**vm**ware



# RESPONSIBLE BUSINESS, RESILIENT FUTURE

At VMware, our worldview is that we are interconnected and interdependent on each other and the planet.

When we envision the future, we imagine a sustainable world that is secure, equitable and resilient. It's a bold vision and one that will require an equally bold desire to tackle some of the world's most complex challenges. That desire is what VMware is built on. We solve intractable problems, and we do it with an innovative spirit. Through our engineering talent and relentless determination, we are emboldened to create a positive impact in the world in 2020—and beyond.

With each innovation our business has brought to market, we have seen how even a single step forward can create a ripple effect that transforms an entire industry. We can and should apply this thinking to the challenges that our world faces today: a global pandemic, social injustice, financial instability and climate change. We are all invariably connected. We can all decide to be part of the problem or be part of the solution. This moment is an

opportunity to create systemic and scalable change.

That's why we choose to be a force for good—with each action and across all our collective decisions. That's how resilience is built, and today we need it more than ever.

As breakthrough innovators, it is our responsibility to build dynamic and efficient digital infrastructures for our customers. As global citizens, it is our responsibility to be better stewards of our global resources. As a responsible company, it is our business to build a secure, resilient and sustainable digital foundation for a future in which our technology will make a positive impact on all our stakeholders: employees, customers, shareholders, citizens, communities and our planet.

We invite you to read this report and learn about our journey to help create a better world.



#### About the Cover

The cover image reflects the churn and energy of a watershed. A turning point, a particular moment in time that changes the direction of an activity or situation. Just like 2020.

#### Watershed Moment

[Figurative Definition] A critical turning point in time where everything changes and will never be the same as before. This figurative meaning comes from the literal meaning of a point of division in a river or a stream where a body of water is split into different paths.

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# TRANSFORMATIVE **PRODUCTS**



**THRIVING PLANET** 



**EMPOWERED PEOPLE** 



**GOVERNANCE** 



**ESG SUMMARY** & METRICS



# PROGRESS SNAPSHOT

	2015	2019
\$	Revenue \$6.57B	\$10.81B
	Worldwide Patents & Apps 3,249	7,235
n n	Carbon Emissions Avoided MT CO <sub>2</sub> e  340M	1.2B
	Renewable Energy 71%	100%
	People <b>19,223</b>	31,000
	Nonprofits Supported <b>3,600</b>	10,065
THE STATE OF THE PARTY OF THE P	Employees Supporting the Community  15,515	22,113

# Our Response to Global Crises

#### COVID-19

In the wake of a global pandemic, we've had to face just how interconnected we truly are: as a species, a society and a global economy. While it's our connections that make us vulnerable, our collective response makes us strong and resilient. We will be forever changed by this experience, and from it we will emerge with different perspectives on how we work, learn, care for each other and sustain community.

At a time when "business as usual" is not an option, we need to focus on helping each other and assisting our customers and the community as they respond and adapt. VMware has the capabilities to help customers across the globe enable their employees to work remotely, maintain productivity, increase connectivity, and provide for continuous, secure access to applications regardless of the endpoint.

We've prioritized the health and safety of our employees by taking early and swift action during the pandemic. We moved to a near-100 percent remote workforce in early March and since then, have created flexible work experiences that promote innovation and inclusion. We provided pandemic leave, as well as company-wide days off where VMware people are encouraged to unplug, refresh and recharge. We're hopeful that this shift to remote work can help us evolve our talent pools, increase diversity and expand our VMware community.

In a time when technology is more essential than ever, we take seriously the role our solutions play in enabling customers to pivot, maintain continuity and rely on our digital infrastructure to innovate in creative ways that make a difference.

Seeing an urgent need, Vanderbilt University Medical Center quickly transformed an empty parking garage into a COVID-19 screening area for their patients. Our VMware team in Nashville rallied to support this effort, providing a digital workspace that's now critical to maintaining patient safety and continuity of care.

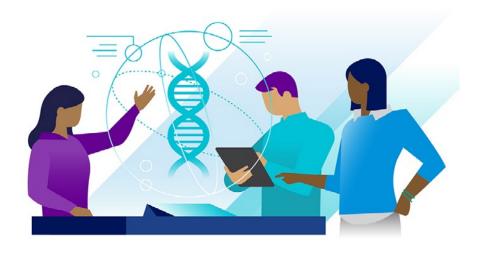
In Ohio, one of the largest state healthcare systems built pop-up COVID-19 testing clinics throughout remote parts of the state, using VMware wide-area networking (SD-WAN) services to rapidly scale and deliver.

Government agencies around the world are using our digital workspace solutions to empower their mobile teams, ensuring uninterrupted delivery of critical services like health, public safety, water, electricity and refuse collection serving millions of people and communities.

With the needs created by COVID-19 being so widespread, varied and systemic, our community-based approach has shone a light on why giving people choice in taking action to support a diversity of needs is so important. At VMware, our unique approach to giving—called Citizen Philanthropy—empowers everyone to

be active, engaged citizens in their communities. Our people have delivered food to those in need, made masks for frontline health workers and donated money to relief efforts. In light of the diverse and vast needs in our communities, earlier this year, the company doubled its matching gift limit and supported GlobalGiving's Coronavirus Relief Fund. VMware also remains committed to accelerating nonprofits' impact through digital transformation, including support to TechSoup's COVID-19 Response Fund.

Together, these stories reflect a global VMware community that is compassionate, resourceful and resilient. Our instinct is to reach out across boundaries, overcome obstacles and do everything in our power to find solutions that work. It's not in our DNA to sit back and wait. We take action and make the impossible possible. These qualities have helped us endure through this challenging chapter of our story and will propel us forward when we begin a new one.



#### Systemic Racism

At VMware, we believe it is critical to learn, listen and take action to create an environment that supports our colleagues, customers and communities. As our CEO, Pat Gelsinger said in May 2020, "We are horrified by the violence perpetuated against the Black community and the ongoing and systemic social injustice that has brought us to this point in history. Status quo is not okay. As a company, we are collectively committed to change; I am committed as a leader. I stand with the Black community against racial injustice in all forms."

We recognize there is work to do. Our VMinclusion efforts focus on driving change through business practices and operations. We are especially focused on our Black colleagues and communities and want to ensure change is systemic and long term. As part of ongoing efforts, we updated our hiring policies and are providing continued education, allyship and awareness programs. We know that philanthropy is one facet of social change. With VMware's Citizen Philanthropy approach to giving, over 1,000 people contributed to the Black@VMware Social Justice Fund to support the broader movement. Long-term change will take a continued and committed focus on living our values, increasing representation at all levels and creating an inclusive culture where all employees can succeed.

Additionally, VMware Global Government Relations and Public Policy onboarded the first bipartisan, majority-minority owned government relations firm in Washington, D.C., United By Interest (UBI). UBI will help enhance VMware's outreach to key stakeholders in the Congressional Black Caucus and Congressional Hispanic Caucus on both core VMware business issues, as well as on policies around social and racial justice. We were also proud to add more diverse representation to the VMware Political Action Committee (VMware PAC) Board of Directors, including our Chief People Officer, our Vice President of Diversity & Inclusion, and representatives from our Power of Difference groups (PODs). We have also made an exciting addition to the VMware PAC bylaws. Previously, VMware PAC contributions were limited to three giving criteria with a bipartisan, bicameral mandate:

- 1. The candidate sits on a committee of relevant jurisdiction.
- 2. The candidate represents a district or state where VMware, Inc. has a significant presence.
- 3. The candidate holds a leadership position.

The VMware PAC Board voted unanimously to add a fourth category:

4. The candidate or political committee supports and aligns to VMware Global Impact goals and  ${\sf EPIC}_2$  core company values.

This exciting addition of a new giving criteria allows us to proactively give to candidates who promote and support polices that align to our values. In addition, our new VMware PAC Board members bring a broader perspective in identifying appropriate candidates for this new giving qualification.

At VMware, we believe in the power of human difference. We stand with our Black employees and will continue to take action and do our part to end systemic racism.

"In the midst of the crisis, I am more convinced than ever that we have the resilience, the tenacity and the resourcefulness to get through this together."

- Pat Gelsinger, CEO, VMware

# VMware Aligns to the UN's Sustainable Development Goals

Driving sustainable growth doesn't happen in a vacuum. The complex issues facing our society and environment can't be solved by any one organization alone. Global change requires collaboration across geographies, companies and communities to address the structural and systemic challenges. From endowing the Stanford Women's Leadership Lab, to being a founding member of the Renewable Energy Buyers Alliance and supporting the launch of the Step Up Coalition, we're joining forces to make a difference.

Last year, we joined the world's largest corporate sustainability initiative, the United Nations Global Compact (UNGC), because we know that together we can tackle global challenges more quickly and at a broader scale. We support the ten principles of the Global Compact by aligning our products, operations and people with the UN's Human Rights, Labor, Environment, and Anti-Corruption Principles. Aligning to these principles and priorities provides a clear framework to drive global and exponential positive impact in areas most clearly aligned to our business.

This report summarizes our commitments and describes how we incorporate the principles of the Global Compact into our strategy, culture, and day-to-day operations.

Going forward, we will build on our engagement with the UNGC and its signatories. We cannot do what needs to be done alone; but together, we will make a difference.



# A Message from Our CEO

We will look back on 2020 as a watershed moment; the year everything changed. It would have been impossible to comprehend the speed and scale of the multiple challenges before us today. From the global pandemic, continued systemic inequities, geopolitical uncertainty and cybersecurity, to the march of climate change with extreme weather events impacting our own employees and immediate communities, these tumultuous events have shown how deeply interconnected we are as humans. It has driven home the interdependent relationship between a healthy economy, social connection, and public-health systems. It has also underscored the urgency of resilience as a business imperative, shining a light on the need for inclusive and sustainable solutions to the challenges we face. This new reality has also fueled my resolve as CEO to move faster to the future for the benefit and well-being of all our stakeholders. There is hard work to do to address these complex challenges, but there is also opportunity to reimagine what's possible.

I believe 2020 will be a defining moment that will permanently change the way we work, learn, connect, worship and simply how we live in community with each other. The benefits of distributed work are significant: improved quality of life for people who commute less, and greater choice around where and how they work. For businesses, it is an opportunity to not only increase their resilience, but also reduce their carbon footprint and increase diversity and inclusion through access to talent around the world. For society, it's an opportunity for us to drive systemic and structural changes for the better in areas like health and education.

At VMware, our EPIC2 values have proven an effective compass for our 32K strong community as the company has rallied, innovated and collaborated

in incredible ways to support our customers, partners and communities because doing the right thing is never a debate. Many of our customers have successfully transformed what were seemingly insurmountable obstacles just a few short months ago. We are embarking on a new era where technology must play a critical role in addressing the world's most pressing challenges, especially as 5G, cloud, AI, and EDGE computing go mainstream. In an increasingly unpredictable world, we are committed to enabling the digital foundation of the future that helps our customers and partners take hold of the technology acceleration underway and use it to drive positive outcomes.

Like any aspect of business strategy, there are important moments to take stock and evaluate where you are and where you are going. For corporate responsibility, that time is now. While regularly reporting on Environment, Social and Governance impact is commonplace and just good business, this year is also challenging our assumptions about what corporate responsibility means for a new era. As 2020 has unfolded, it has given us pause to reflect on the future we want to live in and determine our part in creating it. We believe in a future that is equitable, inclusive and just. One where technology solves complex problems yet engenders trust for those who depend on it. In this future, we serve all our stakeholders and sustainability creates greater prosperity as the world rallies around the United Nation's Sustainable Development Goals for 2030.

I'm proud of the 2020 Global Impact goals we've accomplished and inspired to introduce a new chapter of Responsible Impact at VMware. In the months ahead, we will be introducing a set of material goals that we're committing to achieve in the next decade focused on outcomes of Equity, Trust and Sustainability. As



business leaders, we face an urgent call to pay attention to the world around us, to listen, to learn and to take collective action that benefits the many versus the few. We have work to do. Translating a long-term vision for 2030 into concrete business objectives requires a new kind of thinking, a commitment to operationalizing bold goals and embedding ESG more deeply into the rhythms of our business. Corporate responsibility is no longer a nice to have, it's a business imperative. Let's harness this defining moment to innovate and shape a better and more resilient world for all.

PAT GELSINGER,
 Chief Executive Officer

# A Message from Our CPO

Navigating complex organizations through moments of major transformation requires clear strategy balanced with humility and empathy. At VMware, we've endured challenges in the past and we are again called to navigate through disruption while innovating for the future. Grit and resilience in particular have taken new meaning this year across our workforce, from managing through a global health crisis, to pivoting our workplace policies, systems and technology to enable a dynamic virtual workplace, literally overnight, to piloting courageous conversations about race and social justice in partnership with colleagues and community partners. Our community is also experiencing climate-related disruption from wildfires and other extreme weather events. In my role as chief people officer with executive oversight for many social, environmental and governance issues, it is clear that corporate responsibility as we have known it is being reshaped.

In 2015, we articulated a vision of global impact across three pillars—our People, our Products and the Planet. At the time, our intent was to build on our long-standing commitment to create a better future by putting back more than we take. We defined a set of goals around our promise to be a force for good, rolled up our sleeves and got to work. Looking back, we achieved nearly all the goals we established five years ago. In this report, we share progress on our impact across People, Products and the Planet. We provide a summary of our Environment, Social and Governance (ESG) performance for 2019, and, for the first time, align our disclosures to the Sustainability Accounting Standards Board and the United Nations Sustainable Development Goals.

Some of the milestones in this journey I am particularly proud of include:

- Growing our community. We added approximately 11,700 people to the VMware community (including the successful acquisition of 24 companies);
- Empowering a culture of service, with more than 22,100 VMware people supporting 10,000 nonprofits in 97 countries through the VMware Foundation;
- Embedding "giving" into our employee experience, from Citizen Philanthropy service grants to Principal Engineering grants and endowed scholarships on behalf of our Fellows;
- Launching VMinclusion, a business-led diversity and inclusion effort that is now a key component in our operating plans;
- Hosting Women Transforming Technology Conference annually, a unique consortium of companies focused on real-time relevant issues;
- Investing in the future with a \$15 million grant to endow the Stanford VMware Women's Leadership Innovation Lab;
- Black@VMware created the Social Justice Fund to raise awareness and support Black communities;
- Updating our hiring policies to help us meet our Diversity and Inclusion goals;
- Becoming a certified CarbonNeutral® company two years ahead of our goal and running our business on 100% renewable energy;
- Joining the United Nations Global Compact; and
- Building a community microgrid on our campus.

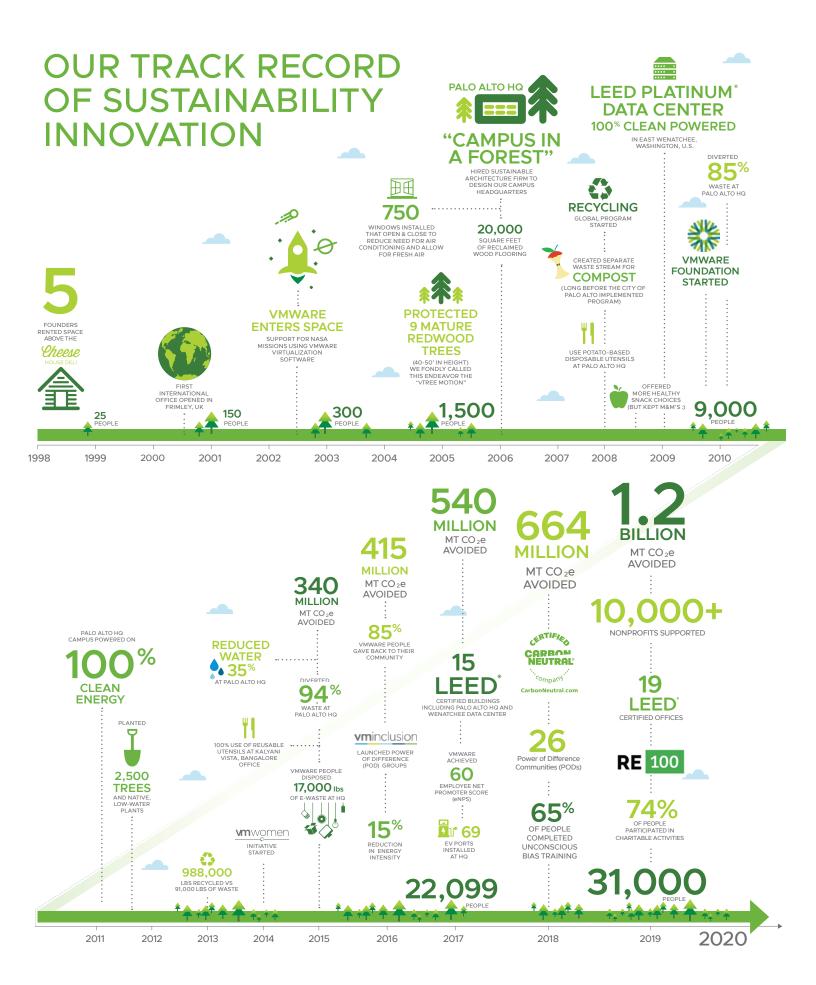


Our current reality is vastly different than when we started this journey just five years ago. As we prepare to operationalize a new vision for 2030 across everything we do, I anticipate that the "new normal" will be more dynamic and intersectional. It requires being agile, open and resilient while staying true to our values and our mission to tackle the impossible. With that, our strategic approach going forward is to embed a comprehensive set of ESG goals and actions into our business portfolio and long-term corporate priorities. As we reshape our approach to corporate responsibility from within, we continue our legacy of contributing more than we take, while sharpening our focus on advancing business outcomes through the pursuit of sustainable innovation, a mindset of inclusion, and earning the enduring trust of all our stakeholders.

I continue to be inspired by the culture, talent and community that have made VMware a great place to work for more than two decades. Being a force for good is both a responsibility and a business imperative that we embrace with renewed conviction, awareness and humility.

- BETSÝ SUTTER,

Corporate Senior Vice President and Chief People Officer





# Amplified Impact, Exponential Change

#### Our Journey to 2020

We began our journey for 2020 with a vision: a net positive future and sustainable growth enabled by transformative solutions. We realized that this vision can't be achieved through incremental efforts alone. In order to leave a lasting, positive impact on our future, our approach must be systemic and deeply embedded across everything we do.

With this in mind, we set out a roadmap for 2020, one that aligned for the first time many of the environmental and social responsibility efforts that had been underway at the company for a long time, albeit not connected. Moreover, it recognized the extraordinary opportunity for greater impact through our technology and core products. This roadmap helped shaped the priorities and goals over the last five years for impact across our products, our people and our planet.

Together, we acted on this strategy with a purpose—to amplify our force for good in the world.

When we look back at the progress we've made, we see each of these accomplishments as a fundamental step toward meeting the exponential challenges we now face.



Drive sustainable business practices and create innovative technology that contributes lasting net positive value to our customers and our partner ecosystem.

VMware's solutions aim to maximize the efficiency and productivity of our customers' IT infrastructures. Efficiency helps generate cost savings and business value; it also helps our customers achieve greater sustainable impacts. By minimizing the amount of physical infrastructure required, we help customers avoid unnecessary energy consumption

(direct and ancillary), as well as carbon emissions, during the use phase. If we extend this to the life cycle of hardware, our software also avoids material extraction for the production of hardware and end of life electronics disposal.

Since setting this goal, it has become clear that the most innovative solutions to generate ongoing sustainable impact will come directly from those developing our products. That's why we have focused on integrating sustainability innovation into our product operations, starting with the programs of the Office of the CTO.



# Transformative Products

We aspire to drive sustainable business practices and to create innovative technology that contributes lasting net positive value to our customers and our partner ecosystem.

#### Our 2020 Goals

Incorporate sustainability into every product release—making it easier for customers to create positive social and environmental impact

Deliver technology that gives customers and partners data to make informed choices about cleaner clouds

Integrate sustainability into our customer experience

# 2019 Highlights

347,968,000 MWh of energy avoided in customer IT and data center operations through the use of virtualization solutions

Over 1.2B MT CO2e avoided through use of products

7,235 worldwide patents & applications

560 Research papers submitted to our annual R&D innovation conference

1st Global Borathon with over 800 of our engineers from 32 cities

# In This Section

Enabling Carbon-Efficient
Digital Transformation

Ready, Set, Innovate

Investing in Our Future

# Enabling Carbon-Efficient Digital Transformation

## **Reducing Carbon in Our Customers' Digital Operations**

Our products such as the VMware Cloud Foundation help customers in significantly reducing energy costs and related carbon emissions associated with operating their digital infrastructure while providing elastic scalability and simplified management.

Every year, since 2016, we've quantified the impact of IT infrastructure growth on carbon emissions. Since 2003, our product portfolio has helped our customers avoid over 1.2 billion metric tons of CO2<sup>1</sup>.

In particular, VMware's virtualized infrastructure has a significant influence on lowering these carbon emissions. We estimate that more than 66 million physical servers were not deployed in 2019 as a result of VMware virtualization. This, alongside the energy savings due to reduced cooling load and other data center resources from smaller IT deployments, resulted in an energy savings of 347,968,000 MWh.

The total emissions avoided from VMware virtualization in 2019 is equivalent to removing nearly 33 million cars from the road and the avoidance of over 378 billion miles driven using averages for U.S. vehicles. It is also equivalent to more than 337 times (cumulatively) or 40 times (in the year 2019 alone) that of the carbon impact of all of Tesla's electric cars in the United States put together.

With the total power consumption avoided in 2019 by using VMware's virtualization, a 2019 Tesla Model S Long Range electric car could be driven back and forth to Mars more than 4,000 times. With the cumulative power consumption avoided since 2003, this electric car could be driven back and forth to Mars more than 28,000 times.

The amount of IT infrastructure-related carbon emissions avoided because of the use of VMware virtualization products grew from approximately 84 million metric tons in 2017 to more than 95 million metric tons in 2019. An additional 57 million metric tons of carbon emissions savings were achieved in 2019 due to non-IT data center savings.

IT infrastructure avoidance due to VMware virtualization equates to a cumulative power consumption savings of over 1.5 billion MWh and carbon emissions avoidance of over 1.2 billion metric tons from 2003 to 2019.

METRIC TONS OF CARBON EMISSIONS
AVOIDANCE FROM VMWARE
PRODUCTS SINCE 2003







# **Hunting Zombies**

When VMware migrated data centers as part of a server refresh initiative in 2019, we discovered that a significant number of our VMs were zombies. What's a zombie? Zombie VMs are virtual machines that were provisioned and, for one reason or another, are unintentionally no longer used. Despite being unused, zombie VMs continue to consume valuable Compute, Memory, Storage, and even Network resources. This costs organizations money and, potentially, poses unnecessary security risks. What's worse is that zombie VMs lurk throughout an IT environment and generate harmful impacts on the environment. Rather than repurposing these zombie resources for productive workloads, organizations could deploy additional hardware resulting in more energy consumption and carbon emissions.

To address this inefficiency, VMware implemented a process of targeting zombie workloads for reclamation. These

experiences and lessons learned were then published in an e-book, Want to Cut Risks to Your Business? Go Zombie Hunting<sup>2</sup>, to help organizations with similar challenges. But efforts are still ongoing. The next step will be to apply this same rigor to underutilized hosts via an additional optimization effort. The goal will be to leverage VMware Cloud Foundation on best-in-class commodity x86 hardware to deliver key data center services in software. The byproduct of this approach is that VMware will be able to increase host density, reduce the number of perimeter devices, remediate process bottlenecks and improve service delivery. Organizations can achieve significant business value through an optimization effort to identify and remove stranded capacity, with the resulting infrastructure being more operationally efficient and better aligned to businesses sustainability objectives. Our Data Integrated Customer Engagement (DICE) strategy is a free customer assessment to learn more about the benefits of optimization.



# Ready, Set, Innovate

Driven by our goal to integrate sustainability as a principle for innovation, we partnered with Innovation Programs in the Office of the CTO to drive awareness and inspire innovators. We knew that the best ideas would come directly from our talented workforce, and we were right. VMware employees responded to this call to action with enthusiasm, passion and creativity, inspired by the opportunity to reduce global carbon emissions across our customer base.

#### **Sustainability Innovation Highlights:**

· Sustainability Hackathons: Innovating is what our developers do best. By hosting VMware Hackathons with sustainability as a central theme, our developers have had the opportunity to explore new ways of improving efficiency of our products and processes. In 2018, the first-ever Sustainability Borathon was held in Palo Alto. The Hack was kicked off by high school students who set an impressive bar for a successful event that generated thought-provoking sustainability innovations on topics from using blockchain for microgrids to dashboards for real-time cluster/data center power usage. During a recent event, ideas ranging from power profiling containerized applications, right-sizing developer workloads and reusing successful test builds rather than rebuilding every component have been recognized and added to the innovation pipeline. Each of these ideas has the potential to improve energy efficiency of VMware's development processes and developer productivity for years to come.

- RADIO: This is VMware's internal annual R&D innovation offsite that brings together thousands of our engineers to share ideas, have conversations and drive VMware's cultural mindset of innovation. Sustainability has gone from being a one-off idea to an underpinning of how we think about innovation and where we need innovation to solve today's greatest challenges. Some of the highlights include: one of our principal engineers presenting his work on green coding on the main stage, having an organic farmer as a keynote speaker and the enthusiasm that ensued and, most recently, six sustainability innovation awards were presented for research papers and posters with the best ideas for improving the productivity and the sustainability footprint of customers' IT infrastructure.
- · Inspiring Action: Inspired by sustainability, our developer hardware team created and implemented a system to identify unused hosts, based on multiple activity factors, that could be productively repurposed by development teams, thereby improving developer productivity and saving VMware money. This system has uncovered that 15% of deployed hosts could be repurposed, illuminating opportunities for cost, energy and carbon savings.
- Ongoing Awareness: In partnership with VMware's engineering productivity team, we've created a sustainability developer dashboard to bring visibility of resources used in our product builds to our engineers and engineering managers. Thereby, creating awareness and tools for sustainability-conscious software development practices.

# Investing in Our Future

# **Collaborating with Bright Minds**

We believe in giving back to the research community that enabled the very founding of VMware. We focus our grants on researchers that make new things possible and create breakthrough efficiencies. This year, we're making deeper investments in work that advances sustainability. Specifically, we are issuing a joint VMware-funded solicitation with the National Science Foundation to support research around the Next-Generation of Sustainable Digital Infrastructure. This will accelerate innovations that further the productivity and efficiency of global IT operations. The program will provide \$6 million in funding over three years.

Through our VMware University Research Fund (VMURF), we directly support the top innovative academic researchers who are on track to deliver breakthrough results and transform the computing industry. The portfolio of university engagements is geographically diverse and covers a variety of research areas, including systems, storage, networking, machine learning, IoT and other timely topics.



# Strengthening Nonprofits Through Digital Transformation

Technology has the power to help every organization succeed and scale. We're optimistic that technology can help us address society's most pressing issues. That's only possible, however, when technology is used in partnership with the people closest to these issues and integrated with their existing processes.

Nonprofit organizations often face many barriers to advance their digital journey, mostly due to resource constraints. Amid the challenges that the nonprofit sector faces in delivering upon their mission, we remain committed to accelerating nonprofit impact through digital transformation.

To advance nonprofits in their digital journey, we are:

- Investing in sector-wide tools and resources at global scale
- Strengthening nonprofit capacity through pro bono Service Learning
- Enabling nonprofit organizations to progress in their digital maturity by increasing accessibility to VMware solutions

# Investing in sector-wide tools and resources at global scale

Taproot Foundation and VMware Foundation have worked together since 2017, publishing research annually, to uncover the challenges facing nonprofit organizations as they take on pro bono tech projects. *Transforming Technology Pro Bono*, released in May 2019, is the final compilation of a four-step guide for both volunteers and nonprofits looking to engage in pro bono services. The Solution Development Framework in the Guide details how to Discover, Design, Implement and Maintain a more effective and sustainable solution that meets the needs of nonprofit organizations.

VMware led a cohort of companies, including Okta, Box, Cisco and Adobe, in supporting TechSoup's launch of their Digital Transformation Initiative in March 2019 with the announcement of the development of a nonprofit digital transformation roadmap. The tool aims to provide nonprofits with a customized blueprint of where they are, where they need to go and tangible next steps in their digital journey.

In 2019, VMware also became a lead investor in TechSoup's \$11.5M growth capital campaign with \$2.5 million from a donor-advised fund. Through this investment, we are supporting TechSoup's capacity-building efforts to increase nonprofits' access to resources to design and implement technology solutions, expanding TechSoup's reach to 1.7M nonprofits around the world.



## Strengthening nonprofit capacity through pro bono **Service Learning**

We evolved our pro bono efforts with the launch of Good Gigs Projects, a program that invites VMware people to apply their talents to co-create a sustainable solution with a nonprofit of their choice. Good Gigs Projects leverages the Taproot Foundation's Transforming Technology Pro Bono as a framework for the program and to enable nonprofit organizations with the technology, processes and people they need to thrive.

One of our employee-led Good Gigs Projects in 2019 included Planet Bee Foundation, a nonprofit dedicated to developing an eco-conscious generation by inspiring environmental stewardship and individual action through the teaching lens of the struggling honeybee. The team of VMware people worked with the Planet Bee Foundation staff to assess its IT infrastructure and explore ways to maximize efficiencies, reduce costs and redirect IT administrative efforts toward other organizational needs.

Another team of VMware people chose to support Child Advocates of Silicon Valley, an organization that trains volunteer Court Appointed Special Advocates to work one-on-one with foster children, providing critical emotional and educational support, as they navigate the court dependency system. The Good Gigs Projects team focused on fully automating and digitizing business processes so that the organization can spend more resources on volunteer training which allows them, in turn, to serve more children.

## Enabling nonprofits to progress in their digital maturity by increasing accessibility to VMware solutions

In 2019, we collaborated with TechSoup Global to support high-need U.S. nonprofits in accessing VMware vSphere and vCenter.

In partnership with the Office of the CTO Ambassadors program, the VMware Foundation created Nonprofit Connect to better meet the needs of our nonprofit customers. Through this initiative, we conducted multiple interviews and gathered insights into how nonprofit organizations use VMware products to achieve their missions. We uncovered process and technology gaps and connected them to VMware resources to meet our customers' needs and strengthen their operations.

- "TechSoup is a network of international non-governmental organizations all working on a common mission. We use technology to help communities connect and develop innovative solutions, so we have a more equitable planet,"
- Rebecca Masisak, CEO, TechSoup

# **Customer Impact Stories**

## Cancer Is The World's Leading Cause Of Death; The Netherlands Cancer Institute Believes Technology Will Help Them Find A Cure

The Netherlands Cancer Institute (NKI) is one of the world's top 10 Cancer Centers. Its goal is to help solve cancer through world-leading research and by providing the best oncology treatment possible. Quality of care provided by the medical staff was hampered by the hospital's slow technology infrastructure. Working with VMware partner ITQ, NKI has built a Software-Defined Data Center leveraging VMware NSX for security and is deploying VMware Workspace ONE to provide medical staff with a digital clinical workspace that can be accessed from anywhere, on any device. NKI is also repurposing the hospital's untapped VDI computing resources at night to analyze increasingly large data sets of images for cancer research. NKI's hospital staff can now speed up treatment decisions and increase time spent caring for each patient. Researchers can now analyze data in days rather than weeks, accelerating breakthroughs in cancer research. Ultimately, NKI is even better positioned to deliver pioneering cancer research and help cancer patients improve their quality of life.



"In the past, it took about a week to process large data sets. Thanks to the VMware platform, data analysis can be done much faster, enabling us to accelerate breakthroughs in research and cancer treatments. What we used to do in a week can now be done in one day. This means that we can diagnose our patients quicker, but we can also treat them faster, better and earlier on in their process."

- Roel Sijstermans, Head of IT, NKI

#### Pennsylvania Lumbermens Mutual Stays Lean

Insurance companies perform a crucial function—backing up their customers in the event of a disaster. But insurers themselves must be ready to recover from worst-case scenarios, whether a power outage or a natural disaster. Not only is a solid disaster recovery (DR) plan good for business, it's often required by regulations. As a niche insurance provider for the lumber industry, it was imperative that Pennsylvania Lumbermens Mutual Insurance Company (PLM) maintain business continuity while keeping IT operations lean. To do so, the company moved application workloads to the cloud and now relies on VMware Cloud Verified partner Faction to manage the hybrid multi-cloud environment. Its latest move involved migrating its DR site to VMware Cloud on AWS, which reduced costs by nearly 20 percent, eliminated the energy and carbon needs of an on-premise backup data center and gave PLM the scalability and resiliency to keep business-critical systems running in the event of a disaster.



"VMware and Faction have paved the way for us to continue moving our workloads to the cloud. We aim to have a distributed IT environment across multiple private and public clouds—which ultimately keeps our operations more secure and available."

BJ Gardner, Lead Systems Architect,
 Pennsylvania Lumbermens Mutual
 Insurance Company

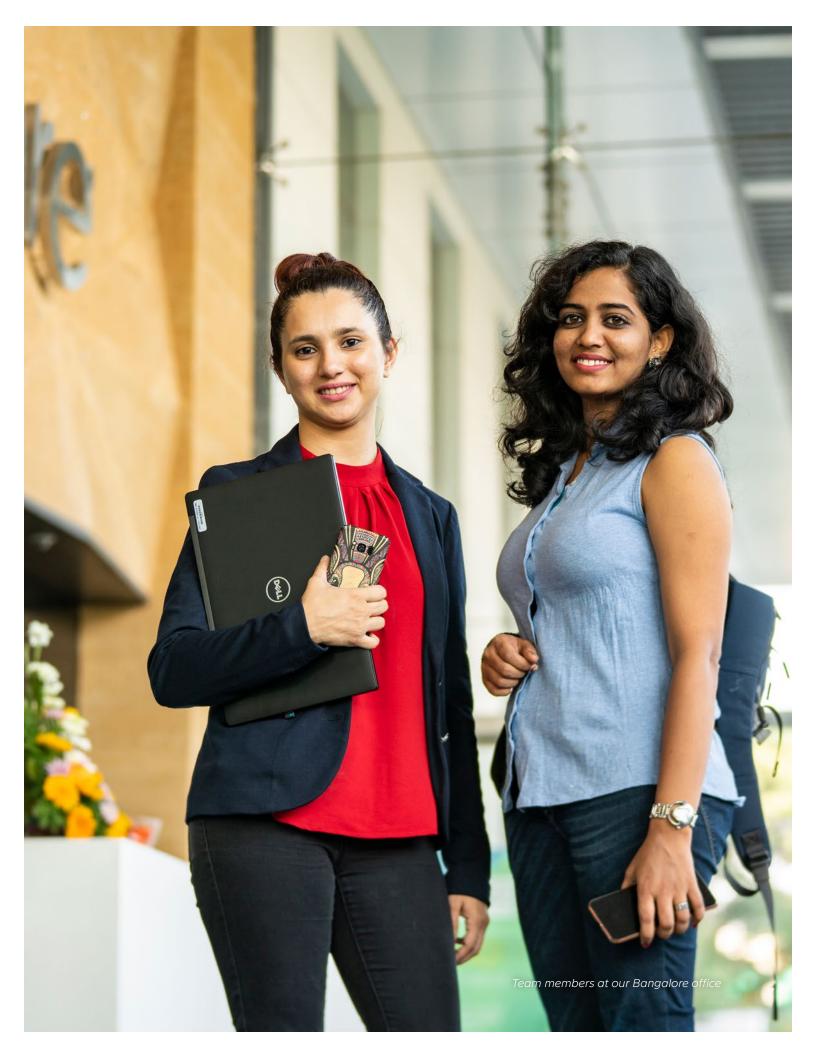
#### Wishes Can't Wait

Wishes can't wait for children battling critical illnesses. When U.S. wish-granting organization Make-a-Wish was featured in a 2015 episode of 60 Minutes, the traffic crashed their whole website which led to many donation dollars missed. Leadership then clearly understood the critical role of IT infrastructure. That support, along with year-over-year revenue growth, put IT in a position to overhaul its technological resilience. Make-A-Wish America is now on a cloud journey to digitally transform the wish-granting experience. The team consolidated servers and data across chapters into a hybrid cloud infrastructure: part on-premises and part in a colocation run by PhoenixNAP, a VMware Cloud Provider. On that cloud foundation, Make-A-Wish IT gains elasticity, high availability, disaster recovery and business continuity and security. With Make-A-Wish America's cloud foundation, IT can afford to further digitize and transform business processes with best-inclass technologies.



"We're always trying to provide resiliency to kids. And we thought, from an organizational perspective, we need to be building those things internally, too."

 Bipin Jayaraj, CIO of Make-A-Wish America



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Do more than our fair share to be at the forefront of environmental sustainability in our global business practices and operations.

Being a responsible business is one part rethinking our relationship with the earth's natural resources and one part finding new solutions that promote a net positive future. For us, protecting the planet means decoupling our business growth from carbon emissions and resource consumption. It is not only essential that we do this to enable a resilient and

healthy planet, but we see this as an opportunity to do our part to restore a positive balance in the world.

Over the last five years, we've accelerated our focus on decarbonization. We've gone from implementing our first emissions inventory to having established science based targets validated by the Science Based Targets Initiative (SBTi). With a persistent focus and commitment, we've procured 100 percent renewable energy for our global operations and maintained our CarbonNeutral company status for the second consecutive year.





We aspire to do more than our fair share to be at the forefront of environmental sustainability in our global business practices and operations.

## Our 2020 Goals

Commit to a science based target for our global carbon emissions reduction

Reach carbon neutrality and 100 percent renewable energy for our global operation

Institute aggressive water conservation in the water-stressed regions of our portfolio

Achieve over 90 percent waste diversion globally and zero e-waste to landfills from our operations

Procure 50 percent of our business operations from diverse, sustainable and socially responsible suppliers

# 2019 Highlights

Sourced 100 percent of electricity in our global facilities from renewable sources, an entire year ahead of goal

Engaged our suppliers representing over 75 percent of our spend to set their own reduction targets

Achieved a 46 percent decrease in our emissions intensity over the prior year — alongside 12 percent revenue growth

Installed water-meters throughout 61 percent of our portfolio in India to continue driving water conservation projects

Achieved CarbonNeutral Company certification for second consecutive year

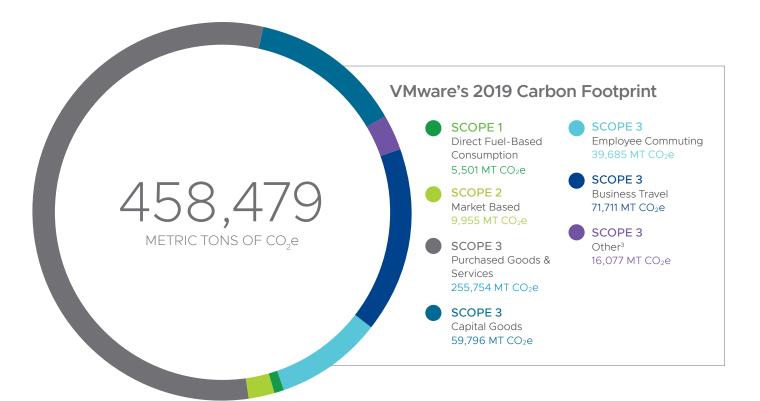
In This Section

Beyond Neutral to Net Zero

Our Built Environment

Sustainability in Our Supply Chain

Going Further and Faster Together



# Beyond Neutral to Net Zero

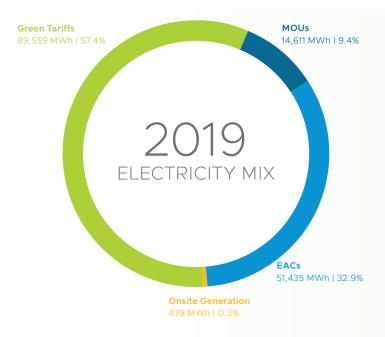
Having achieved our goal of carbon neutrality, our climate action doesn't end. In 2015, we committed to setting Science Based Targets. Since then, we have accelerated our ambitions with a commitment to achieving net zero emissions for our operations by 2030. For us, this means taking responsibility for our entire carbon footprint and developing an impactful strategy that includes achieving absolute reductions and managing residual emissions with carbon avoidance and carbon removal projects to address our unmitigated emissions. Our current commitments to carbon neutrality and RE1004 are foundational as we drive toward net zero and as always, we're starting with an ambitious goal: the science basedtargets. VMware's emissions reduction goals were approved by SBTi5 in early 2020. These goals provide the foundation for our journey to net zero and include:

- Reducing Scope 1 and 2 emissions 50 percent by 2030;
- Reducing employee commute and fuel and energy related emissions 50 percent by 2030; and
- Engaging 75 percent of our suppliers by spend to set their own science based targets by 2024.

In 2019, we achieved a 46 percent decrease in our emissions intensity per revenue (in millions) over the prior year. We did this alongside 12 percent revenue growth, thereby showing that emissions and growth can be decoupled. This is an 80 percent decrease from our base year, surpassing our 10 percent reduction goal. Please see our 2020 CDP Climate Change Disclosure<sup>6</sup> for more details on our footprint, progress and targets.

# Making the Shift to Clean Energy

Reducing our demand on electricity is an essential part of our environmental strategy. Over the last five years, we have been constantly searching for innovative solutions that will help us make a difference. In 2019, we sourced 100 percent of electricity in our global facilities from renewable sources—a year ahead of schedule. To achieve this, we focused on prioritizing energy efficiency within our operations, followed by offsite and virtual power purchase agreements.



#### Global Electricity Mix

In 2019, VMware consumed 156 GWh of electricity globally. In alignment with the Greenhouse Gas (GHG) Protocol, we calculate and report on our footprint using the market-based emissions method for Scope 2 emissions (predominantly electricity-based).

After announcing our commitment to achieve RE100 by 2020 (VMware signed on to the RE100 initiative, which is a coalition of companies committed to procuring 100% renewable electricity in 2016), our market-based emissions have declined significantly even as our business continued to grow due to the increase in direct contracts to procure renewables and purchase Environmental Attribute Certificates (EACs). This exceeds our annualized percent reduction for our science based target, which puts us well on track to meeting our long-term target of a 50 percent reduction in Scope 1 & 2 emissions by 2030 from a 2018 base year.

#### 100% of Our Electricity Demand From Renewable Sources

Our RE100 commitment covers electrical consumption for all of our global facilities—offices (leased, owned and serviced offices), labs and data centers. As we move forward in 2020, our RE100 commitment will include colocation facilities that are not in our operational control but whose emissions we now include in our scope 2 and scope 3 boundaries. For 2019, we now account for these colocation facility emissions and address them through our achievement of CarbonNeutral® company certification.

We are committed to maintaining 100 percent renewable electricity for our global facilities through 2030, and moving forward we are actively reviewing the availability of new virtual power purchase agreements that add renewable energy generating assets to the grid in locations where we have significant demand. Over time, we plan to increase the proportion of high impact renewable electricity purchasing contracts to our portfolio and where possible, shift away from relying on Energy Attribute Certificates (EACs) to maintain our RE100 status.

VMware currently operates in over 150 global facilities in countries that have a variety of renewable energy markets: national, voluntary, inexpensive and expensive. Therefore, we optimize for reliable cost-effective solutions wherever we operate, and we follow the GHG Protocol's Scope 2 Guidance that outlines credible claims for consuming renewable energy.

## Mechanisms for Achieving 100% Renewable Electricity

On-Site Generation—We prioritize investments in on-site renewable generation such as roof top solar PV. At our Palo Alto campus, we have roof top solar PV on the majority of the buildings as well as the beginnings of an innovative community microgrid on campus that includes solar PV and battery storage.

Direct Green Tariff—We purchase bundled power from generating companies/utility providers that offer direct green tariffs that are verified as zero carbon emissions with a utility specific emissions factor. Examples of current agreements include with the City of Palo Alto Utilities for our Palo Alto HQ Campus, our data center in Douglas County, Washington, and at our Cork, Ireland, campus.

Environmental Attribute Certificates (EACs)—In locations where we cannot install on-site renewables or procure direct green tariffs, we match the grid-supplied power using market instruments called Environmental Attribute Certificates, also commonly referred to as "RECs" (Renewable Energy Certificates). To have the most impact, we prioritize and invest in specific technology types and with providers that are adding new renewable energy to the grid and avoid the greatest possible emissions.

#### Marketplace Enabling Solutions—

Given market complexities in some of the regions where VMware operates, we have taken the initiative to collaborate on new solutions. VMware has taken a leadership role in creating a framework for tripartite agreements with landlord and generating companies to supply bundled energy (with our preferred technology type). For example, In 2017, we entered an MoU with our South Bangalore facility's landlord and renewable generator to source 85 percent of the demand for our site from a wind generating facility in the Northern Karnataka region. Through this project, all stakeholders involved learned a lot about the Karnataka energy policy landscape, local renewable generators in the region and the challenges of operating in a developer-dominated real estate market. South Bangalore's electricity consumption represents a significant portion of our footprint, and we are excited to be able to increase the demand for renewable electricity assets in the state through this leadership effort and believe it could serve as an inspiration for other companies.



In line with our renewable electricity procurement principles, it is critical that:

- 1. Our investment makes a positive impact, either by 1) driving market demand and/or 2) helping to put more renewable energy electrons on the grid, particularly in regions that are currently the 'dirtiest' (i.e. heavily fossil fuel-based).
- 2. The renewable energy generation is in the same geography as our business operations, as defined by the GHG Protocol.
- 3. Our procurement strategy aligns with our stakeholders' expectations and provides co-benefits wherever possible (i.e. projects provide a superior environmental and social impact of the resulting project and its operation to the community is tied to the UN's SDGs) in addition to net-new renewable electricity generation.



# High Impact Carbon Neutrality Investments

2019 marked our second consecutive year of being a certified CarbonNeutral® company in alignment with The CarbonNeutral Protocol<sup>7</sup>. In order to make credible and transparent claims for our emissions footprint, we believe in strictly adhering to this third-party framework for defining carbon neutrality. Our CarbonNeutral certification enables us to make an immediate impact today, driving transformative change through corporate climate leadership, while also helping us act ahead of and beyond regulations.

## **VMware Funds Low-Carbon Sustainable Development Projects**

Tackling global challenges requires action at local levels. As a company with a mission to provide efficient, resilient and secure infrastructure solutions for the digital world, we're using our reach as a force for good to support community infrastructure needs through climate finance to fund sustainable development in areas where foundational infrastructure is needed most.

VMware's carbon finance strategy is focused on supporting projects that have the potential for systemic impact through enabling efficient solutions for communities. To date, our projects have included: household solutions (cookstoves, water filters, renewable energy) and large-scale renewable energy projects. We prioritize working with organizations that reduce emissions and generate intersectional benefits in rural communities so that together we can positively impact communities in need.





#### Water Filtration and Improved Cookstoves Project, Guatemala

In many rural communities, women are particularly exposed to harmful levels of indoor air pollution. Additionally, rural communities are often exposed to waterborne illness and suffer a high incidence of diarrheal disease and chronic malnutrition due to poor water quality.

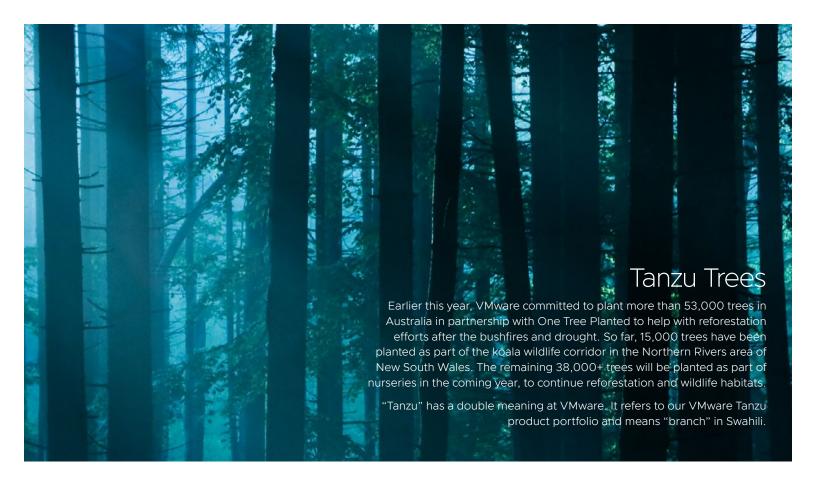
Recognizing the interdependence of equity, economic empowerment and sustainability, we have supported a community Water Filtration and Improved Cookstoves Project led by Ecofiltro in Guatemala to distribute water filters and stoves enabling access to clean water and improved living conditions. The water filter system uses a gravity-fed ceramic filter that removes 99 percent of pathogens, which makes it safer for drinking and cooking by reducing water-borne disease and reducing the need for fuelwood, consequently decreasing indoor air pollution. It is the first Gold Standard water treatment or cookstove project in the country. The project is currently in Alta Verapaz, Huehuetenango and San Marcos regions and has so far benefited over 500,000 people.

The Ecofiltro technology has played a key role during the COVID-19 global pandemic, shifting its core focus on partnering with schools— which have been temporarily closed— to supporting rural healthcare centers and supplying them, as well as the staff and the families of healthcare workers, with water filters.

#### **Domestic Energy Systems Project, India**

Kerosene lamps are widely used in rural areas with limited access to electricity from the grid. Households are often also limited to using traditional biomass stoves or three-stone fires. VMware has provided carbon finance to support this project due to the intersectional benefits. Through this initiative clean lighting and cooking technologies are distributed and maintained, providing access to clean and affordable cooking and energy services across the country. Efficient biomass cookstoves replace traditional, less efficient stoves or cooking on open fires, while the solar system provides lighting and a mobile charging facility. The system significantly reduces fuel costs while improving the overall household environment.





# Sustainability in Our Supply Chain

Our commitment to build a resilient and sustainable future extends across everything we do. Since VMware relies on a vast network of suppliers to develop breakthrough products for our customers, embedding sustainability into our supply chain is no exception. In 2015, we set a goal to procure 50 percent of goods and services from suppliers who were diverse or environmentally and socially responsible.

Since then we have made headway by focusing on managing and measuring progress against our engagement with suppliers to report and improve environmental performance. In 2019, we engaged suppliers representing over 75 percent (by spend) and doubled the number of responding suppliers to CDP Supply Chain. Starting in 2020, in line with our commitment to science based targets, we will start working with those suppliers to set their own science based targets by 2024.

#### **Supplier Diversity**

Driving greater diversity in our supply chain is key to making social impact in local economies. We recognize diverse suppliers as those businesses that are small businesses owned and operated by women, underrepresented communities, veterans or people with disabilities. In 2019, VMware committed to increasing our spend with diverse suppliers and are now working toward achieving \$1.5B cumulative spend with diverse suppliers by 2030.



# Our Built Environment

In support of our thriving planet goals, VMware has a long-standing commitment to creating healthy and inspiring spaces for our people. In 2019, we completed the development of two new LEED® platinum certified buildings on our Palo Alto HQ Campus. Globally, VMware has received LEED certifications at various levels for our office spaces, and we currently have 35% of our offices in LEED certified space.

Our offices around the world reflect our ongoing attention to mitigating harmful environmental impacts of the built environment and following green building practices as our real estate footprint continues to evolve with the business.

#### **Community Microgrid Development Project**

It's no secret that natural disasters are increasing these days in both frequency and severity. It's absolutely imperative that we innovate not just in carbon reduction, but also in new technologies that empower communities to be more resilient. To that end, last year, we announced our vision to build the first community microgrid in Silicon Valley. The microgrid will serve as a testbed for the company and the City of Palo Alto to explore the potential of microgrids to advance resiliency at the corporate and community level.

Palo Alto and VMware are partnering to use the microgrid to augment the community's emergency services by providing a charging site for the City's Mobile Emergency Operations Center (MEOC) vehicles as an emergency communications node that can be used during major events that cause extended power outages and fuel shortages (such as wildfires or earthquakes). The microgrid proof of concept project will integrate with existing solar panels and encompass two buildings supported by two 1 MWh batteries with smart-grid software controls.

Ultimately, our goal is to expand our initial proof of concept into a campus-wide community microgrid that can operate cooperatively with the City's utility infrastructure—and become a road map for future efforts.

#### Measuring Every Drop of Water

Using water responsibly is essential for a thriving planet. Since setting our goals in 2015, we have executed on a number of initiatives to reduce the consumption of water across our global footprint, with a key focus in two of the most water-stressed regions; Bangalore, India and California.

Applying our DNA of innovation to protect water resources, we partnered with an IoT (Internet of Things) startup company to implement a water metering and monitoring system using emerging technology in South Bangalore. The IoT system tracks real-time leaks and consumption across the plumbing stacks and allows comparison between floors. This is a granular, floor-level IoT based water metering system in our largest office space at Kalyani Vista that represents 44 percent of our real estate portfolio in India.

The aim for this project is to enable enterprise resiliency of the site—ensuring that every drop of water saved can serve another use in the larger community of Bangalore. Since India faced economic lockdowns in 2016-2017 due to acute water shortages in the Bangalore region, we've installed water-meters throughout 61 percent of our portfolio in India to continue driving water conservation projects.

# Going Further and Faster Together

In pursuit of our commitment to a thriving planet and making a positive difference in the world we have sought partnership and consortiums to help accelerate momentum. We're focused in particular on extending collaboration with organizations who share our vision in being a force for good through innovation across environmental and social challenges.

We're working closely with impactful organizations to support programs that span across geographies and cultures including:

- Providing support as a founding member to the Step Up Declaration, an alliance dedicated to harnessing the power of the fourth industrial revolution to help reduce greenhouse gas emissions across all economic sectors and ensure a climate turning point by 2020.
- Supporting the Renewable Energy Buyers Alliance (REBA)<sup>8</sup> through active board membership. The mission of the REBA community is a resilient zerocarbon energy system where every organization has a viable, expedient, and cost-effective pathway to renewable energy.
- Participating as a signatory to RE100, a global collaborative representing businesses committed to using 100 percent renewable electricity in partnership with the Climate Group and CDP (formerly the Carbon Disclosure Project).
- Acting as a supporting member of We Mean Business<sup>9</sup>, a global nonprofit coalition working with the world's most influential businesses to act on climate change.
- Engaging as a member of the World Economic Forum<sup>10</sup>.
- Signatory to the <u>UN Global Compact<sup>11</sup></u>.

# **WE SUPPORT**















# **Customer Impact Stories**

#### **Feeding More Families**

Hunger in the U.S. is a perplexing problem, given that Americans trash billions of pounds of food per year. The obvious solution is to reroute food from landfills to hungry people; distributing food to the people most in need. However, it's not that easy. Feeding America turned to Rackspace, a VMware Cloud Provider Partner, to help modernize its food delivery infrastructure. VMware's mobile and cloud technology bolster the national food distribution network with lighter-weight operations and greater visibility into the food distribution chain. The nonprofit also added a monitoring tool that visualizes the overall IT health across the United States and helped streamline issue resolution so the organization can stay focused on its core mission.



- "We're looking at new ways to use technology to rescue more food, to help more people and to distribute more nutritious food."
- Lisa Jericho, Vice President of IT,
   Feeding America

#### **Eliminating Infrastructure Waste**

Yorkshire Water is a UK utilities business that manages over 62,000 miles of pipework connecting water systems across England's largest county, providing 1.24 billion litres of drinking water each day. The business pledged to digitally transform the way it works, but was in search of a solution that could also meet its sustainability goals. With VMware vRealize® Suite, Yorkshire Water was able to maximize the use of its IT infrastructure and improve agility, while still reducing energy consumption. The adoption is part of a continuing mission to drive out infrastructure waste.



# "vRealize Suite makes it easier to identify wasted resource, to combine pools of resource, and to turn off when no longer needed. By having a narrower footprint we can focus IT resource on the things that matter to the business."

Paul Bayley, Senior Infrastructure
 Engineer at Yorkshire Water

## **Empowering Remote Work In Rome**

More people travel by car or scooter in Rome than any other major European city. The resulting air pollution presents a significant health risk for Rome's inhabitants and historic buildings. One way to reduce this air pollution is to reduce the number of daily commuters by encouraging more people to work from home. While private companies are already implementing this, the public sector has lagged behind. By deploying VMware Horizon 7, the Città metropolitana di Roma Capitale is empowering remote working for its public sector employees. End-users can access virtual desktops, applications, and online services through a single digital workspace. This enables the IT team of the municipality to provision virtual or remote desktops and applications through a single VDI and application virtualization platform. This promises to simplify management, drive down costs and make Rome's roads a bit clearer.

- "With this new way of working and the new technologies that have enabled it, we can say there's been a cultural change."
- Stefano Iacobucci, CIO, Città metropolitana di Roma Capitale









# **EMPOWERED**

Build a diverse and inclusive environment that enriches lives at work, at home, and in the community—inspiring people to give more than they take.

VMware was founded on the belief that our success as a company is rooted in our people. We prioritize employee wellness and work hard to foster a culture that is respectful, kind and compassionate. Now more than ever, we know that personal resilience is critical to our success as a business and we're building a diverse and inclusive community by demonstrating our EPIC<sub>2</sub> values each and every day.

In 2015, we set out to improve our representation and have accelerated that commitment to building a diverse and

inclusive workplace where we can all be our authentic selves. We've invested in programs to expand the community of women and diverse talent through business-led and management goals tied to diversity and inclusion. Over the last five years, we've empowered our people to be active members in their communities through our Citizen Philanthropy approach, since we believe that individual actions matter and add up to collective impact. And through public-private partnerships, we've committed to helping individuals gain the knowledge they need to compete in today's workforce through VMware's IT Academy.

Our goal is to continue to be a great place to work, while helping create and build sustainable and resilient communities globally. We are a force for good.





# **Empowered people**

We aspire to build a diverse and inclusive environment that enriches lives at work, at home and in the community—inspiring people to give more than they take.

#### Our 2020 Goals

Increase our representation of women and underrepresented groups to better reflect the communities we live in and serve

Inspire and support the broader community of women and diverse talent in technology

Create a vibrant employee experience that promotes innovation and connects employees across our global community

Bridge work and home with programs that help employees incorporate wellness and sustainability into their lives

Inspire over 85% of our global employees to give back in their communities

# 2019 Highlights

More than 22,100 VMware people took action and supported the community through at least one Foundation program, collectively contributing our time, talent or resources to more than 10,000 nonprofits in 97 countries

One percent increase in representation of women globally; 0.6 percent overall increase of underrepresented communities

VMware's 2019 Earth Day campaign tripled events globally, with 16 held in eight global sites

VMware IT Academy partnered with over 2,400 institutions in 93 countries with over 48K students; over 72K individuals had access to learning resources available on VMware Learning Zone

7,600+ women in India registered for VMinclusion Taara

# In This Section

Building an Inclusive Culture

Democratizing
Philanthropy

Engaging for the Environment

Enabling the Future Workforce



# Building an Inclusive Culture

#### **Diversity and Inclusion**

In 2019, we set specific and measurable goals around increasing representation for women and underrepresented communities. As such, all Vice Presidents (VP) and above were assigned a D&I goal to improve the representation of women globally, improve representation of U.S. underrepresented communities, ensure all interview slates have at least one woman or underrepresented communities candidate and improve our culture through their leadership actions.

Our commitment to diversity doesn't stop there. We are also investing in our Disability, Veterans and LGBTQ communities.

Our Power of Difference Communities (PODs) are a huge part of building a culture of belonging, and we are proud of the work they have accomplished over the past year. Our POD leaders and employees who participate are among the most passionate and mission-driven employees we have advocating for D&I efforts across VMware and beyond.

We also recognize the need for leadership and structural changes. Our VMinclusion Council, a global cross-functional executive advisory group, worked closely with our senior leaders on strategies and plans across the business. To support VPs in achieving our goals, every VP was aligned with HR and Talent Acquisition experts to develop a personalized D&I strategy.

We rolled out a company-wide Inclusion survey and provided leaders with a real-time survey dashboard that gave them clarity on actions and behaviors needed to drive inclusion at VMware. Additionally, leaders were asked to participate in reverse mentoring and listening sessions to deepen their personal understanding of D&I at VMware.

We believe that by focusing on the experience of all our employees we can create equity for all within the walls of VMware.

## Representation Counts, Especially at the Top

To improve our culture of inclusion, transparency is key. We set bold goals for representation and while we are taking steps forward, it's important to acknowledge the work we still have left to do. Below we share our insights from 2019.

#### Women



One percent increase in representation globally. Women in Tech increased 1.3 percent, women in non-tech increased by 1.1 percent, women in leadership increased by 0.5 percent and regionally women increased by 0.7 percent in Americas (AMER), 1.1 percent in Asia-Pacific and Japan (APJ) and 1.3 percent in Europe and Middle East & Africa (EMEA). While this is positive progress, it is not on pace with our long-term representation goals. We will continue to set goals and focus on making progress in FY21.

#### **U.S. Underrepresented Communities**

Overall increase of 0.6 percent of underrepresented communities (Black, Latino, American Indian, Alaska Native, Native Hawaiian, and Pacific Islander) with minor gains in Leadership (Black, Latino, American Indian, Alaska Native, Native Hawaiian, Pacific Islander and 2 or more races), minor gains for technical positions (Hispanic and 2 or more races), and minor gains for nontechnical (Black, Latino and 2 or more races). Our progress is not on pace with our longterm representation goals, so we are investing more in our underrepresented communities, including more recruitment investments and targeted development opportunities.



#### Intersectional Data

This is the first time we are sharing intersectional data cuts, which we believe is a critical next step in our D&I efforts. What we saw in our inclusion survey, along with our representation data, is that we need continued focus for underrepresented communities. The majority of our underrepresented groups, especially Black women and men and Disabled women, had larger gaps from the average in our inclusion survey. Lack of representation is closely connected to feelings of exclusion. Sharing our data as a benchmark is a first step and we are working to build specific hiring and development programs for these groups, partnering closely with our employee resource groups called Power of Difference Communities (PODs).

#### **Other Communities**

We recognize and celebrate other underrepresented communities, including those who identify as LGBTQ, People with Disabilities, and Veterans. We rolled out global self ID categories in our inclusion survey to expand our measurements of diversity globally, reviewed the data by intersectional data cuts to identify targeted opportunities, and are working toward implementing Self ID in our HR systems in 2020.

For a comprehensive review of our 2019 metrics and efforts, check out our 2019 Diversity & Inclusion Annual Report<sup>12</sup>.

### Engaging for the Environment

We know that culture and values don't stop at the door (or when you log onto your digital workspace), which is why we set out to support our employees in environmental sustainability at home and at work back in 2015. Since then, we've implemented various initiatives to enable our employees to make sustainable choices professionally and personally—whether it's installing solar at home, driving an EV or providing resources to responsibly dispose of personal e-waste—we know that every bit counts.

#### Every Day is Earth Day at VMware

In the last five years, Earth Month (April) has grown from a small Palo Alto tradition to a global tradition. Each year, we choose a global message (often inspired by the Earth Day Network) and interpret it through the lens of our unique company culture and sustainability initiatives. This tradition serves both to educate and inform as well as inspire individual action.

In 2019, we chose to focus on plastic pollution. With the "Endanger this Species" campaign, we took a playful take on a serious issue and invited everyone at VMware to put an end to the use of single-use plastics, a "species" that has been endangering wildlife and contaminating our oceans and lands. Through 16 events held in eight of our global sites, engagement nearly tripled globally, increasing awareness and driving engagement.

As a result of this community engagement, the majority of our sites became plastic free during 2019. As a software company, we don't directly impact the single-use plastics supply chain, but we can influence purchasing decisions and help inform our community about the daily plastic consumption habits of a global workforce.

Most importantly, engaging our people creates ripple effects at work, at home and in their community. Just because we don't create or ship products with plastic doesn't mean we shouldn't take action. All parts of our business impact the world, including the people we employ.

### Transport of the Future: EV100 Commitment

This past year, we dove deeper into our environmental commitments and joined The Climate Group's EV100 initiative<sup>13</sup>—made up of companies committed to accelerating the transition to EVs and making electric transport the new normal by 2030. The transport sector is the fastest-growing contributor to climate change, accounting for 23 percent of global energy-related greenhouse gas emissions. Together with the EV100 community, we are supporting the uptake of EVs by our employees over the next decade. We'll continue to implement various programs across our global sites-from investments in EV charging infrastructure to partnerships that enable electric transportation. In India, for example, where we expanded our EV fleet (which transports an average of 1,000 employees per month), we avoided over 660 MT CO2e in 2019 and will continue to develop the program for employees over the next five years.





### Citizen Philanthropy

#### Change Starts with Me

Every waterfall begins with a single drop of water. That's the idea behind VMware's Citizen Philanthropy approach to giving—that a waterfall of impact is the result of the collective actions of VMware people.

Core to our ethos is the belief that we can all learn and grow through service. The VMware Foundation serves as a platform to amplify the personal contributions of our people to the causes they care most about. We have democratized the company's philanthropic assets, providing equitable access to all global employees through Foundation programs.

In 2019, more than 22,100 VMware people took action and supported the community through at least one Foundation program. Collectively, we contributed our time, talent or resources to more than 10,000 nonprofits in 97 countries.

VMware people choose where and how to make an impact in their communities by supporting their nonprofits of choice with:

- Service Learning: Contributing time and talent to nonprofits with 40 hours of paid Service Learning each year.
- Citizen Philanthropy Investments: Amplifying Service Learning contributions with charitable donations to global nonprofits of choice.
- Matching Gifts: Matching charitable donations to global nonprofits.
- Milestone Awards: Honoring service at VMware by directing charitable donations to global nonprofits of choice at Day 1, Year 12 and Year 16.
- Good Gigs Projects: Strengthening nonprofits through pro bono Service Learning and developing as leaders.
- Giving Networks: Inspiring colleagues to take action and support the community.

We are all Citizen Philanthropists. Serve. Learn. Inspire.

"I can change myself. Change to be more accepting, more tolerant, more appreciative, more grateful, more openminded. I can change to expand my definition of what it is to live a good life. I can recognize ways to incorporate other points of view into my world view. Pivoting to think about what has been traditionally framed as volunteering as "Service Learning" shifts the focus. Service Learning means you are working in service of others, to listen and assist in ways that are welcome, and learning about others from a humble place. I seek to perform acts of Service Learning so that I can grow wiser, not to change others or the world, but to change myself."

- Lorelei Voorsanger, Global Sales Operations Strategy Lead. VMware



#### **Giving Networking Leadership Training**

In late February, the VMware Foundation hosted its inaugural Giving Network Leadership Training. Giving Network Leads are VMware people who are passionate about VMware's culture of service and take a leadership role in inspiring colleagues to take action in their communities. This leadership training focused on putting VMware's Leadership Code into action by aligning efforts to amplify our global impact.

"The information and content were really rich, but combined with the community connection and the people in the room sharing vision and purpose, it was also incredibly impactful. I heard almost everyone there comment that it was one of the most important and valuable trainings they had ever attended. I really felt like the unique things I bring to my work, my communities and VMware were all reflected, aligned and reinforced."

Karen Ellis, Global People
 Development Sr. Manager & Boston
 Giving Network Lead



### Enabling the Future Workforce

### **Empowering the Future Workforce with Digital Skills**

As the pace of change accelerates, access to digital skills training becomes more and more necessary. Through public-private partnerships, VMware is committed to helping individuals gain the foundational knowledge they need to compete in today's workforce by providing access to certifications and ongoing skills education.

In 2019, VMware continued to develop unique program offerings designed to encourage participation by a diverse set of learners. VMware IT Academy¹⁴ partnered with more than 2,400 institutions in 93 countries with more than 48,000 students. The team launched new content to further skills in cloud, network virtualization, and software defined storage. They also created more opportunities for individuals to learn anywhere. More than 72,000 individuals accessed learning resources available on VMware Learning Zone. In 2019, VMware has continued to understand in-demand skills and help individuals develop the skills needed to secure their digital future.

While we're proud of the progress made, we recognize there is more work to be done. The skills gap isn't an issue we can address alone, and preparing the workforce for tomorrow demands a global response. VMware has partnered with educational institutions, the <u>African Union<sup>15</sup></u>, Women Who Code, Ministries of Education and Telecommunications, and many more. These partnerships have extended our global reach and helped us to better understand the specific education and employment needs of a given area.

"We must seize this moment as a catalyst to democratize skills training at scale. In particular we must make digital-skills training core to the recovery, with a focus on massively expanding access to jobs of the future. Public/private partnerships like the VMware IT Academy are now critically important, with their focus on jumpstarting careers through software training and certifications at global scale."

- CEO, Pat Gelsinger



## IT Academy and Academic Software Licenses

IT Academy and Academic Software license is a public-private partnership between VMware, academic and government institutions and nonprofits for learners to be able to align their skills, create positive change in the world and join the leading edge of the digital future.

2,429
NUMBER OF INSTITUTIONS
PARTICIPATING IN IT ACADEMY OR
SOFTWARE LICENSING

632
INSTITUTIONS PARTICIPATING

1,797
ACADEMIC INSTITUTIONS IN SOFTWARE LICENSE

OVER 38K
STUDENTS ENROLLED IN CONCEPT COURSES
(ALIGNED TO A BADGE)

17,777
CLOUD AND VIRTUALIZATION CONCEPTS

15,236
OFTWARE DEFINED STORAGE CONCEPT:

5,169
NETWORK VIRTUALIZATION CONCEPTS

OVER 10K
STUDENTS IN CERTIFICATION COURSES

10,346
LEARNERS IN VSPHERE ICH

# VMinclusion Taara: Women Return to Work Program

VMinclusion Taara gives women in India the opportunity to upskill and certify in the latest technologies and return to a life of financial and social independence as a VMware Certified Professional.



AS OF 2020, MORE THAN
7,600+
WOMEN HAVE REGISTERED
FOR THE PROGRAM

BY THE END OF 2023, VMWARE ASPIRES TO HELP 15,000 WOMEN IN INDIA BRIDGE THEIR TECHNICAL GAP

# VMware Learning Zone

The VMware Learning Zone is a single source for digital training from VMware. Learners have 24/7 access to training, delivered by top VMware experts and Certified Instructors so they can learn when, where and how they want.

72K+
NUMBER OF UNIQUE LOGINS TO
VMWARE LEARNING ZONE

85K+
NUMBER OF LESSON VIEWS IN

378K+
NUMBER OF ASSESSMENTS IN
VMWARE LEARNING ZONE

### **Customer Impact Stories**

#### **Improving Patient Care**

Healthcare IT is transforming healthcare organizations and empowering providers to improve care delivery reliability, agility, and scalability across networks in highly competitive marketplaces. VITAS® Healthcare, the nation's leading provider of end-of-life services, developed a mobility strategy to unify user, desktop and mobile management to keep its clinicians and 18,000 patients connected with each other and the world beyond the hospital walls.

Digital Clinical Workspace—powered by VMware Workspace ONE—moves with care providers or patients throughout their days. From the out-of-hours call to the bedside consult, the solution delivers always-on, more secure, simple access to patient information. With the single platform, IT can manage apps and devices, across ownership models—hospital-owned or bring your own device—while helping to safeguard user privacy.



"With Workspace ONE, we've been able to cut device-related costs for a clinical work station by more than 35 percent. Truly our partnership with VMware has served as our foundation to successfully implement a robust and secure mobility strategy to make our employees' jobs more seamless and enhance the care they provide to our patients and families."

- Patrick Hale, CIO, VITAS Healthcare.

#### A World with No Operating Rooms

313 million surgical procedures take place every year. Only 6 percent occur in the world's poorest nations. For impoverished Africans, a floating hospital brings hope and healing to the forgotten poor. But building a ship takes time, much less a floating hospital equipped with state-of-the-art healthcare technology. And with the rapid pace of innovation, the Mercy Ships IT team faced a tremendous challenge.

Beyond the infrastructure, connectivity within remote access limitations is a massive trial. To help solve this challenge, Mercy Ships is building a state-of-theart digital foundation, leveraging hyperconverged infrastructure (HCI), softwaredefined data center (SDDC), networking, security and mobility innovations.

With VMware, Mercy Ships blends its mission to change lives with the power of transformative technology.



"We picked out Dell EMC and VMware, because we needed a platform that would take us into the future. We needed a roadmap that would allow us to scale up as we built the ship, and we went with the company that would walk the journey with us."

- Chris Gregg, CIO, Mercy Ships

### New Decade, Renewed Commitment

#### Our Vision for 2030

As we embark on a new decade, we believe it's our obligation and opportunity to push the limits of positive change. We know we must do so with greater tenacity than ever. We are committed to helping create a better future by dramatically scaling our impact between now and 2030. Achieving this depends on our ability to clearly envision a future we want to see and carefully design a strategy based on that vision.

When we look ahead, we envision a future that is equitable, inclusive and just; where the dignity, health and well-being of all people come first; and where technology solves complex problems and engenders trust for all who depend on it. In this future, businesses and governments will meet the United Nation's Sustainable Development Goal through sustainable innovation, collaboration and policy, creating greater prosperity and opportunity for all.

At VMware, we are building a secure, resilient and sustainable digital foundation for a future in which our technology will make a positive impact on all our stakeholders: employees, customers, shareholders, citizens, communities and our planet.

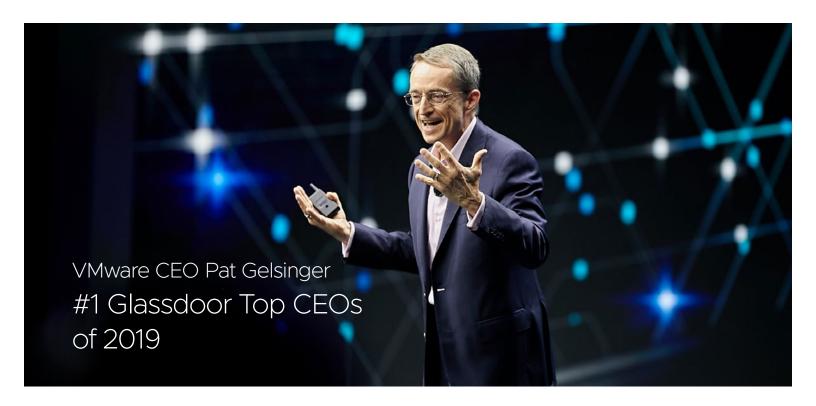
Because sustainability must be deeply embedded in the business to enable real and lasting value, we are operationalizing ownership for sustainability across the company. Our cross-functional 2030 goals are owned by our business units, which have the expertise to achieve results.

Over the next decade, our strategy will focus on three VMware business outcomes: Trust, Equity and Sustainability.

- The trust of all our stakeholders, inspired by our commitment to resilience, ethics, data privacy and intrinsic security
- Equitable access for all to the opportunities of the digital future
- Sustainable digital infrastructure, achieved through radical efficiency and renewable energy, supporting the transition to net-zero emissions

As we close our 2020 report, we look forward to fulfilling our promise to be a force for good in the coming decade.





### Awards & Recognition

- I VMware CEO Pat Gelsinger named one of the Top Enterprise CEOs of the 2010s by ZDNet
- VMware named #15 on Newsweek's Most Responsible Companies
- VMware named #36 on Glassdoor's Best Places to Work 2019
- VMware named #3 in Environment and #10 Overall in Forbes' The Just 100
- VMware named #42 in the Fortune Future 50
- VMware CEO Pat Gelsinger earned the Leadership Award from the Bay Area CIO Leadership Association ORBIE Awards
- I VMware CEO Pat Gelsinger named #4 most influential executive on CRN's Most Influential Executives of 2019
- I VMware Vice President of Sustainability Strategy Nicola Acutt named #2 in Global Impact, #17 overall on Conscious Company's Top 22 Conscious Business Leaders of 2019
- I VMware named #12 on Computerworld's Best Places to Work 2019 list
- I VMware earned a perfect score on the Human Rights Campaign's Corporate Equality Index
- I VMware's Amy Fliegelman Olli and June Yang recognized as Women of Influence by the Silicon Valley Business Journal
- VMware named to Forbes' Blockchain 50 list
- VMware received 2019 World Class Center Award for the VMware Discovery Center
- I VMware named #90 on the Global 100 list of Most Sustainable Companies
- VMware named one of Forbes' America's Best Employers for Diversity 2019
- I VMware named one of FlexJobs' 100 Top Companies with Remote Jobs in 2019
- | VMware received Canopy's Arnold Soforenko Award for its contributions to the urban forest



VMware's overarching approach to governance is rooted in our EPIC, values.

With integrity at the heart of our values, we strive to be consistently bold yet humble, competitive yet fair and decisive yet respectful. We build and protect trusted relationships with our customers, partners, shareholders and our people.

Our corporate governance practices provide a framework for operating VMware in the best interests of our stakeholders and the requirements of law. VMware is committed to managing our affairs consistent with the highest principles of business ethics and corporate governance requirements.



# Materiality Assessment & ESG Strategy

Our reporting is aligned with the Global Reporting Initiative (GRI) Principles. Our approach to materiality began in 2019 with a comprehensive review of potential topics for evaluation. After a thorough analysis of industry trends, investor inquiries, customer insights and peer benchmarking, along with input from external IT sector experts and internal stakeholders, we determined the twelve issues most relevant to our business.

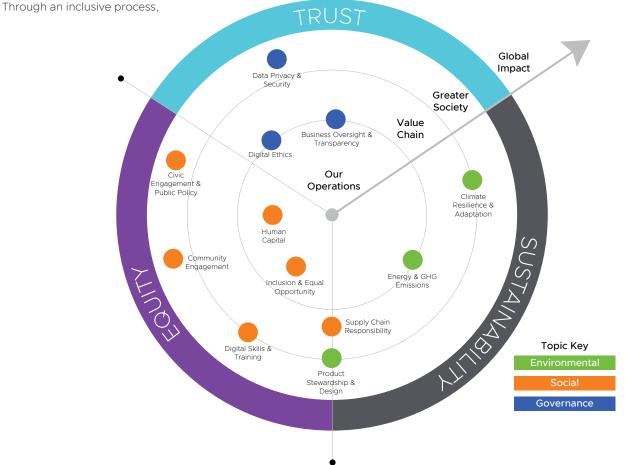
Topics were prioritized based on their potential impact on our business—whether financial, reputational, market, etc.—as well as their influence on decisions made by key stakeholders. While we also planned for a new decade of goals for VMware, we considered the potential outcomes we could accelerate with these material issues, which ultimately helped inform our ESG Strategy.

Our intention for this pragmatic approach was to embed the implications of the materiality assessment and goal-setting process throughout the business, as well as set ownership across our internal stakeholders.

stakeholders were supported with research, data and ongoing support so that they could design goals that build on VMware's strengths and business vision and address critical challenges in today's society.

Additional points of reference that informed our goals were that of our core business product strategy and long-term corporate priorities (i.e., diversity and sustainability). Our product strategy includes our business vision to build, run, manage, connect and protect any application on any cloud on any device. Together, these provide a critical guidepost to ensure a complementary set of commitments that fosters sustainable growth of our business.

The result of this focused engagement is our ESG Strategy and 2030 Goals, which incorporates material issues into goals that encompass all of the outcomes we are aiming to achieve as a business. By aligning our business priorities with our sustainability goals VMware is making an important operational shift that will help drive meaningful progress for all of our stakeholders.



### **Ethics**

A culture of ethical conduct and compliance is key to maintaining a sustainable business. This is core to VMware's commitment to integrity which underpins our <u>Business Conduct Guidelines (BCG)<sup>16</sup></u>. These guidelines specify standards of behavior that go beyond just complying with the law by requiring all employees, directors and executive officers of VMware and its subsidiaries to uphold our shared corporate values: to build and protect trusted relationships with customers, partners, shareholders and the communities within which we operate.

Through our BCG, we coach employees to recognize ethical dilemmas through customized multi-media training. In addition, our ethical decision-making framework is available to all employees, which encourages inclusion of diverse perspectives and enables an informed and sound decision-making process aligned with our  ${\rm EPIC}_2$  values. In 2019, 99 percent of our active employees completed their BCG training, and we introduced similar training to selected contractors.

We also offer employees, customers, partners and other external stakeholders a helpline service (ETICA) to report ethics and compliance concerns related to our business or to ask us questions about our compliance policies. ETICA is available year-round, 24 hours a day, seven days a week. The service is made available in eight languages and can be accessed through an online worldwide portal or by calling a toll-free number. Professionally trained intake specialists review online submissions and answer calls during which they guide the user through a series of questions designed to identify relevant details for the question or concern. Multinational operators are available so that callers may make reports or ask questions in their preferred language. We safeguard the identify of individuals voicing their concerns to the maximum extent possible and also provide anonymous reporting options.



### Partners with Integrity

We honor deep and valuable relationships throughout our trusted partner ecosystem. Our VMware Partner Connect program provides the framework for collaboration between VMware and our partners, offering a wide range of benefits, training, certifications and rewards to ensure our mutual success.

We conduct business at the highest level of integrity, and we hold our business partners accountable to the same ethical values to which we hold ourselves. Our Business Partner Integrity program requires our partners to complete compliance training and pass our due diligence screening. Partners must follow our <u>Partner Code of Conduct</u>, which we enforce through a defined escalation process.



## Anti-Corruption

We all share a role in the global fight against bribery and corruption. To help protect against these threats, we've established an anti-corruption program that outlines policies, programs, training and risk and control evaluation all centered around embedding anti-bribery management into every facet of our business. We leverage risk assessments to drive process and control refinement, identify targeted training opportunities and implement program enhancements, where necessary. In 2019, we launched a compliance campaign titled "We All Own It", focused on driving accountability for ethics and compliance issues at a personal level.



In addition to the antibribery standards in the Business Conduct Guidelines, our Prohibition Against Bribery and Corruption Policy provides clear guidance and procedures related to anti-corruption and anti-bribery laws and regulations. It applies worldwide to all of our directors, officers, employees and anyone working on our behalf. We also have detailed policies regarding the offering and receiving of gifts and other business amenities.

Compliance Officers stationed in higher-risk markets partner closely with local business leaders to embed ownership of compliance matters around the globe. Regional Compliance Councils meet throughout the year to discuss business trends and issues with potential compliance concerns. These councils are designed cross-functionally, with executive support from various business functions.

Our Ethics & Compliance team actively engages employees through fully customized trainings, offered in selected local languages, both online and via live forums. Courses include anonymized cases and tailored scenarios based on our specific risk profile. Trainings are reinforced regularly with strategic communications.

Living our values means encouraging employees to ask questions, seek guidance and report any suspected unlawful or unethical behaviors.

### Data Privacy

Customer privacy and data security continue to present complex and challenging issues for organizations everywhere. New and emerging privacy and security legislation place specific regulatory obligations on organizations, while cyberattacks are rapidly growing in sophistication and scope. At VMware, we are passionate about privacy and data security and have developed comprehensive procedures and controls to help protect our customers and their infrastructures as well as our own.

We continue to invest in our commitment to privacy by maintaining and enhancing our global privacy program. We regularly review our privacy strategy against emerging legal requirements as well as regulatory guidance, to adopt privacy controls that meets our customers' expectations as well as those of our internal stakeholders.

Our global privacy team partners with legal and information security to support the operationalization of our global privacy program across the business. This includes working closely with various business groups to help embed privacy controls into the design and build of our products and services, as well as into our internal processes and applications.





VMware respects the privacy of our customers, business partners and visitors. We provide appropriate privacy notices through our product and service interfaces, our customer contracts and our website privacy policies.

In May 2018, VMware was approved to use Binding Corporate Rules for Processors (BCR-Ps). This is a framework for providing compliance with EU privacy regulations and effective privacy and data protection.

### Security

As an industry-leading virtualization software and Cloud service provider company, VMware appreciates that the integrity, reliability and security of its products and services are of utmost importance to its partners and customers.

The relentlessly advancing threat landscape over the last few years in particular has yielded unprecedented cyber exploits, which not only pose acute potential risk to critical infrastructure, intellectual property, and sensitive information, but can also erode a company's reputation and trust. VMware is addressing this new environment with innovative programs designed to get ahead of these challenges and anticipate threat trends, along with keenly crafted assurance practices that engender customer trust. We are committed to advancing security programs and practices through our well-established, candid customer dialogue and transparency.

VMware Security Management Services consist of Governance, Risk Management, Security Compliance, Application and Product Security, Security Assurance, Architecture and Consulting, Threat Intelligence, and Vulnerability and Patch Management. Our Security Operations Services programs are Identity and Access Management, Security Monitoring, Security Incident Management, Cryptography and Key Management, Security Testing, Enterprise Resiliency, and Physical Security. The Governance, Risk, and Compliance teams rigorously execute on and continually enhance our cutting-edge activities that ensure the protection of company information resources, the proper controls needed to ensure compliance with internal and external regulations, and the security practices required to uphold our reputation.

Additionally, the <u>VMware Trust and Assurance<sup>18</sup></u> framework was created to drive the initiative of preserving and enhancing the trust customers place in VMware and our products and services. We define trust as the demonstrable ability to execute on our commitments consistently over time—it is transparent, integrated and proactive. Likewise, we are eager to communicate about our proactive approach to reducing our risk landscape, across activities ranging from development to release to deployment to support in order to provide comprehensive assurance—or proof—that our product and service offerings are secure, reliable and trustworthy.

### **Business Continuity & Resilience**

Across VMware, we have several teams that work to manage climate-related extreme weather risks including Business Continuity Planning (BCP), Disaster recovery (DR), Emergency Response (ER), HR, Information Security Operations, Crisis Management (CM), Communications, Real Estate and Workplace (REW), Physical Security, and our Security Operations Center (SOC). Each of these teams is focused on increasing our ability to make physical security and resilience an integral part of our DNA.

The Emergency Response team focuses on risk mitigation strategies for key business interruption risks including extreme weather events. The team's primary objectives are to develop Crisis Management Plans for our top risks, drive organizational awareness and provide stronger governance across global teams so they operate in unison toward improving the company's overall resiliency.

In 2019, mass power outages caused by wildfires in California presented us with a heightened need to equip our team leads and people managers with tools and resources to help them quickly and effectively support our employee community during disruptive climate emergencies. Due to the physical risks associated with the wildfires and associated power disruptions affecting our 5,000+ staff at the Palo Alto campus, we planned resiliency actions carefully. Our goal was to have a community of managers with the confidence and autonomy to support their teams in the immediate aftermath of an event. To that end, we put additional focus into requesting that all managers complete a Team Resiliency Plan. Developing Team Resiliency Plans was a yearlong effort by the enterprise resiliency team in conjunction with all business functions of the company. As a result, VMware is more resilient to extreme weather events, not only in our drought-prone Palo Alto campus but also globally.





### Public Policy Engagement

VMware's Global Government Relations and Public Policy team partners with governments and public officials to champion our technologies, our products and services, our customers, our employees and our global communities. VMware engages globally to expand the company's leadership and influence on critical public policies and advocate for our business priorities. Government Relations works with all levels of government on public policies relevant to our core business and core values and partners with trade associations and industry organizations that share in our vision and policy objectives.

VMware advocates on a wide variety of technology-related issues of importance, including but not limited to cybersecurity, cloud infrastructure, app modernization, digital transformation, 5G and telecommunications, sustainability, and other areas of policy that align with our  $\mathrm{EPIC}_2$  company values. As market leaders in key technologies, VMware serves as innovative thought leaders to government and public officials as they look toward a digital future. VMware helps connect policy leaders to our industry-leading subject matter experts who offer insights on our technology solutions. We often invite and host policymakers to visit our headquarters in Palo Alto, California, and offices worldwide to speak with our executive leaders and to engage with our employees. This engagement enables VMware to enhance business and sales opportunities while increasing thought leadership with an audience that has a significant impact on VMware's business and employees.

In that same spirit, and in keeping with its core company values, VMware also promotes employees' civic engagement. We offer resources to employees with information on how to register to vote, and flexibility on election days to encourage employees to participate and vote in jurisdictions where we have a presence. In the United States, eligible VMware employees are encouraged to participate and contribute to VMware, Inc. Political Action Committee (VMware PAC). Complying to laws defined by the U.S. Federal Election Commission (FEC), VMware PAC supports candidates in elections for public office that are aligned to VMware's core business and core values and empowers employees to play an active role in the democratic process.

Through its many organizations, partnerships and programs, VMware strives to continue helping governments navigate public policy as the world drives faster to the digital future.

### ABOUT THIS REPORT

VMware software powers the world's complex digital infrastructure. The company's cloud, app modernization. networking, security and digital workspace offerings help customers deliver any application on any cloud across any device. Headquartered in Palo Alto, California, VMware is committed to being a force for good. from its breakthrough technology innovations to its global impact.

For more information, please visit <a href="https://www.vmware.com/company">https://www.vmware.com/company</a>

The following report is an annual progress update on VMware's Global Impact and Environmental, Social and Governance (ESG) data.

#### **Reporting Period**

This report covers VMware and our subsidiaries for the 2020 fiscal year (February 1, 2019, to January 31, 2020). The terms "fiscal year 2020" and "2019" are used interchangeably throughout the report to refer to the data within the stated time period.

### Global Reporting Initiative, Sustainability Accounting Standards Board and UN Global Compact Aligned

This report has been prepared with consideration of Global Reporting Initiative (GRI) 2016 and Sustainability Accounting Standards Board (SASB) Standards. We will continue to enhance our reporting as part of our commitment to transparency and annual reporting against our goals. Please refer to the ESG Summary & Metrics for a list of GRI, SASB and UNGC disclosures.

#### **Assurance**

VMware is responsible for the preparation and integrity of the information in this report. VMware engaged Apex as an independent third party to review our fiscal year 2020 Greenhouse Gas (GHG) inventory and energy consumption and received limited assurance<sup>19</sup> of its accuracy and completeness. The scope of this review, included in this report, includes global Scope 1 and Scope 2 GHG emissions, Scope 1 and 2 energy consumption, and Scope 3 GHG emissions related to business travel. The rest of this report has not been externally assured by an independent third party.

#### **Online Content**

Additional content related to VMware's global impact can be found online at https://www.vmware.com/company/sustainability.html.

#### Contact

VMware invites stakeholders to provide feedback on the topics covered in this report and on our website. Please submit questions or comments to the Sustainability Team at <a href="mailto:GIR\_Sustainability@vmware.com">GIR\_Sustainability@vmware.com</a>.

#### **Trademarks**

Trademarks or registered trademarks of VMware or our subsidiaries in the U.S. or other countries can be found at <a href="http://www.vmware.com/trademarks.html">http://www.vmware.com/trademarks.html</a>.

Other names and marks are the property of their respective owners.

# ESG SUMMARY & METRICS

Fiscal Year 2020 (FY20)

	Description	FY20	GRI	SASB	UNGC
COMPANY OVERVIE				0,102	
	Organization name	VMware, Inc.	GRI 102-1		
	Total revenue (in millions)	\$10,811			
	Primary brands, products, and services	VMware Form 10-K FY20	GRI 102-2		
	Location of headquarters	3401 Hillview Avenue, Palo Alto, California 94304 USA	GRI 102-3		
	Location of operations	https://www.vmware.com/company/office_locations.html	GRI 102-4		
	Ownership and legal form	VMware Form 10-K FY20	GRI 102-5		
	Markets served	VMware Form 10-K FY20	GRI 102-6		
	Scale of the organization	VMware Form 10-K FY20	GRI 102-7		
	Reporting period	February 2, 2019 - January 31, 2020	GRI 102-50		
	Report cycle	Annual	GRI 102-52		
	Report contact	GIR_Sustainability@vmware.com	GRI 102-53		
	Direct economic value generated and distributed	VMware Form 10-K FY20	GRI 201-1		
	Membership of associations	VMware's 2020 CDP Climate Change response (Section C12.3)	GRI 102-13		
	List of stakeholder groups	Shareholders, customers, partners, employees, communities, the environment	GRI 102-40		
	Statement from senior decision-maker	VMware Global Impact Report FY20, Letters from the CEO and CPO	GRI 102-14		
	Information on employees and other workers	VMware Global Impact Report FY20, Empowered People	GRI 102-8		
	External initiatives	We are involved in several external initiatives, including: RE100, REBA and Step Up. The low carbon sustainable development projects that we support address numerous Sustainable Development Goals (SDGs), including: SDG 1, SDG 3, SDG 5, SDG 6, SDG 7, SDG 8, SDG 9, SDG 13 and SDG 15. Details of these projects can be found in VMware's 2020 CDP Climate Change response, Section C11.2. All of these initiatives are voluntary.	GRI 102-12		
GOVERNANCE					
	Governance structure	Corporate Governance Guidelines	GRI 102-18		
	Executive-level responsibility for economic, environmental, and social topics	VMware's Sustainability Strategy is led by the Vice President of Sustainability Strategy.	GRI 102-20		
	Total Executive and Non- Executive Board Members	9	GRI 102-22		
	Board Gender Diversity	22%	GRI 102-22, 405-1		
	Composition of the highest governance body and its committees	Corporate Governance Guidelines	GRI 102-22		

	Description	FY20	GRI	SASB	UNGC
GOVERNANCE (CON	NT'D)				
	Chair of the highest governance body	Corporate Governance Guidelines	GRI 102-23		
	Nominating and selecting the highest governance body	Corporate Governance Guidelines	GRI 102-24		
	Conflicts of interest	Corporate Governance Guidelines	GRI 102-25		
	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Guidelines	GRI 102-26		
	Evaluating the highest governance body's performance	Corporate Governance Guidelines	GRI 102-28		
	Communicating critical concerns	Corporate Governance Guidelines	GRI 102-33		
	List of material topics	Data Privacy & Security, Digital Ethics, Product Stewardship & Design, Climate Resilience & Adaptation, Energy & GHG Emissions, Civic Engagement & Public Policy, Community Engagement, Digital Skills & Training, Human Capital, Inclusion & Equal Opportunity, Supply Chain Responsibility, Business Oversight & Transparency	GRI 102-47		
	External assurance	VMware is responsible for the preparation and integrity of the information in this report. VMware engaged Apex as an independent third party to review our FY20 Greenhouse Gas (GHG) inventory and energy consumption, and received limited assurance of its accuracy and completeness. The scope of this review, included in this report, includes our global Scope 1 and Scope 2 GHG emissions, Scope 1 and 2 energy consumption and Scope 3 GHG emissions related to business travel. The rest of this report has not been externally assured by an independent third party.	GRI 102-56		
	Code of conduct	Business Conduct Guidelines	GRI 102-16		Principle 10
	Percentage of employees who completed Business Conduct Guidelines training	100%	GRI 102-16		Principle 10
	Mechanisms for advice and concerns about ethics	VMware Ethics Helpline	GRI 102-17		
Data Privacy & Security	System performance and security	VMware Cloud Trust Center	GRI 418-1	TC-SI- 220a.1	Principle 1

	Description	FY20	GRI	SASB	UNGC
GOVERNANCE (CO	NT'D)				
Data Privacy & Security (cont'd)	Description of policies and practices relating to behavioral advertising and user privacy	VMware Global Impact Report FY20, Section: Data Privacy & Security	GRI 418-1	TC-SI- 220a.1	
	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	VMware Global Impact Report FY20, Section: Data Privacy & Security		TC-SI- 230a.2	
	Description of business continuity risks related to disruption of operations	VMware Global Impact Report FY20, Section: Business Continuity & Enterprise Resilience		TC-SI- 550a.2	
Public Policy	Company political contributions	0	GRI 415-1		
	VMware PAC contributions <sup>1</sup>	\$77,500	GRI 415-1		
SOCIAL					
Workforce Indicators	Number of employees	31,000	GRI 102-7		
	Benefits provided to full- time employees that are not provided to temporary or part-time employees	https://careers.vmware.com/benefits	GRI 401-2		
	Commitment to Diversity & Inclusion	https://www.vmware.com/company/diversity.html			Principle 1,6
	Regional employees (AMER %)	52%	GRI 102-7		
	Regional employees (APJ %)	31%	GRI 102-7		
	Regional employees (EMEA %)	17%	GRI 102-7		
	Global gender diversity	26%	GRI 102-8	TC-SI- 330a.3	
	Regional gender diversity, AMER	27%	GRI 102-8	TC-SI- 330a.3	
	Regional gender diversity, APJ	25%	GRI 102-8	TC-SI- 330a.3	
	Regional gender diversity, EMEA	25%	GRI 102-8	TC-SI- 330a.3	
	Regular employees under 30 years old	18%	GRI 405-1		
	Regular employees 30-50 years old	70%	GRI 405-1		
	Regular employees over 50 years old	13%	GRI 405-1		
	Total New Hires - under 30 years old	31%	GRI 401-1		
	Total New Hires - 30-50 years old	58%	GRI 401-1		

	Description	FY20	GRI	SASB	UNGC
SOCIAL (CONT'D)					
Workforce Indicators (cont'd)	Total New Hires - over 50 years old	11%	GRI 401-1		
	U.S African-American/ Black	3.2%	GRI 405-1	TC-SI- 330a.3	
	U.S Asian	31.1%	GRI 405-1	TC-SI- 330a.3	
	U.S Caucasian/White	57.6%	GRI 405-1	TC-SI- 330a.3	
	U.S Hispanic/LatinX	5.8%	GRI 405-1	TC-SI- 330a.3	
	U.S Multiracial	< 1%	GRI 405-1	TC-SI- 330a.3	
	U.S Other	< 1%	GRI 405-1	TC-SI- 330a.3	
	People with disabilities (U.S.)	3.0%			
	LGBTQ (Global)	3.0%			
	Veterans (U.S.)	4.6%			
	Ratio of basic salary and remuneration of women to men	At VMware, women earn 99% of their male counterparts' salary globally, and racial and ethnic minority employees earn 100% of their white counterparts in the U.S.	GRI 405-2		
	Process for determining remuneration	We continually analyze compensation globally, accounting for multiple factors that influence pay such as tenure, geographic location and performance. Our most recent data analysis, done by a third party, shows that at VMware, women earn 99% of their male counterparts' salary globally and racial and ethnic minority employees earn 100% of their white counterparts in the U.S. We are proud of these results and are strongly committed to pay equity and equal opportunity across gender and racial lines.	GRI 405-2		
Talent Development	Total number of employees who attended a Professional Development program	15,087	GRI 404-2		Principle 6
	Total number of employees who attended an R&D training	13,325	GRI 404-2		Principle 6

	Description	FY20	GRI	SASB	UNGC
SOCIAL (CONT'D)					
Talent Development (cont'd)	Employees receiving regular performance and career development reviews	VMware believes that by innovating new performance norms, we not only build stronger human relationships and improve communication between employees and managers, we also ensure we stay agile and responsive to the changes that naturally occur in the business environment. To this end, we encourage career development goal setting and conversations throughout the year. In 2019, 64% of employees were appraised based on management by objectives; 50% were appraised based on a multidimensional approach (e.g., 360 degree feedback), and; 96% of our managers completed our talent planning process.	GRI 404-3		
	Employee engagement <sup>2</sup>	66%		TC-SI- 330a.2	
	Employee Net Promoter Score (NPS) <sup>3</sup>	45			
Community Engagement	Total VMware Foundation grants	\$15,861,000			
	VMware matching gifts (included in total above)	\$5,170,000			
	Employee service learning hours	128,623			
	Number of employees who participated in charitable activities	22,113			
	Percentage of employees who participated in charitable activities	74%			
	Number of global nonprofits supported	10,065			
	Total VMware University Research Fund (VMURF) grants	\$6,406,131			
Human Rights	Commitment to ethical conduct	Business Conduct Guidelines	GRI 412-1		Principle 1,4,5,6
	Commitment to supplier diversity	https://www.vmware.com/company/supplier-diversity.html	GRI 414-1		Principle 6
	Diverse supplier spend (U.S.)	\$139,000,000			
	Supplier code of conduct	Supplier Code of Conduct	GRI 414-1		Principle 1,3,4,5,6
	Partner code of conduct	Partner Code of Conduct	GRI 414-1		Principle 1,3,4,5,6

	Description	FY20	GRI	SASB	UNGC
ENVIRONMENTAL					
Strategy & Management	Environmental impact of VMware products	IDC White Paper, sponsored by VMware, Enabling More Agile and Sustainable Business Through Carbon-Efficient Digital Transformations, August 2020			Principle 8, 9
	GHG emissions avoided by VMware products	152,000,000 MT CO2e			Principle 8, 9
	Climate strategy, management, risks and opportunities	2020 CDP Climate Change Disclosure	GRI 102-15, 201-2		Principle 7
GHG Emissions	GHG emissions	458,479 MT CO2e	GRI 305		
	Scope 1: Direct emissions from owned/controlled operations	5,501 MT CO2e	GRI 305-1		
	Scope 2: Indirect emissions from the use of purchased electricity (market-based <sup>4</sup> )	9,955 MT CO2e	GRI 305-2		
	Scope 3: Business air travel	71,711 MT CO2e	GRI 305-3		
	Scope 3: Employee commuting	39,685 MT CO2e	GRI 305-3		
	Scope 3: Purchased Goods & Services	255,754 MT CO2e	GRI 305-3		
	Scope 3: Capital Goods	59,796 MT CO2e	GRI 305-3		
	Scope 3: Other <sup>5</sup>	16,077 MT CO2e	GRI 305-3		
	Scope 2: Indirect emissions from the use of purchased electricity (location-based)	71,896 MT CO2e	GRI 305-2		
	GHG emissions intensity revenue metric <sup>6</sup>	0.92 MT CO2e/revenue	GRI 305-4		
	GHG emissions intensity employee metric <sup>7</sup>	2.32 MT CO2e/employee	GRI 305-4		
	GHG emissions intensity square footage metric <sup>8</sup>	2.49 MT CO2e/1,000 Sq Ft	GRI 305-4		
	Reduction of GHG emissions	In 2019, we achieved a 65% decrease in our emissions intensity over the adjusted prior year (2018)—alongside 12% revenue growth. This is an 80% decrease from our base year, surpassing our 10% reduction goal.	GRI 305-5		
Electricity	Electricity purchased <sup>9</sup>	156,144 MWh	GRI 302-1	TC-SI- 130a.1	
	Total renewable energy purchased	156,144 MWh	GRI 302-1		Principle 8

	Description	FY20	GRI	SASB	UNGC		
ENVIRONMENTAL (CONT'D)							
Electricity (cont'd)	Total Energy Attribute Credits (EACs) purchased	51,435 MWh	GRI 302-1		Principle 8		
	Renewable energy purchased (excluding EACs)	104,709 MWh	GRI 302-1		Principle 8		
	Percentage of renewable energy globally	99.6%	GRI 302-1		Principle 8		
	Energy intensity square footage metric	33 kWh/Sq Ft	GRI 302-3				
	Reduction of energy consumption	2020 CDP Climate Change disclosure; Section C4.3	GRI 302-4		Principle 8		
Waste	Waste generation (tons)	1,113					
	Recycling (tons)	437					
	Compost (tons)	601					
	Landfill (tons	75					
	Landfill diversion rate	93%					
	Waste programs coverage (percentage of global square footage)	42%					
Water	Water consumed	134,929,077 (gallons)	GRI 303-1	TC-SI- 130a.2			
	Water consumption coverage (percentage of global square footage)	36%					
<b>Built Environment</b>	LEED certifications	19					
	Percentage of square footage in green building certified space <sup>10</sup>	35%					
	Wenatchee Data Center Power Usage Effectiveness (PUE)	1.28	GRI 302-3	TC-SI- 130a.1			
	Portfolio Square Footage	6,211 (in thousands)					
Supply Chain	Engagement with supply chain on climate related issues	VMware's supply chain consists of approximately 8,500 total suppliers with approximately 250 of those being our top suppliers (by spend). In 2019, for the second consecutive year, VMware requested data from our top suppliers via CDP Supply Chain. Our supplier participation doubled and we continue to engage our suppliers on their sustainability journeys.	GRI 102-9, 308-1		Principle 8		

### Report Endnotes

- 1. IDC White Paper, sponsored by VMware. "Enabling More Agile & Sustainable Business through Carbon-Efficient Digital Transformations" August 2020. http://www.vmware.com/go/VMwareIDCWhitePaper2020
- 2. VMware, "Want to Cut Risks to Your Business? Go Zombie Hunting," https://www.vmware.com/content/dam/ digitalmarketing/vmware/en/pdf/products/vrealize/vmw-cut-risks-to-your-business-by-zombie-hunting-eBook.pdf
- 3. Scope 3 Other includes the following categories: Fuel & Energy Related Activities, Upstream Transportation & Distribution, Upstream Leased Assets, and Waste Generated in Operations. Details can be found in our 2020 CDP Climate Change Disclosure, https://www.vmware.com/content/dam/digitalmarketing/vmware/en/pdf/sustainability/vmware-cdpclimate-change-questionnaire-2020.pdf
- 4. VMware joined RE100 in 2016, https://www.there100.org/
- 5. VMware received validation for its science based targets through the Science Based Targets Initiative (SBTi), https:// sciencebasedtargets.org/
- 6. VMware discloses its climate strategy, targets and progress through VMware's 2020 CDP Climate Change Disclosure, https://www.vmware.com/content/dam/digitalmarketing/vmware/en/pdf/sustainability/vmware-cdp-climate-changequestionnaire-2020.pdf
- 7. VMware's CarbonNeutral Company certification is in alignment with the CarbonNeutral Protocol, https://www. carbonneutral.com/the-carbonneutral-protocol
- 8. VMware is on the Board of Renewable Energy Buyers Alliance (REBA), https://rebuyers.org/
- 9. VMware is an active supporter of We Mean Business, https://www.wemeanbusinesscoalition.org/
- 10. VMware is a member of the World Economic Forum, https://www.weforum.org/
- 11. VMware is a signatory to the UN Global Compact, <a href="https://www.unglobalcompact.org/">https://www.unglobalcompact.org/</a>
- 12. VMware. "2019 Annual Diversity & Inclusion Report." https://www.vmware.com/content/dam/digitalmarketing/vmware/en/ pdf/company/vmw-annual-report.pdf
- 13. VMware is a member of The Climate Group's EV100 initiative, https://www.theclimategroup.org/project/ev100
- 14. VMware IT Academy. https://www.vmware.com/company/it-academy.html
- 15. Plankers, Bob. "VMware Believes in Africa." December 2019. https://blogs.vmware.com/vsphere/2019/12/vmwarevirtualize-africa.html
- 16. VMware. Business Conduct Guidelines. https://www.vmware.com/files/pdf/VMware\_business\_conduct\_guidelines.pdf
- 17. VMware. Partner Code of Conduct. https://ir.vmware.com/download/companies/vmware/Corporate%20Policies/Partner-Code-of-Conduct.pdf
- 18. VMware Trust and Assurance. https://www.vmware.com/solutions/trustvmware.html
- 19. Apex. "2020 GHG Verification Statement." June 2020. https://www.vmware.com/content/dam/digitalmarketing/vmware/ en/pdf/sustainability/vmware-apex-data-verification-letter-fy20.pdf

### ESG Summary & Metrics Endnotes

- 1. As cybersecurity, cloud infrastructure, and digital innovation become frequent subjects of legislation and regulation, VMware has a responsibility to engage in the political process. We do this by interacting with policymakers, offering our expertise and perspective, taking part in trade associations and organizations that advance our objectives, and through individual political giving by our employees through the VMware Political Action Committee (VMware PAC). VMware PAC is open to employees who meet criteria required by federal law, their spouses, and VMware shareholders, and is subject to oversight and monetary limits by the Federal Election Commission (FEC). VMware may not use corporate funds for the PAC, nor can any VMware corporate entities make direct contributions to candidates for federal office. All employees and eligible parties, including executive officers, are limited by the FEC to \$5,000 in annual contributions to the VMware PAC.
- 2. Based on VMware's Voice of VMware annual survey participation.
- 3. The Bain IT industry benchmark is 20. For more information on the Employee Net Promoter Score System: https://www. netpromotersystem.com/about/employee-nps/
- 4. The market-based method reflects the emissions from the electricity that a company is purchasing, which may be different from the electricity that is generated locally.
- 5. Scope 3 Other includes the following categories: Fuel & Energy Related Activities, Upstream Transportation & Distribution, Upstream Leased Assets, and Waste Generated in Operations. Details can be found in our 2020 CDP Climate Change Disclosure, https://www.vmware.com/content/dam/digitalmarketing/vmware/en/pdf/sustainability/vmware-cdpclimate-change-questionnaire-2020.pdf
- 6. Scope 2 (market-based)/revenue (in millions)
- 7. Scope 2 (location-based)/employee count
- 8. Scopes 1 & 2 (market-based)/square footage (in thousands)
- 9. During FY20, VMware acquired Carbon Black and Pivotal and we estimate our total electricity purchased with these acquisitions to be 204,350 MWh.
- 10. LEED occupied space includes VMware leased office space within buildings that have been LEED certified by another party.

