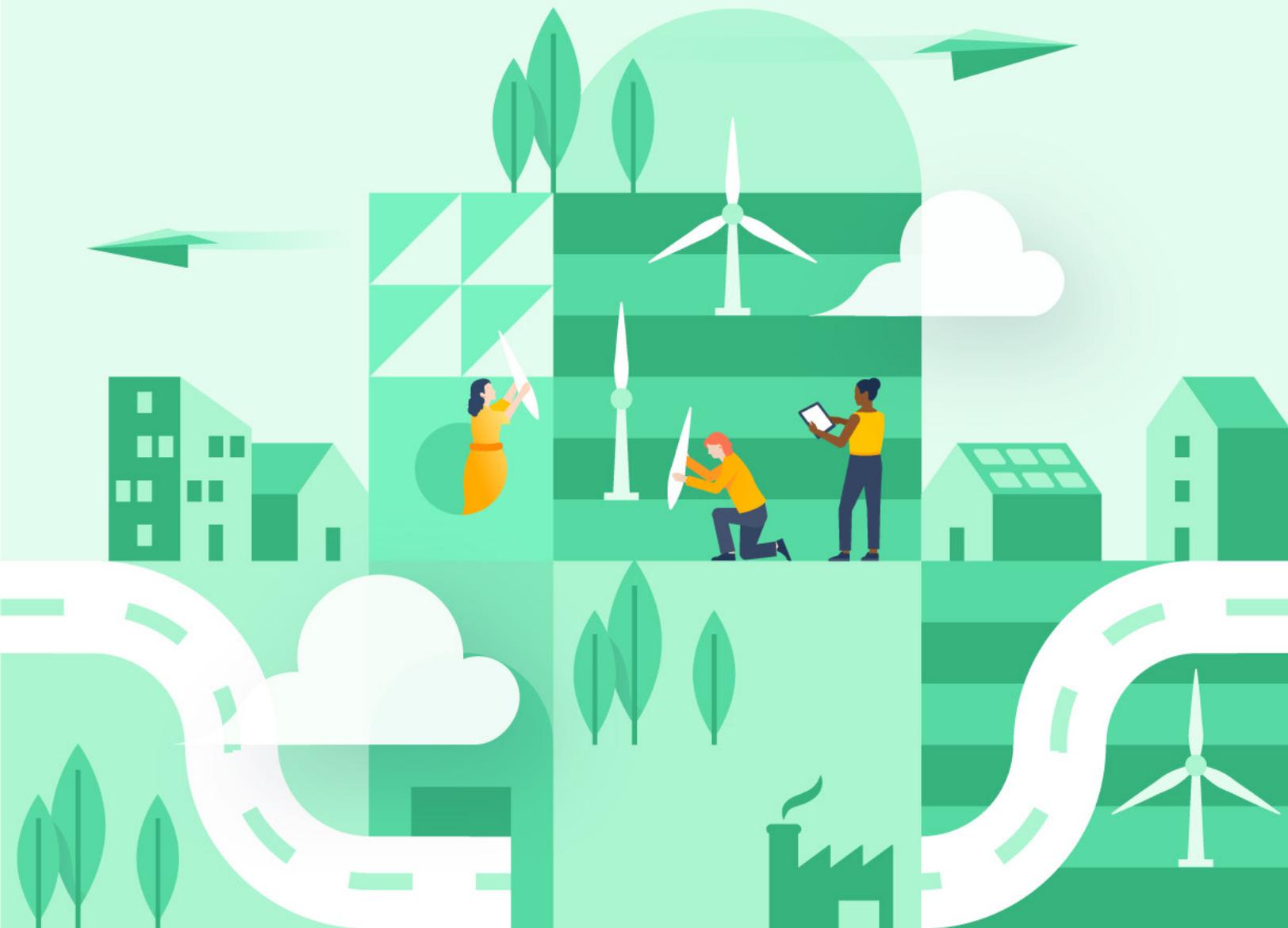
With our SBTs approved, we needed to build our roadmap to achieve 100% renewable electricity and to reduce emissions.

In order to do this, we needed to start pulling our partners into the work and operationalizing our plan. Because we had spent so much time bringing them along from our early "we believe" statements to setting baselines, goals, and targets, there were no surprises and we were able to get started on the work together quickly.

> **NOTE**
>
> It's worth noting that because Atlassian builds software, we don't have the same emissions profile as companies in other industries. Even within the tech industry, emissions look different from company to company. So, we learned to trust our data and not worry if it didn't match our peers'.

Atlassian footprint by scope (FY22)

Scope 1   Scope 2   Scope 3

		Leased assets	Waste	Transportation	Fuel and energy	Commuting (excluding work-from-home electricity and gas)	Business travel	Work-from-home (electricity and gas)	Capital goods	Purchased goods and services
0.4%	0.6%	0.0%	0.0%	0.1%	0.4%	0.5%	3.2%	8.5%	17.6%	68.9%
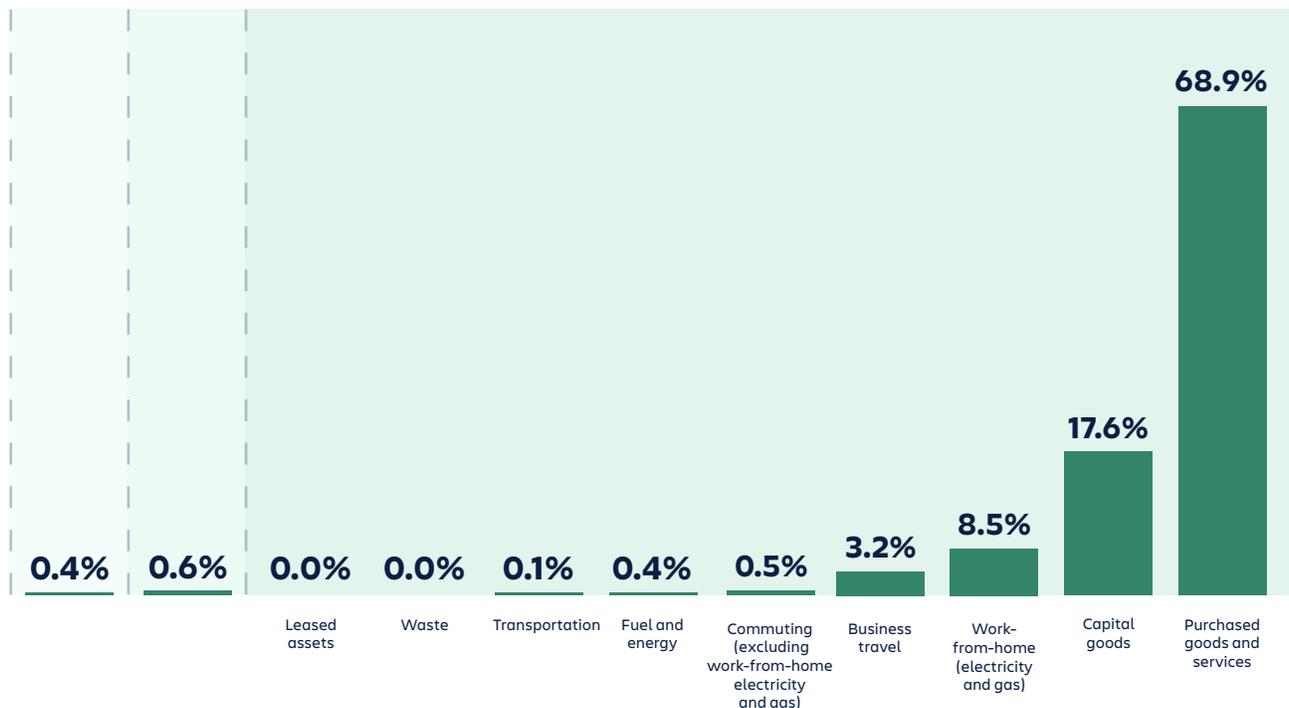
Totals may not add to 100% due to rounding to one decimal place.

Addressing scope 1 and 2 emissions

Building energy efficiency

For Atlassian, the majority of our scope 1 and 2 emissions are the result of building electricity and gas use and so our strategy for addressing these emissions was twofold. In the short term, this was handled by achieving our commitment to RE100 via the purchase of EACs. For longer-term progress, we started partnering with our Workplace Experience and Real Estate teams to reduce electricity and gas use as we grow.

In the beginning, we did not have an energy efficiency strategy across our real estate portfolio (and in all honesty, this is an area we're still thinking through). Since this was new territory for everyone, we brought in sustainable design firms, **ZGF** and **Atelier Ten**, to provide an overall built-environment strategy.

With a mostly leased office portfolio, making investments in energy efficiency retrofits or changing utility providers was difficult. But addressing this issue as a team helped us come up with smart solutions, like green-design guidelines for future office spaces, and experimenting with existing space.

Our real estate team engaged our landlords around the globe and asked them to switch to renewable electricity options where it was available. While we were unable to convert most building energy to renewable sources, this exercise shifted our perspective around lease agreements. Working together with a shared understanding of our goals and how we could achieve them through our properties, we created criteria so we could make more informed decisions in the future. Now, our real estate team is better able to ask the right questions and negotiate with landlords to ensure climate consciousness is a key component of any future agreement.

What's even more exciting is that, as we take on the challenge of building our **new Sydney headquarters**, we've been able to incorporate all that we've learned and ensure sustainability and our renewable goals are baked in from the start. These include:

- **Low-carbon construction**
  50% less embodied carbon in construction compared to a similar conventionally constructed building

- **Energy efficiency**
  50% lower operational energy as compared to a conventional building

- **100% renewable**
  Designed to run on renewable electricity from day 1, we've included contractual obligations that bar fossil fuels from being used for hot water, cooking, or space heating

Renewable energy procurement

We started our journey by gaining an understanding of procurement options globally, looking at energy markets, local policies and climate goals, and the state of the grid in areas with an Atlassian presence.

In reality, we probably could have skipped this.

Since we couldn't directly source renewable electricity for the majority of our leased buildings, using tools like EACs and Virtual Power Purchase Agreements (VPPAs) were our most viable path to 100% renewable and reducing scope 1 and 2 emissions, but this was a new kind of purchase that we didn't have experience making. So we partnered with our finance team to make the best trade-off decisions over the short and long term.

As a team, we balanced feasibility, speed, and impact. EACs provided the most feasible first step to go as fast as possible to reach our 100% renewable electricity goal. Once we got there, we could go further by funding new renewable energy projects through a VPPA.

ENERGY ATTRIBUTE CERTIFICATES

You can think of EACs as a birth certificate for renewable electricity, as they guarantee that the electricity is created from a renewable source.

The trade off we made in going with EACs first is that they don't always have the best reputation for creating real change and impact. To mitigate that, we optimized EAC purchasing criteria to include:

• Ensure we were purchasing electricity created by solar and wind

• The energy we purchased was generated in the same year as our energy use

• The energy was generated in the same region as our offices

Our first EAC purchase was made easier by partnering with consulting firm **Engie Impact**, who walked us through the bid process and helped us land our first agreement with the renewable energy partner **3Degrees**. We could have partnered with 3Degrees directly, but having experts in the process helped ensure we were meeting RE100 and our own criteria, landing the best EAC prices, and ultimately gave us more confidence in our approach.

The process was fairly straightforward: all we needed to do was calculate our electricity use by region and 3Degrees sold us the EACs that got us to 100% renewable electricity. We then had to report this back to RE100 so they could validate our progress.

Purchasing EACs through 3Degrees each year is now business as usual. We think this type of purchase is something any company could do to achieve its renewable electricity goals.

With our first goal achieved, we turned back to our "go fast, then go far" principle. To go farther, we engaged consultants and industry organizations to explore the feasibility of adding new renewables to the grid in Australia and/or the United States. Based on what we learned, a Virtual Power Purchase Agreement (VPPA) was the best option.

VIRTUAL POWER PURCHASE AGREEMENTS

A VPPA is a long-term contract in which you are agreeing to ideally purchase newly created renewable energy vs. purchasing renewables that are already on the grid, as you do with EACs.

Why? Because one obstacle to reducing global emissions is the lack of renewable energy available to consume or purchase. In the US, around 20% of energy is renewable, so most companies can't transition to clean energy with the limited supply available.

VPPAs create a way to accelerate the clean energy transition and create more EACs. With a VPPA, a company enters into an agreement with an energy developer, which guarantees them a fixed stream of revenue with which to develop renewables over a long period of time, typically a decade or more.

This investment assures funding to create new renewables with guaranteed revenue, giving developers the confidence to expand their footprint with new renewable energy projects.

When selling the VPPA idea to our finance and leadership teams, we went back to our early belief that we want to be climate leaders. We were clear that this investment with a VPPA is a net-new cost, but it's small compared to the impact that it makes. By engaging in a VPPA, we not only model climate leadership, but we also create new renewables on the grid and ensure that we and other companies are able to buy EACs in the future.

Ironically, one obstacle we faced was our relatively small energy load. These projects typically require a much larger load or a collective of smaller-load companies to pursue them.

In 2022, **Ever.green** came to us with exactly what we had been looking for. Ever.green is a U.S.-based startup, specializing in making VPPAs more accessible to smaller-load customers. The company aggregates several customers' loads into a single agreement and helps manage the process and complexity throughout the life of the project. This makes it much easier for a company of our size to participate and shaves years off the process.

The next question was: *how?* Building on **Salesforce's More than a Megawatt** framework and in collaboration with Ever.green, we drafted a scorecard for holistic project evaluation, including ensuring we go beyond CO_2 by benefiting the community, people's health, a just transition, wildlife, land use, and material impact. Our finance partners helped us vet options, model our future load, and understand how the additional cost would impact our profit and loss.

✓	**Scope**	Cover existing office footprint, employees' work from home energy use (electricity + gas), and scale as we grow
✓	**Additionality**	Get a new renewables project off the ground
✓	**Beyond CO_2**	Benefit the community the project will operate in; benefit people's health; support a just transition; and incorporate wildlife, land use, and material impact consideration

Some key decisions we made

Chipping away at scope 3 emissions

Scope 3 accounts for the vast majority of Atlassian's emissions. Within that, the biggest categories for us are capital goods, purchased goods and services (i.e. our supply chain), and business travel.

We've started the work, focusing on our supply chain first for two reasons:

1. Within scope 3, purchased goods and services contribute the most to our emissions footprint.

2. Our SBTs were approved in the early days of the pandemic when business travel was paused entirely. With no business travel, suddenly we were way ahead on our goal and it was hard to predict how or when future travel would affect our progress. So the only way to make a lasting impact on scope 3 at that time was to start with supply chain.

Unlike our scope 1-2 absolute emissions reduction goal, our supply chain goal is all about engagement. Our goal is to get enough of our suppliers to set their own science-based targets so that 65% of our supplier-based scope 3 emissions are accounted for.

Supplier data and mapping

Because we don't know the actual emissions from our suppliers, we have to estimate. To do this, we worked with our consulting partner Anthesis to combine supplier spending data and sector emissions factors to identify a subset of our suppliers representing 65% of our emissions.

Then, Anthesis mapped the climate maturity of our suppliers so we could clearly understand how many were disclosing climate data, who had already set renewable goals, and who had approved science-based targets. This would later help us determine how to engage with them.

Suppliers change year-over-year as does our spending with them, so the list of suppliers covering 65% of emissions is a moving target. While we work to build better data collection and tracking tools on our back end, Anthesis is helping conduct a manual evaluation of supplier goal-setting progress each year. That includes updating our list of top suppliers and understanding where they are in their climate maturity.

Supplier engagement

The journey of 1000 miles begins with a single step, so we're starting with the 10 highest-emitting suppliers based on spend and sector carbon-intensity and working our way through the list with milestones for each year. At the same time, the resources we provide will be available to all our suppliers, so even if they are not on our targeted list, we can still help them set emissions reduction goals.

In our first reporting year, 0.3% of suppliers by emissions had set an SBT. This meant that we had a long way to go in having conversations with our top suppliers. Our team is small and we weren't going to be able to do this alone.

Instead, we tried to find a way that this could be built into the procurement and supplier relationship processes in a lightweight way. So we took a two-step approach:

1. We ran training sessions on our SBTs and what they meant for our suppliers with Atlassians that owned relationships with our top suppliers. The training also included how to have conversations with suppliers to let them know about our goals and expectations moving forward.

2. We created information on our SBTs for our suppliers on the **Atlassian supplier site**. We also collaborated with our partners at **Business Council on Climate Change** (BC3) to create supplier resources, making the process of setting Science Based Targets and reducing emissions clearer.

We know these investments and initiatives take time for our suppliers to socialize within their own companies. Our ultimate goal is to help our suppliers make the case that a climate commitment is what today's customers expect (and need).

Business Travel

We set our baseline year for business travel before COVID and before remote work was widely embraced. So, while our 25% travel emissions reduction goal has remained on track for the past two years, it was partly because travel stopped altogether. Now that it has resumed, we're on borrowed time. As we look to the future, there are two forces that threaten to shoot us back up to pre-COVID levels quickly, and even exceed them:

1. Since the pandemic, our workforce has more than doubled. This means more people traveling to meet in person, especially for purposes of gathering with their team for the first time post-pandemic.

2. We've transitioned to a model where employees can work fully or partially remote if they choose, and don't need to live near an office. It may very well turn out that gathering in person with our teams a few times a year is critical to building strong working relationships, maintaining our culture, and collaborating effectively.

There aren't a lot of solutions here today besides restricting a percentage of employee travel, which isn't a great option when so many teammates haven't spent time together in years (or at all).

Travel is a prime example of the questions we don't have answers to, but we're working with our teams to create new solutions. From the finance and travel teams to the teams tasked with shaping how we operate in a distributed fashion, we are working together to get creative. We firmly believe we can grow our Atlassian team and build a distributed work culture while achieving our business travel emissions reduction goals. We've got the right people and the right purpose. We'll find a way.
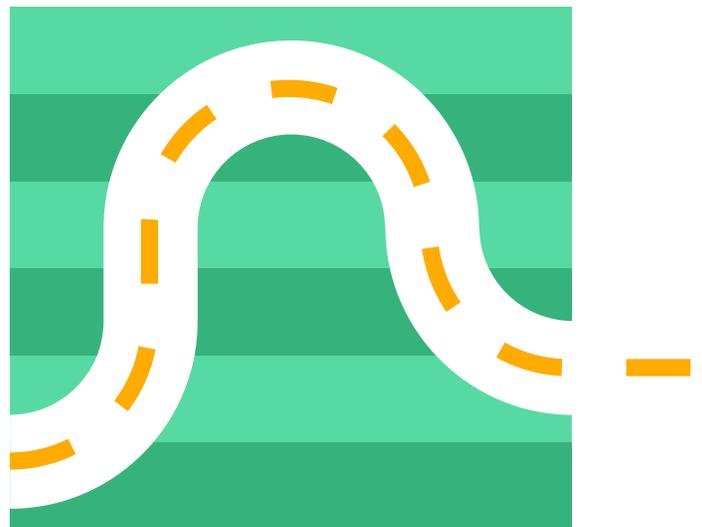
What about residual emissions?

Our ultimate goal is to reduce at least 90% of emissions by 2040; that's the priority – full stop.

But, part of what's required to achieve net zero is managing the emissions we can't reduce. The way to do that is through carbon offsets, which require significant long-term investment.

We've watched companies follow a lot of different paths when it comes to offsets and know there isn't one right way to do it. That said, this space is facing an enormous amount of blowback as the understanding of voluntary carbon markets matures. We don't want to throw money at the problem without a long-term strategy. Here are the steps we've taken to inform our approach:

1. We've collaborated with the **Business Council on Climate Change** (BC3), **Carbon180**, and other companies to develop a **Quick Start Guide to Carbon Removals**, including project criteria on co-benefits and unintended harms, which are often overlooked.

2. We've also partnered with **Carbon Direct**, a leader in supporting companies' offset emissions, for science-backed, project-level due diligence to validate our offset approach and build a well-balanced portfolio.

We're currently aligning on a carbon offset strategy that we can begin work on that will ultimately get us to our goal: net zero by 2040.

🔍 **RESOURCES**

Lessons from other companies, tools, training, and guides:

- **Workday's aggregated VPPA**
- **Salesforce's Australian VPPA**
- **Salesforce More than a Megawatt**
- **Google's 24/7**
- **Ever.green Solar Scorecard**

Collaborative initiatives

- **Business Council on Climate Change** (BC3)
- **Clean Energy Buyers Alliance** (US)
- **Business Renewables Center** (Australia)
- **Carbon Removals - Business Council on Climate Change**

Consultants and Partners

- **Engie Impact**
- **3Degrees**
- **ZGF**
- **Atelier Ten**
- **Ever.green**
- **Carbon Direct**
- **Supplier SBT Letter**

Pushing our ambitions beyond net-zero

As we've moved forward with our climate goals, we've also realized that there are more opportunities for climate action that aren't required by RE100 or SBTi, but they help us raise our ambition and go further.

Here are a few examples of actions we've taken to make good on our "we believe" statement,

> We believe that our long-term prospects as a business rely on a functioning planet. Atlassian's customers, employees, partners, investors, and communities expect us to take an active role in preventing the most disastrous impacts of climate change, and we have an opportunity to lead our industry and customers toward climate action.

Include work-from-home emissions

Although we are tracking ahead of our scope 1 and 2 emissions reduction goal, we want to acknowledge the complexities resulting from our hybrid working environment. A typical home office is less efficient than traditional office space on a per-person and per-square-foot basis. Of course, home offices don't generate emissions from commuting. But then, we have to factor in emissions from bringing teams together in person occasionally. Candidly, it's still early days in terms of tracking and calculating all this. We don't yet know if we'll come out better or worse in the long run.

Even so, we didn't want to shy away from addressing this. So, we started purchasing EACs in 2022 to cover our WFH energy use. This is new territory for us and required our best estimates (we leaned on our partnership with Anthesis for this). We will also use our VPPA to procure EACs to match our WFH energy use in the U.S.

This is another example of us pushing to get ahead of the curve. This isn't required by the SBTi or RE100 right now, but likely will be in the future. Better to create a solution now and build more muscle around adapting to changing conditions.

Understand and manage climate-related financial risk

Over the past few years, we have invested in building a climate-related risk framework in alignment with the **Task Force on Climate-related Financial Disclosures** (TCFD). We identified our risk related to climate change and integrated that with our Enterprise Risk Management approach (using our own product, Jira). This has not only given climate risk the visibility it needs internally, but also ensures that we start to manage our risk, especially as we make long-term footprint planning decisions.

This feels like new territory for us, and to be transparent, it's been challenging to quantify our actual financial risk and exposure, but following the TCFD framework has given us a pathway to get started.

Push for progressive climate policy

One of the very first climate actions we took was using our voice along with other businesses in support of the **Paris Agreement**. While setting internal goals has been the priority over the last several years, we haven't taken our foot off the gas in pushing the U.S. and Australian governments to take bold steps related to climate change.

From supporting Atlassian's participation in the global climate strikes since 2019 to collaborating with groups like **Ceres** (i.e. **Business Support for Federal Investments in Clean Energy**) and the **We Mean Business Coalition** (i.e. **COP26: Business Urge World Leaders**), to having a presence at high-impact global moments like UN Climate week, we're continuing to push for accelerating net-zero aligned commitments.

As we say at Atlassian, every meaningful accomplishment requires teamwork. We'd love for your organization to join the chorus calling for more meaningful action at the government level.
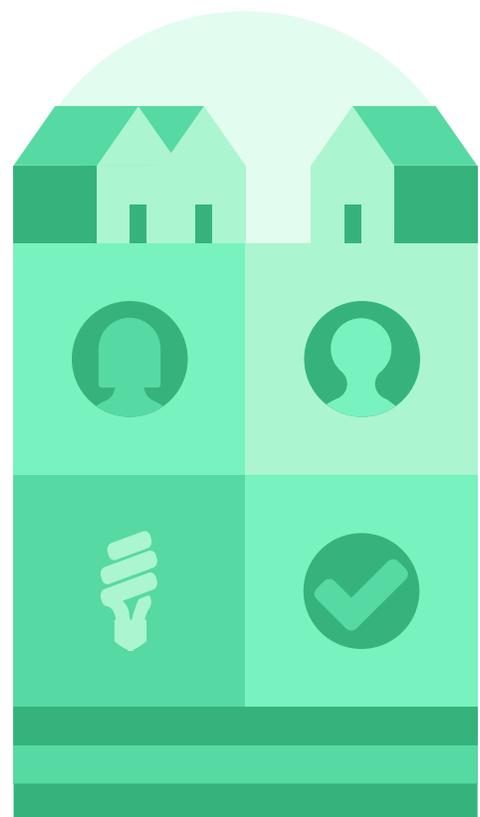
🖼 RESULTS

Here are the results of our work outlined in this section:

- **Don't @#$% the planet**

- **Atlassian on LinkedIn**

- **Climate Action Can't Wait**

🔍 RESOURCES

Lessons from other companies, tools, training, and guides:

- **Task Force on Climate-related Financial Disclosures**

Collaborative initiatives

- **We Mean Business Coalition**

- **Ceres**

Consultants

- **BSR**

- **Anthesis**

Holding ourselves accountable
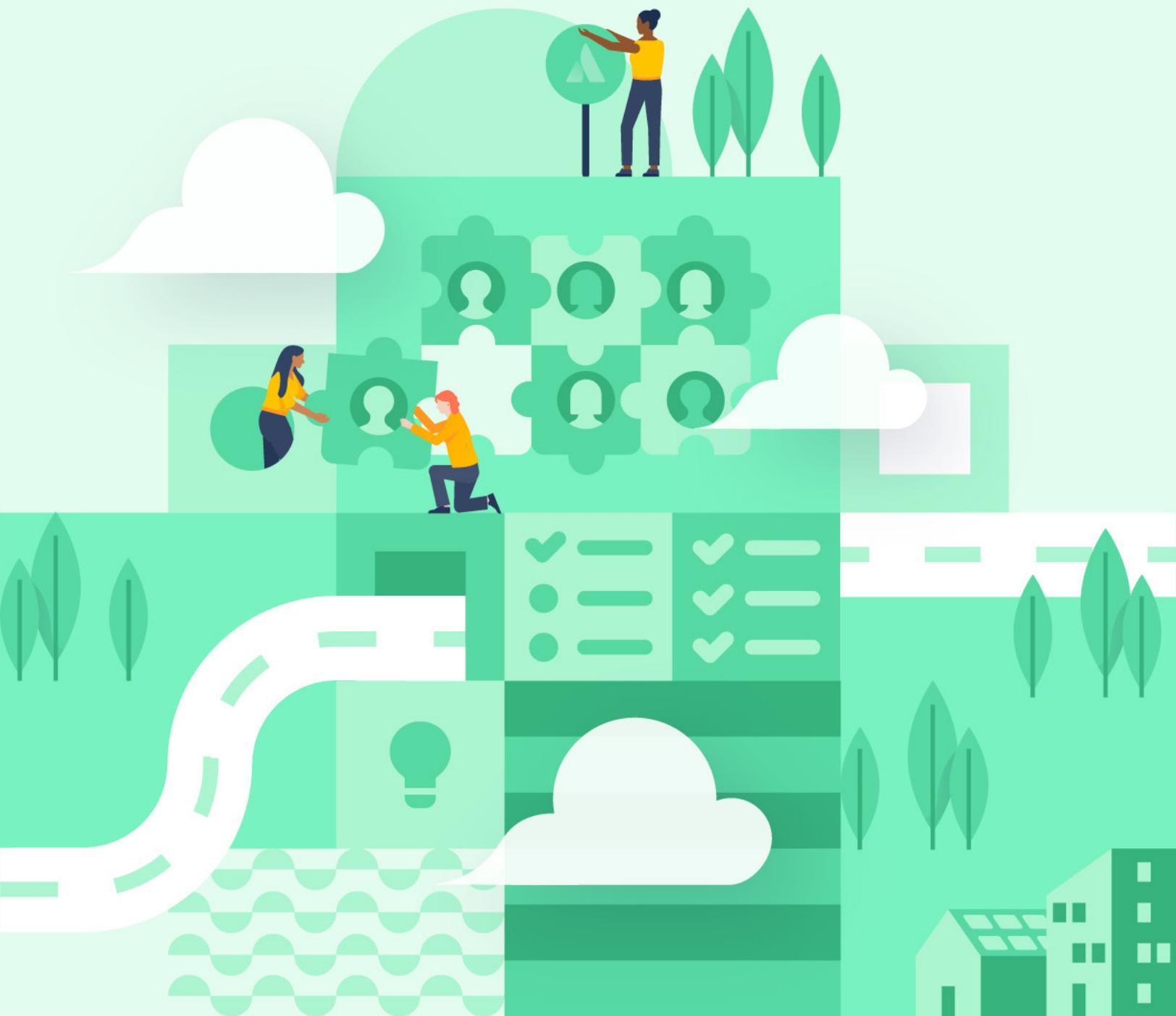
Report on progress and setbacks

A fair critique of sustainability programs is that they can be (and too often, are) a lot of talk with no action. A net-zero emissions goal may grab headlines, but whether the company actually follows through is a different matter. Atlassian is committed to walking the walk, not just talking the talk.

That's why, along with our climate commitments in 2019, we also committed to annual **sustainability reporting**. We partnered again with our investor relations team to connect with a broad group of analysts and think tanks who could weigh in on what metrics and frameworks were most important.

Their input helped us land our first principle to report writing: take an "open company, no bullshit" approach in line with our **company values**. This means celebrating the most meaningful results, along with sharing what's not going as well, what we're planning to do next, and the emerging issues we're monitoring.

While there are many voluntary frameworks on ESG disclosures, we've decided (for now) only to respond through **Carbon Disclosure Project** (CDP) to meet the requirements of our 100% renewable energy commitment. This has got us to where we are today, but we know as we look to the future, we'll need to scale up use of reporting frameworks like **Taskforce for Climate-related Disclosure** (TCFD).
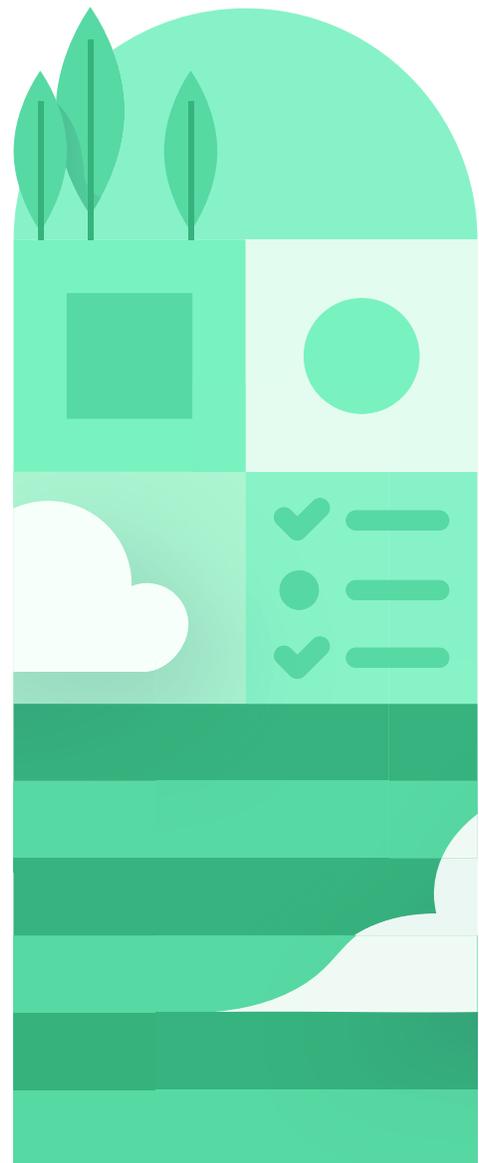
Accountability

We believe the best way to drive a meaningful program is to work as one Atlassian team, so we've integrated our sustainability team and initiatives into the business. Starting at the top, Mike and Scott meet with the sustainability team regularly to review our priorities and progress. We also believe our annual Sustainability Report helps to clearly communicate the value of climate action while demonstrating long-term accountability to our customers, our employees, and our board.

Get your board on board

In FY22, we started engaging the Atlassian Board. This is an important piece of sustainability and climate governance. It's also one of the requirements to improve our implementation of the TCFD and we expect to see more regulatory requirements here in the future.

We focused our first conversation with the board on our broad ESG goals as they are laid out in our Sustainability Report. We will share an update on climate risk mitigation and how we're using our investment in climate action to create new business opportunities – for example, demonstrating that Jira Software can be useful for organizing net-zero work and tracking progress. We also made it clear to the board that we're prepared for upcoming regulation and policy changes.

The ultimate goal is to ensure they understand the importance of the work we're doing and its role in the long-term success of the company. We already feel like the conversations are paying off in terms of generating enthusiasm and feedback that helps inform our long-term strategy.

Conclusion

Atlassian believes teams can achieve anything. In fact, our mission is to unleash the potential of every team. Combating climate change will take a team of companies working together to decarbonize the planet and build a better future. We are committed to leading in climate action and helping others take similar steps to make their businesses more sustainable.

We're also committed to updating our progress along the way. You can always see where we're at by taking a look at our most recent Sustainability Report where we share progress on our goals, setbacks, and the emerging issues we're watching.

We hope hearing our story has helped you feel less alone in the journey and inspired you to push your organization toward bolder, more ambitious climate action. **Let's do this, team!**

Set a science-based target

sciencebasedtargets.org

ATLASSIAN