



Environmental Disclosure Plan



Environmental, Social and Governance (ESG) matters are of great importance to Zix Corporation (Zix). As set forth below, Zix intends to include Environmental considerations in its governance, strategic planning, risk management, and disclosures of material risks. Zix believes this will lead to better performance and reduce environmental risk to the company.

Governance

The Board's oversight of climate related risks and opportunities.

Zix's Annual Report on Form 10-K for the year ended December 31, 2020, describes how the Board is responsible for overseeing management in this effort. For example, the Board as a whole oversees management's plans and strategies for dealing with strategic business risks and cybersecurity risks. In exercising its oversight responsibilities, our Board allocates some areas of focus to its standing committees. Specifically, our Audit Committee has oversight responsibility for financial and compliance risks, such as accounting, finance, internal controls, tax, legal and other compliance matters, in addition to overseeing compliance with our Code of Conduct and Code of Ethics. Our Nominating and Corporate Governance Committee oversees succession planning and compliance with our environmental, social and corporate governance principles. Our Compensation Committee is responsible for overseeing and monitoring our executive compensation programs and monitoring and assessing the interplay between those programs and risks in our business.

The NCGC Committee reviews the Company's environmental program, adherence to established policies, and along with the Audit Committee of the Board, reviews the results of internal scenario planning and analysis related to the impacts of environmental trends and uncertainties.

Management's role in assessing and managing climate-related risks and opportunities.

Below the Board level, an Executive Council has been established to manage the Company's environmental and other ESG activities. The Executive Council is comprised of 4 to 8 executive level managers and meets periodically to confer about, discuss the status of, and convey goals and deadlines for the company's ESG performance.

With regard to management of climate-related risks and matters, the company's Chief Legal & Compliance Officer is the lead on the executive team with responsibility over ESG matters, including environmental matters. The Chief Legal & Compliance Officer meets periodically with the Board and reports directly to the Board and the Chief Executive Officer on ESG risks and opportunities.

BACKGROUND

Companies can report on their performance in four key areas:

- Governance of climate related risks and opportunities;
- Strategy impacts from those risks and opportunities;
- Risk management practices; and
- Material climate related Metrics and Targets.

There are a number of steps necessary to move fully to this system of reporting. Setting the tone from the top, the Board of Directors and executive management team must understand and support the approach, and then create a process to ensure oversight of climate-related issues.

Zix is well on its way to laying the groundwork for issuing such disclosures.

Strategy

Climate-related risks and opportunities the organization has identified over the short, medium and long term, the impact of climate-related risks and opportunities on the organization's business strategy and financial planning, and the resilience of the organization's strategy.

Zix's direct business and operations do not generate greenhouse gases or other environmental contaminants. We consume relatively minimal resources because of our lack of direct manufacturing operations and the fact we conduct our operations exclusively through rented office space. We do not face the environmental risks that challenge companies in industries like oil and gas, manufacturing, or air transportation. Thus we are not currently subject to environmental, climate or sustainability regulations or mandates that could pose material risk to us. Rather, Zix's business and operations are generally subject to environmental and sustainability risks that are applicable to society at large, and we do not consider these risks to be material at this time. Zix continues to monitor environmental risk, such as risks related to market forces related to energy pricing and the physical impacts of climate change such as sea level rise, drought, and increased storm severity.

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Zix has identified the following climate-related opportunities and potential financial impacts:		
Type of Opportunity	Climate-Related Opportunity	Potential Financial Impact
Resource Efficiency	Increase energy efficiency, particularly in data center and supply chain operations	Reduced operating costs
Energy Sources	Use lower-emission sources of energy, particularly in data center and supply chain operations	Reduced exposure to GHG emissions and future fossil fuel price increases
Technology / Products and Services	Offer security services, such as Secure Modern Workplace, that support customer sustainability initiatives such as going paperless	Increased product and services revenue through demand for Secure Modern Workplace and other security offerings

In addition, Zix has identified resilience in response to climate change challenges as an opportunity to gain competitive advantage with increased supply chain reliability and enhanced ability to operate under various conditions. Zix rehearses, exercises, and refines its business continuity plan; for example, in table-top exercises and shifting to a work from home posture in response to Covid-19 in 2020.

Zix recognizes its responsibility for helping manage and assist individual employees in conducting efficient business operations. We balance this responsibility with desire to support employees with quality in-person interactions, providing inclusion in problem solving & decision making, assignments, and mentoring opportunities. We use teleconferencing tools like Microsoft Teams where appropriate.



Risk Management

Processes for identifying and assessing climate-related risks, the organizations' processes for managing climate-related risks and how the processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Zix identifies, assesses, and manages climate-related risks with a reporting structure that extends up to its NCGC Committee, although such risks do not rise to the level of material risks faced by companies in certain other industries (as explained above).

Executives with responsibility for aspects of the Zix ESG Program, including the environment, shall periodically identify and assess climate-related risks and the materiality of same to the company. These Executives include the Chief Legal & Compliance Officer, the Chief Financial Officer, and Chief Product Officer, Head of Human Resources, and the Head of Research & Development.

Material climate-related risks, and where applicable, mitigation strategies for such risks, are periodically reviewed by the ESG Council and the NCGC Committee, with the ESG Program leaders responsible for implementation of actions authorized by the ESG Council and the NCGC Committee. The implementation process is governed by the company's goal setting and management program based on the Objective-Key-Result framework. This process is integrated into Zix's overall risk management, under the supervision of the Chief Legal & Compliance Officer.

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Metrics and Targets

Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process, disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks, and describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Zix does not have material climate-related risks at this time for the reasons explained above. However, due to our over-arching ESG strategy and approach, Zix measures performance against its corporate policies, which are developed with ESG standards in mind. Zix monitors its program throughout the year and conducts an annual review of its program, in a cadence aligned with its financial reporting.

