

vmware®

FORCE FOR GOOD

GLOBAL IMPACT REPORT

ANNUAL PROGRESS UPDATE 2017

ABOUT VMWARE

Since our founding in 1998, we have been driven by the desire to challenge the status quo. We believe that software has the power to unlock new opportunities for organizations, people and the planet, and we are committed to creating transformative technology to power a better future. Our pioneering virtualization and cloud infrastructure solutions have transformed data centers and continue to power the apps, services and experiences that are changing the world.

ABOUT THIS REPORT

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

REPORTING PERIOD

This report covers VMware and its subsidiaries for the 2018 fiscal year (February 4, 2017, to February 2, 2018).¹ The terms "fiscal year 2018" and "2017" are used interchangeably throughout the report to refer to the data within the stated time period. In 2017, VMware adopted Dell's fiscal year, which is why the reporting period differs from our 2015 and 2016 reports. The period of January 1, 2017, to February 3, 2017, is referred to as a "Transition Period." This report does not include data for that period to streamline the comparison of year-over-year performance.

MATERIALITY

VMware completed its initial materiality assessment in 2015. Details can be found in our 2015 Global Impact Report at: <https://www.vmware.com/go/VMware-Global-Impact-Report-2015>.

GLOBAL REPORTING INITIATIVE (GRI)

This report has been prepared with consideration of Global Reporting Initiative (GRI) 2016 Standards. In 2015, VMware conducted its first materiality assessment and launched the first Global Impact Report to announce its 2020 vision and goals. The reporting process has evolved over the past two years. This year, VMware conducted a gap analysis of the GRI Standards to work toward compliance with the Core reporting option. VMware will continue to enhance its reporting as part of its commitment

to transparency and annual reporting against its 2020 goals. Please refer to the GRI Content Index for a list of disclosures.

ASSURANCE

VMware is responsible for the preparation and integrity of the information in this report. VMware engaged PwC as an independent third party to review its fiscal year 2018 Greenhouse Gas (GHG) inventory and energy consumption and received limited assurance of its accuracy and completeness.² 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 its website. Please submit questions or comments to the Sustainability Team at GIR_Sustainability@vmware.com.

TRADEMARKS

Trademarks or registered trademarks of VMware or its subsidiaries in the U.S. and/or other countries can be found at <http://www.vmware.com/trademarks.html>.

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



"I'm hopeful and energized by the role technology will play in creating a better future for all. VMware is passionate about ensuring we create a positive global impact through our products and people, and on the planet."

— Pat Gelsinger, CEO

GLOBAL IMPACT PILLARS

PRODUCT



PLANET



PEOPLE



ASPIRATIONS

Drive sustainable business practices and create technology that contributes long-term net positive value to our customers and partner ecosystem.

Do more than our fair share toward environmental and social sustainability in our business practices and operations.

Build an inclusive business environment that enriches people's lives at work, at home and in the community to inspire people to give more than they take.

GOALS

Incorporate sustainability into every product release by focusing on solutions that help customers positively impact the environment and society.

Deliver technology that provides customers and partners with data that enable informed choices around cleaner clouds.

Integrate sustainability into our customer experience.

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

Reach 100 percent renewable energy for our global operations and carbon neutrality.

Institute aggressive water conservation in the water-stressed regions within our portfolio.

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

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

Increase our representation of women and underrepresented groups so that we 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 ingenuity and connects employees across our global community.

Develop global environmental and social responsibility programs that bridge work and home and help employees incorporate wellness and sustainability into their lives.

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

JOURNEY TO 2020

FORTUNE
100
BEST
COMPANIES
TO WORK FOR
2017

2017 AT A GLANCE



\$7.9B
REVENUE (USD)

500,000+
CUSTOMERS WORLDWIDE

75,000+
PARTNERS IN ECOSYSTEM

1,802
REGISTERED PATENTS

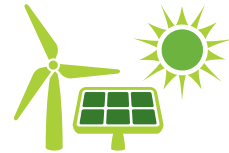
CUSTOMERS USING VMWARE
VIRTUALIZATION **AVOIDED**

84 MILLION
METRIC TONS CO₂e



VMWARE GLOBAL
OPERATIONS **EMITTED**

119,658
METRIC TONS CO₂e



77%
VMWARE GLOBAL OPERATIONS
POWERED BY RENEWABLE ENERGY



91%
LANDFILL
DIVERSION RATE



82%
VMWARE
PEOPLE
GAVE BACK



22,099
EMPLOYEES IN 40 COUNTRIES



24%
OVERALL REPRESENTATION
OF WOMEN



10,496
EMPLOYEES
PARTICIPATED IN
PROFESSIONAL
DEVELOPMENT
PROGRAMS



60 eNPS
(EMPLOYEE NET
PROMOTER SCORE)

WE'RE A SOFTWARE COMPANY THAT HELPS ORGANIZATIONS EVERYWHERE BECOME MORE CAPABLE AND MORE EFFICIENT THROUGH CLOUD, MOBILITY AND SECURITY TECHNOLOGIES.



In 2015, we launched our 2020 vision with clear and ambitious goals for the future. As we approach the midpoint on that journey, CEO Pat Gelsinger and VP of Sustainability Strategy Nicola Acutt reflect on accomplishments to date and the road ahead. They discuss how VMware will meet its ambitious goals to embed sustainability throughout the business and generate global impact in the communities in which we operate.

Beware: Turtles crossing at our Palo Alto HQ.

INTERVIEW WITH

Pat Gelsinger, *CEO*

AND Nicola Acutt,
VP of Sustainability Strategy

WHEN YOU REFLECT BACK ON THE YEAR, WHAT ARE YOU MOST PROUD OF?

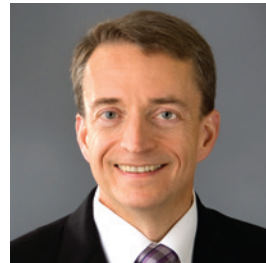
>> Pat: I am proud of how VMware has continued to innovate and break down barriers for customers in ways previously unimagined. We are successfully executing on the strategy we envisioned five years ago while challenging the status quo with a diverse, global community of people who are naturally curious and compassionate. I'm thrilled by the progress we've made in our global impact strategy from measuring the carbon savings of virtualization for our customers to empowering our people to be active citizen philanthropists in their communities.

>> Nicola: As we look back on 2017, we see demonstrable steps on our journey to 2020, further innovating our way toward achieving our global impact aspirations. Achievements I am proud of include our efforts to execute a comprehensive strategy to reduce our carbon footprint, which includes an in-depth audit of our global facilities' footprint; pursuing new LEED® building certifications in China, India and Palo Alto; and expanding efforts to add additional electric vehicle (EV) charging infrastructure to our major facilities. I'm also very proud of our work to define a science-based target for carbon management — an important effort to set industry standards and expedite the reduction of carbon emissions.

HOW IS PROGRESS FROM 2017 SETTING THE STAGE TO MEET VMWARE'S 2020 GOALS?

>> Nicola: As part of our global impact goals, we are striving for leadership in reducing our emissions — within and beyond our four walls. Taking a page from Pat's mantra, "innovate in everything we do," we are focused on finding innovative approaches to address these challenges. For example, in 2017 we helped launch a carbon finance project in Guatemala that is delivering life-changing benefits to families and entrepreneurs in-country, while facilitating our drive toward carbon neutrality. We will continue to apply a midset of innovation to projects such as these as we near 2020.

>> Pat: As we accelerate our journey to 2020, our culture of innovation is driving us to explore new ways to expand our impact. For example, in May 2018 VMware made a \$15 million investment in Stanford University to establish the VMware Women's Leadership Innovation Lab, which is funding research to help close the gender divide. We announced this commitment during our 3rd annual WT² (Women Transforming Technology) event, where we convened industry leaders ranging from executives to engineers with a focus on "Inclusion in Action."



HOW DID VMWARE EMBRACE AND ADDRESS CHALLENGES IN 2017?

>> Pat: 2017 was a strong year for VMware as we continued to see the market respond positively to all aspects of our strategy. We remain confident and pleased with our outlook and growth opportunities. Yet, like our peers in the industry, the increasing pace of change and disruptive technology pose an ongoing challenge. It's imperative that we continue to innovate.

Innovation is not possible without a diverse and inclusive culture, and a community of people who are intellectually curious and personally committed to being a force for good in the world. We are proud of the global impact our community achieved last year.

Now more than ever, the tech community has a responsibility to engage and act. This applies not only to our own businesses but also to shaping global policy and regulatory frameworks to ensure that technology serves the greater good.

"Now more than ever, the tech community has a responsibility to engage and act. This applies not only to our own businesses but also to shaping global policy and regulatory frameworks to ensure that technology serves the greater good."

— Pat Gelsinger, CEO

LOOKING AHEAD, HOW DOES VMWARE PLAN TO ADVANCE ITS GLOBAL IMPACT?

>> Nicola: We are well along the path to achieving our goals for 2020, but there remains work to do. We've made a commitment to science-based targets and are looking forward to aligning our strategy with the Sustainable Development Goals. We are also looking for new and unique ways to bring sustainability to our product development, right down to developing best practices for the architecture of sustainable code — the goal of which is to reduce inefficiencies and, in turn, energy use. This is no small feat; however, the impossible feels possible when you work for a global technology company like VMware where people believe it's both a responsibility and an opportunity to create a positive impact in the world.

We're already thinking well beyond our 2020 goals and developing a long-term strategy to steer us to 2030.

On the Path to a Digital and Sustainable Future

At VMware, we recognize that all parts of our business have an impact — from the products we create and the people we employ to our environmental footprint. We are striving to have a net positive impact by putting back more than we take and involving all parts of our business in the challenge. We’ve set ambitious goals to scale our global impact, and we know that every action counts. The following stories demonstrate our commitment to “leaving ahead” a better future by highlighting our progress in 2017 to drive environmental and social impact in support of our business and 2020 goals.



TRANSFORMATIVE PRODUCTS

2020 ASPIRATION: Drive sustainable business practices and create technology that contributes long-term net positive value to our customers and partner ecosystem.

“VMware’s infrastructure virtualization solution enables firms to gain data center-wide and IT-wide efficiencies, as well as establish metrics to track and ultimately curb carbon emissions resulting from IT infrastructure growth.”

— International Data Corporation (IDC)

Improving Efficiency and Avoiding Carbon Emissions Through Virtualization

At VMware, our greatest responsibility is to our customers who rely on our products for their business success. To this end, our goal is to optimize the carbon avoidance from our products to reduce the environmental impact of our customers’ ecosystems.

VIRTUALIZATION 101

Virtualization is the process of creating a software-based or “virtual” representation of physical hardware, which can apply to compute, data storage and networks. In essence, virtualization can turn one computer into many. In doing so, the software enables the reduction of physical servers, storage arrays and networking devices, which leads to savings in power consumption and floor space in data centers. This improves overall efficiency and curbs carbon emissions resulting from IT infrastructure growth.



“VMware’s culture is centered around solving complex challenges. We are constantly searching for ways to make our products more efficient, from the code we write to the way we store data. Each piece of the puzzle ties back to sustainability.”

— Ray O’Farrell, Executive Vice President & Chief Technology Officer

According to a recently commissioned International Data Corporation (IDC) report, “Infrastructure Virtualization Leads the Way in Reducing the Carbon Cost of Growth,”³ virtualization helped avoid 14 million server instances and 50 million worldwide installed bases of servers, storage arrays and network equipment in 2017. Our products also helped customers avoid over 1 billion MWh of cumulative power consumption. As a result of these improved efficiencies through virtualization technology, our products have cumulatively avoided over 540 million metric tons of carbon — equal to powering 68 percent of U.S. households for a year. The collective impact of our virtualization solutions is a true enabler for the future growth of IT.

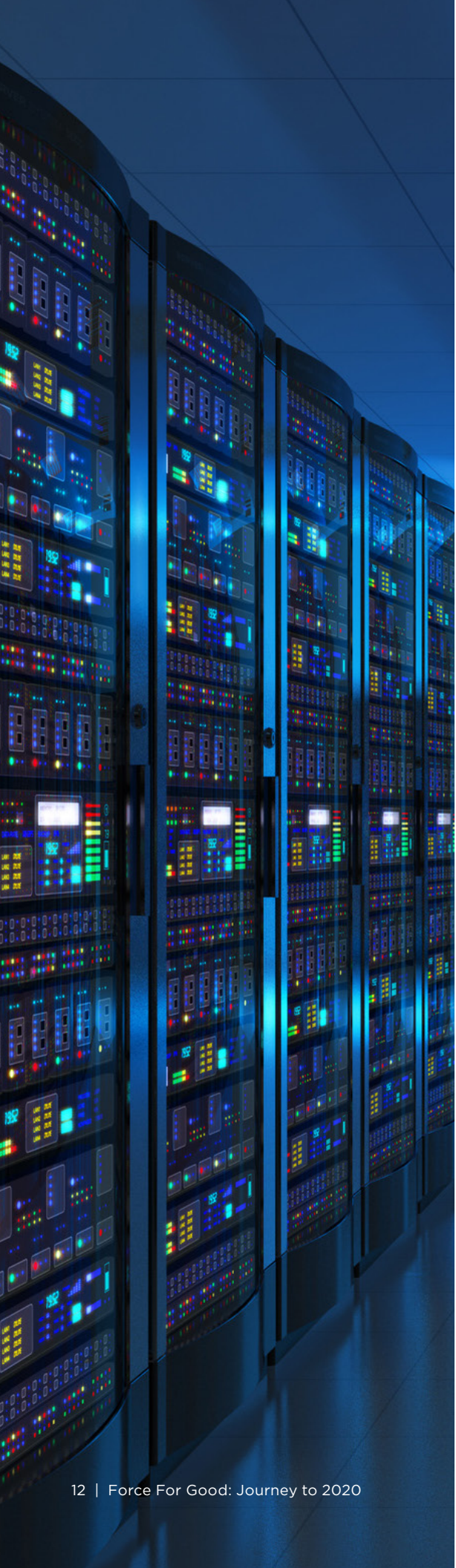
The Carbon Cost of Infrastructure Growth (CCOG) is a measurement to assess carbon emissions required to realize and sustain a specific amount of growth associated with IT infrastructure. We are now expanding this concept to demonstrate that by offsetting IT infrastructure growth through virtualization, we can enable the carbon cost of data centers to decrease.

Infrastructure growth is a crucial factor in the energy cost of growth, consuming electricity at a potentially calculatable rate. At VMware, we focus on solutions that decouple the usage of an asset from the physical attributes of the asset itself (through virtualization) and then monitor/configure the resulting virtual asset. This enables greater and more efficient use of existing compute, storage, and networking assets; greater control over useful configurations; and a net reduction in overall demand for new assets.

After developing our first Product Impact model in 2016 to measure carbon emissions avoided by server virtualization (vSphere), we’ve now expanded the model to measure the impact of storage and network virtualization through our vSAN and NSX technologies, respectively. According to IDC, by complementing vSphere with vSAN and NSX, customers can experience a 20 to 25 percent increase in infrastructure savings.

**540
MILLION**

MT CO₂e **AVOIDED**
THROUGH
VIRTUALIZATION
OVER THE LAST
FIFTEEN YEARS



The Human Impact of Cloud Services

VMware's software is solving everyday technology challenges that improve people's lives. From Phoenix, Arizona, to Nairobi, Kenya, the impact of cloud-based solutions is significant, ranging from modernizing outdated IT infrastructure, to helping forge human connections.

At the Phoenix Children's Hospital (PCH) in Arizona, our software has helped transform the patient experience. PCH wanted to empower nurses with better technology and provide a platform to help patients view medical records and educational videos. By using VMware AirWatch⁵ extended with GroundControl,⁶ PCH was able to provide personalized iPads to patients during their time at the hospital. PCH also used AirWatch and GroundControl to equip nursing staff with access to mobile electronic medical records, ultimately providing better patient engagement, efficiency and nursing mobility.

Our products have also helped the Make-A-Wish Foundation modernize its data centers to improve website traffic capacity, enabling more donations to reach sick children. Make-A-Wish receives the majority of donations via its website, but outdated infrastructure could not support spikes in web traffic, resulting in lost donations. In 2017, Make-A-Wish worked with VMware Cloud Partner PhoenixNAP to move its infrastructure to a service called Virtual Private Data Center powered by VMware. The change resulted in improved data security, flexibility and speed — ensuring that the website can handle any spike in traffic so no donor is turned away.

VMware is also helping Node Africa⁷ pave the way for Africa to become a cloud-first continent. As one of the few cloud service providers in Africa, the company aims to help its customers reduce the costs and risks associated with IT infrastructure while improving business agility. By removing this barrier, Node Africa is powering IT infrastructure for small businesses across the continent, from smallholder farmers to duka⁸ retailers in Kenya, so they can focus on building solutions for customers and society at large.

Across geographies and industries, VMware products are powering organizations to improve people's lives, while more and more organizations are realizing that cloud-based solutions are key to meeting their customers' needs.



THRIVING PLANET

2020 ASPIRATION: Do more than our fair share toward environmental and social sustainability in our business practices and operations.

Collaborating for a Sustainable Future

With the effects of climate change increasingly visible, we continue to expand our efforts beyond our walls to accelerate the transition to a low-carbon world. Partnerships are one way we amplify our positive impact on the environment and help usher in a more sustainable future. In 2017, our commitment to collaboration came to life with two key partners: Restore the Earth Foundation and Lyft, the ride-sharing technology company and app.

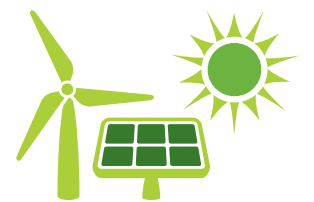
Restore the Earth's mission is to rehabilitate 1 million acres in the Mississippi River Basin — "North America's Amazon" — to reduce the U.S.' carbon footprint by 2 percent. What is unique about its approach to landscape-scale restoration is its EcoMetrics™ model, which places a value on natural capital to highlight the economic value of ecosystems. This approach resonated with us immediately, as it unlocks the business case for landscape-scale restoration.

After becoming an early partner of Restore the Earth's inaugural project in 2016, we expanded our relationship and in 2017 Restore the Earth became the official Earth Day partner for our Reboot the



2,400

EMPLOYEES PLEDGED TO TAKE ACTION ON EARTH DAY



77%

VMWARE GLOBAL OPERATIONS POWERED BY RENEWABLE ENERGY



VMware, Restore the Earth and Lyft collaborate to Reboot the Earth.



RECOGNITION

- Silicon Valley Business Journal's "Silicon Valley Structures Awards 2017: Green Project of the Year"
- Environmental Protection Agency's "Best Workplaces for Commuters 2017"
- Department of Energy's "Workplace Charging Challenge 2017"



Earth campaign. Designed to spark a conversation about the value of ecosystems and the idea of trees as "technology," we planted a tree on behalf of each employee who committed to taking a sustainable action at home or at work.⁹

To build on our relationship with Restore the Earth and address VMware's carbon footprint from business travel, we initiated a partnership with Lyft. The program creates incentives for employees to use Lyft services when traveling in the U.S. by donating 1 percent of profits from each ride to Restore the Earth. Just as notably, our Lyft partnership helps us demonstrate to employees the connection between everyday activities and creative ways to mitigate our carbon footprint.

Partnerships and collaborations such as these are key to leaving ahead a better future.

Making Progress on Sustainable Operations

From waste diversion to supply chain engagement, much of our efforts this past year were dedicated to refining metrics for success and expanding coverage of our data reporting.

In progress toward our goal of 90 percent waste diversion and zero e-waste to landfill by 2020, we expanded waste management data collection from 34 percent to 50 percent globally. With a wider reach and more accurate data, we are able to report overall global waste diversion of 91 percent across 50 percent of our real estate portfolio. For example, at our major sites in India — South Bangalore, East Bangalore and Pune — we streamlined data collection, instituted waste segregation at office locations and performed a waste audit to discover areas for improvement. We are continuing to increase waste diversion rates as we grow our operations in India and beyond.

We are taking an aggressive water conservation approach to water-stressed regions within our real estate portfolio. In 2017, we collected water consumption data for nearly 64 percent of our portfolio, up from 46 percent in 2016. We launched a new enterprise tool for carbon and water data management with our global real estate teams, enhancing water and energy data management capabilities. We see this as a key opportunity for future impact and are establishing more robust water metering in key facilities globally.

We also made significant investments in green buildings across our portfolio, from new construction to retrofitting existing spaces. In 2017, we secured LEED Gold® certification for a major refurbishment project at our original operational facility in India — Kalyani Magnum in South Bangalore — including the implementation of more energy-efficient systems.

At our headquarter campus in Palo Alto, we are striving for LEED Platinum® for our two new office buildings, which will be completed in 2018. With nearly 2 million square feet of LEED®-certified space globally, 39 percent of our office space is now sustainable. These efforts to create

healthy and modern sustainable workplaces earned us recognition from top energy and environmental agencies in the U.S. We will continue to invest in initiatives like these that minimize our environmental footprint and deliver benefits to our employees and communities.

Working with our supply chain is also a priority as we amplify business practices that are socially and environmentally responsible. Last year, we joined CDP's Supply Chain initiative to support our suppliers in their sustainability goals and expand responsible choices with regard to procurement. This year, we made progress toward our procurement goal by requesting CDP disclosure from our preferred suppliers. We believe this is a crucial step for any organization to track, manage and celebrate its progress. We know that every action matters, and each of these operational changes supports us in making strides toward our ambitious global impact goals for 2020.

Adapting to a Low-Carbon Economy

From designing our buildings to the latest sustainability standards to engaging in innovative carbon finance projects, we're investing in low-carbon solutions to achieve our goal of carbon neutrality and 100 percent renewable energy by 2020.

In 2017, we reduced our carbon emissions intensity by 23 percent — surpassing our 10 percent target for the second consecutive year and demonstrating that growth can be decoupled from our footprint. We can do more with less.

In multiple locations around the world, we've implemented onsite solar, renewable energy procurement programs and electric vehicle (EV) charging infrastructure to accelerate progress toward our carbon neutrality goal. In 2017, our site in South Bangalore, India, transitioned to 85 percent renewable energy from wind power procurement. VMware India also partnered with India's first all-electric cab service to provide employees with green transportation, saving at least 500 metric tons of carbon emissions annually.¹⁰ Our 69 EV charging ports at our headquarters in Palo Alto have helped employees avoid 714 metric tons of carbon emissions from their commute — equivalent to planting 25,000 trees and letting them grow for 10 years.

Getting to carbon neutrality is a journey. Along with our operational improvements and renewable energy purchases, we advanced our efforts to set science-based targets for carbon emission reductions. We also achieved CarbonNeutral Certification® for our data center in the U.S., where we reduced greenhouse gas emissions to net zero.¹¹ These milestone achievements and everyday improvements will lead us to our goal of becoming a carbon neutral company.

VMWARE'S 2017 CARBON FOOTPRINT

119,658
metric tons of CO₂e



- **SCOPE 1**
Direct Fuel-Based Consumption
2,555 MT CO₂e
- **SCOPE 2**
Purchased Electricity
23,911 MT CO₂e
- **SCOPE 3**
Business Air Travel
46,840 MT CO₂e
- **SCOPE 3**
Employee Commuting
46,352 MT CO₂e



EMPOWERED PEOPLE

2020 ASPIRATION: Build an inclusive business environment that enriches people's lives at work, at home and in the community to inspire people to give more than they take.

Ingenuity is the Heart of VMware's Culture of Service

At VMware, we thrive on solving complex problems and infuse this passion into every aspect of our work, from our customers to our communities. We mirror this with Citizen Philanthropy, our unique approach to giving back that enables employees to identify the causes that matter to them most and contribute in a meaningful way.

From donating to their nonprofits of choice on Pi Day 2017 to developing as leaders through our Good Gigs pro bono Service Learning programs, our employees applied their unique knowledge and skillsets as active and engaged members of their communities throughout the year.

Our people are also uniquely positioned to leverage their professional talents to help nonprofits bridge the digital divide and accelerate their work, amplifying our collective impact. We know technology and talent are key to organizations' successful operations and ability to scale, yet the nonprofit sector has had very limited access to the benefits of digital transformation.

In collaboration with the Taproot Foundation, in April 2017 the VMware Foundation co-authored "Transforming Technology Pro Bono"¹² to introduce the Solution Development Framework — a phased approach to Discover, Design, Implement and Maintain sustainable solutions that meet nonprofits' needs. The framework draws from VMware's best practices on enabling customers to operate more efficiently, create more value and dramatically save cost and time spent on day-to-day technology operations.

Contributing our talents and capital to the community is woven into our culture. With 82 percent of our people choosing to take action in their communities in 2017, our unique Citizen Philanthropy approach to giving is one of the many reasons why VMware was voted one of Fortune's 100 Best Companies to Work For in 2017 for the fourth year in a row.



AWARDS IN 2017

- 95% on Human Rights Campaign's 2017 Corporate Equality Index
- 2017 Structures Award — Green Project of the Year
- Corporate Responsibility Award from National CSR Awards
- One of the 50 Best Places to Work for New Dads by Fatherly
- People's 50 Companies that Care 2017 List
- Great Place to Work and Fortune 2017 "100 Best Companies to Work For"
- Best Workplaces for Parents by Fortune
- Best Workplaces for Giving Back by Great Place to Work and Fortune
- Best Workplaces in the Bay Area by Great Place to Work and Fortune
- Computerworld's 100 Best Places to Work in IT





VMware team in Costa Rica receives the coveted 2017 Bandera Azul.



22,099

EMPLOYEES IN
40 COUNTRIES



2,700+

EMPLOYEES ENGAGED
IN 19 GLOBAL PODs

A Company-Wide EPIC₂ Ethos Comes to Life

At VMware, we have a history of being bold, innovative and inclusive — our EPIC₂ values (execution, passion, integrity, customers and community) inform everything we do.

The EPIC₂ values come to life in our employee communities around the world. Costa Rica is a perfect example of the company-wide values and ethos of ingenuity, collaboration and impact. In fact, participation in Citizen Philanthropy through the VMware Foundation has grown by 25 percent year-over-year among over 500 Costa Rica employees. A deep commitment to sustainability also manifests in ways big and small, from eliminating plastic in break rooms and planting trees to reforest nearby lands to local initiatives for clean power.

In 2017, the VMware team applied for Costa Rica's coveted Bandera Azul, an environmental certification awarded annually to organizations for implementing a broad range of sustainability initiatives. The team focused on climate change, making improvements in nine categories, from fossil fuels to waste management. Our efforts paid off, and we took home the award for the first time in early 2018.



The Power of Human Difference

Our advances in sustainability and IT solutions would not be possible without our diverse employee base and inclusive culture. We recognize the power of human difference to drive progress across our business and the communities we serve, and we continue to adapt our Diversity & Inclusion (D&I) journey to foster an inclusive culture that celebrates these differences. This inclusive culture, coupled with our EPIC₂ values, helps us attract and retain the best talent, ultimately delivering the most innovative IT solutions to our customers.

Building on the launch of VMInclusion in 2016 — our company-wide D&I initiative — in 2017, we launched our first external D&I microsite¹³ to increase transparency around our journey. To advance and democratize these initiatives, we gave business leaders D&I goals for which they are accountable, empowering change to happen throughout each part of the business. Progress on our journey is reflected by the fact that 60 percent of global managers participated in unconscious bias training in 2017.

But it's not just leaders who are driving change across VMware. Empowering all of our employees to create a diverse and inclusive culture is critical. One way we are approaching this goal is through our employee-driven Power of Difference (PODs) communities. PODs are designed to help participants grow as leaders, engage employees across different communities and drive business impact. For example, our Veterans POD was integral in changing our Military Leave policy from 30 days to 18 months, a benefit that will allow reserve employees to serve without financial hardship. The PRIDE POD has been spearheading VMware's support of gender transitions and gender-neutral bathrooms. In fact, employees are now allowed 18 weeks of paid time off for gender transitions.

Supporting women in technology has been at the forefront of our D&I journey, and we continue to make bold commitments and invest in programs that expand the community of women leaders in tech. Since 2016, VMware has invested over \$1.5 million in Stanford University's Seeds of Change program¹⁴ to provide technical and leadership training to young women in STEM. The program launched in September 2017 with 17 Stanford undergraduates and 65 high school students, and the program plans to expand nationally over the next three to five years.

We also founded the WT² (Women Transforming Technology) conference,¹⁵ which brings together a consortium of global organizations to build community and tackle issues that are top of mind for women in technology. In 2017, VMware hosted the second annual WT² conference, where 300 participants joined from more than 100 different companies and over 4,000 participated virtually to hear keynote speakers Kara Swisher and Gloria Steinem. With these programs and others, we are extending our efforts beyond our doors to foster a culture of inclusion across the technology industry as a whole.

ESG PERFORMANCE SUMMARY

FISCAL YEAR 2018

PRODUCT 2017

Revenue	\$7,922 million
Greenhouse Gas (GHG) Emissions avoided by VMware products	84,000,000 MT CO ₂ e
Registered patents (cumulative)	1,802

PLANET

Energy & Climate Change

GHG emissions ¹	119,658 CO ₂ e
Scope 1: Direct emissions from owned/controlled operations	2,555 CO ₂ e
Scope 2: Indirect emissions from the use of purchased electricity (market-based) ²	23,911 CO ₂ e
Scope 3: Business air travel	46,840 CO ₂ e
Scope 3: Employee commuting ³	46,352 CO ₂ e
Scope 2: Indirect emissions from the use of purchased electricity (location-based)	59,466 CO ₂ e
GHG emissions intensity revenue metric (MT CO ₂ e/million US\$ revenue) ⁴	3.02
GHG emissions intensity employee metric (MT CO ₂ e/employee) ⁵	2.69
GHG emissions intensity square footage metric (MT CO ₂ e/1,000 square feet) ⁶	5.66

Energy Use

Electricity purchased	142,693 MWh
Total renewable energy purchase	115,694 MWh
Total Renewable Energy Credits (RECs) purchased	42,417 MWh
Renewable energy purchased (excluding RECs)	83,399 MWh
Percentage of renewable energy globally	77%
LEED [®] certifications	12
Percentage of square footage in LEED-certified [®] space ⁷	39%
Wenatchee Data Center Power Usage Effectiveness (PUE)	1.26
Portfolio square footage	4,676

Waste

Waste generation	1028 tons
Recycling	377 tons
Compost	556 tons
Landfill	94 tons
Landfill diversion rate	91%
Waste programs implemented (as a percent of global square footage)	50%

Water

Water consumed	92,687,352 gallons
Water consumption coverage (as a percent of global square footage)	64%

Suppliers

Diverse Suppliers spend within the U.S.	\$147,655,529
---	---------------

Environmental Compliance

Environmental violations	0
Environmental fines	\$0

PEOPLE 2017

Employees

Number of employees	22,099
Regional employees (AMER %)	50%
Regional employees (APJ %)	32%
Regional employees (EMEA %)	18%
Global gender diversity (% female)	24%
Regular employees under 30 years old	17%
Regular employees 30-50 years old	70%
Regular employees over 50 years old	13%
Total new hires - under 30 years old	35%
Total new hires - 30-50 years old	24%
Total new hires - over 50 years old	30%
U.S. - African-American/Black	3%
U.S. - Asian	35%
U.S. - Caucasian/White	56%
U.S. - Hispanic/Latino	5%
U.S. - Multiracial	2%
U.S. - Other ⁸	<1%
Differently Abled (US)	1%
LGBTQ (Global)	2%
Veterans (US)	3%
Employees participating in professional development programs	10,496
R&D technical courses completed	8,348
Business Conduct Guidelines training completed	100%
Employee engagement ⁹	90%
Employee Net Promoter Score (NPS) ¹⁰	60
Injury rates	0
Fatalities	0

Community

Total VMware Foundation grants	\$7,552,000
VMware matching gifts (included in total above)	\$3,190,000
Employee service learning (hours)	100,246
Employees who participated in charitable activities	18,308/82%
Global nonprofits supported	7,943
Total VMware University Research Fund (VMURF) grants ¹¹	\$4,178,000

Public Policy & Governance

Company political contributions	\$0
VMware PAC contributions ¹²	\$56,000
Board of Directors gender diversity (% female)	13%

GRI CONTENT INDEX 2017

Description	Page number(s) or URL / Direct Answer
GRI 101: FOUNDATION 2016	
GRI 102: GENERAL DISCLOSURES 2016	
ORGANIZATIONAL PROFILE	
102-1	Name of the organization VMware, Inc.
102-2	Primary brands, products, and services VMware 2017 Form 10-K
102-3	Location of headquarters 3401 Hillview Avenue, Palo Alto, California 94304 USA
102-4	Location of operations Office Locations
102-5	Ownership and legal form VMware 2017 Form 10-K
102-6	Markets served VMware 2017 Form 10-K
102-7	Scale of the organization VMware 2017 Form 10-K
102-8	Information on employees and other workers VMware Global Impact Report 2017, Performance Summary
102-9	Supply chain VMware's supply chain consists of approximately 7,000 total suppliers with approximately 600 of those being VMware Preferred Suppliers. In 2017, VMware joined CDP's Supply Chain Initiative and will be requesting data from at least 50% of our suppliers by spend. This initiative will support us in achieving our 2020 procurement goals.
102-10	Significant changes to the organization and its supply chain VMware 2017 Form 10-K
102-11	Precautionary Principle or approach The Precautionary Principle is inherent in VMware's risk identification and assessment process. Please see VMware's 2018 CDP Climate Change response, Section C2.2b for details.
102-12	External initiatives We are involved in several external initiatives, including: RE100, REBA and BSR's Future of Internet Power (FoIP). 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 2018 CDP Climate Change response, Section C11.2a. All of these initiatives are voluntary.
102-13	Membership of associations IT Alliance for Public Sector, The Information Technology Industry Council, TechNet, USITO; please see VMware's 2018 CDP Climate Change response, Section C12.3 for details.
STRATEGY	
102-14	Statement from senior decision-maker VMware Global Impact Report 2017, Q&A with CEO Pat Gelsinger and VP of Sustainability Strategy Nicola Acutt
102-15	Key impacts, risks, and opportunities VMware Global Impact Report 2017, Journey to 2020
ETHICS AND INTEGRITY	
102-16	Values, principles, standards, and norms of behavior Business Conduct Guidelines
102-17	Mechanisms for advice and concerns about ethics Ethics Helpline
GOVERNANCE	
102-18	Governance structure Governance
102-19	Delegating authority In conjunction with formalizing our Corporate Sustainability Strategy in 2015, we established a Sustainability Technical Council and Executive Sustainability Advisory Group and Executive Sustainability Council to provide insight and oversight, and to drive cross-company initiatives.
102-20	Executive-level responsibility for economic, environmental, and social topics Our Corporate Sustainability Strategy is led by our VP of Sustainability Strategy.
102-21	Consulting stakeholders on economic, environmental, and social topics VMware Global Impact Report 2015, Governance

Description	Page number(s) or URL / Direct Answer
102-22	Composition of the highest governance body and its committees Governance Corporate Governance Guidelines
102-23	Chair of the highest governance body Michael Dell has served as a director and Chairman of the Board since September 7, 2016, when Dell Technologies Inc. acquired EMC Corporation, VMware's parent company. Mr. Dell serves as Chairman of the Board and Chief Executive Officer of Dell Technologies. Governance
102-24	Nominating and selecting the highest governance body Corporate Governance Guidelines
102-25	Conflicts of interest Corporate Governance Guidelines Business Conduct Guidelines
102-26	Role of highest governance body in setting purpose, values, and strategy Our Board of Directors sets high standards for our employees, officers and directors. As the highest governing body, it is the duty of the Board of Directors to serve as a prudent fiduciary for shareholders and to oversee the management of the Company's business. Governance Please see VMware's Corporate Governance Guidelines for more information.
102-28	Evaluating the highest governance body's performance The Lead Director of the board supervises the Board's annual self-evaluation of the Board's performance, including providing each Board member with feedback on such Board member's performance and reporting overall results of the evaluation to the Compensation and Corporate Governance Committee and, where appropriate, to the Board as a whole. Please see VMware's Corporate Governance Guidelines for more information.
102-29	Identifying and managing economic, environmental, and social impacts See VMware's 2018 CDP Climate Change Information Request; Section C2.2b.
102-30	Effectiveness of risk management processes Corporate Governance Guidelines
102-31	Review of economic, environmental, and social topics See VMware's 2018 CDP Climate Change response; Section C2.2b.
102-32	Highest governance body's role in sustainability reporting VMware Global Impact Report 2015, Governance
102-33	Communicating critical concerns Corporate Governance Guidelines
102-36	Process for determining remuneration Our 2016 analysis done by a third party showed 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. These results demonstrate that we are committed to pay equity and equal opportunity across gender and racial lines.
STAKEHOLDER ENGAGEMENT	
102-40	List of stakeholder groups Employees, senior leaders, content experts, peers, sustainability experts
102-42	Identifying and selecting stakeholders Our stakeholders were identified as part of our materiality assessment process; they included senior executives and tenured employees with a deep understanding of the business and, therefore, our impacts and opportunities.
102-43	Approach to stakeholder engagement We sought stakeholder feedback to inform our strategy and initial materiality assessment. We collaborated with internal stakeholders through interviews and global focus groups, and we conducted external interviews with peers and sustainability experts. We then identified and refined material topics and subsequently prioritized focus issues through additional rounds of stakeholder conversations. Informed by the GRI Principles for Defining Report Content, we undertook a process of data synthesis through which we identified relevant business priorities to both our stakeholders and our business.
102-44	Key topics and concerns raised Key topics raised included: environmental impact of products, operational eco-efficiency, and human and social capital. VMware Global Impact Report 2015, Materiality Assessment.
102-45	Entities included in the consolidated financial statements VMware 2017 Form 10-K

Description		Page number(s) or URL / Direct Answer
REPORTING PRACTICE		
102-46	Defining report content and topic Boundaries	We completed our first materiality assessment in 2015. This process was supported by a third party, PwC, and included analysis of global megatrends, our value chain, stakeholder insights and our competitive landscape. We engaged our employees, senior leaders and content experts from across our business to evaluate the social and environmental issues that have the most relevance to global sustainability and the largest impact on our success as a company. The results of this process have informed the development of our sustainability strategy and the content for this report. Reference the Materiality Assessment .
102-47	List of material topics	Economic Performance, Energy, Water, Emissions, Employment, Training and Education, Diversity and Equal Opportunity, Customer Privacy
102-48	Restatements of information	No significant changes
102-49	Changes in reporting	In 2017, we changed our reporting period from calendar year to fiscal year. No other significant changes to material topics or topic boundaries.
102-50	Reporting period	February 4, 2017 - February 2, 2018
102-51	Date of most recent report	September 11, 2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	GIR_Sustainability@vmware.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared with consideration of the Global Reporting Initiative 2016 Standards.
102-55	GRI content index	This GRI Index has been prepared with consideration of the Global Reporting Initiative 2016 Standards.
102-56	External assurance	VMware is responsible for the preparation and integrity of the information in this report. VMware engaged PwC as an independent third party to review our FY18 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 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its Boundary	The GRI topics material to VMware and that are reported in this index are: economic performance, energy, water, emissions, employment, training and education, diversity and equal opportunity, and customer privacy. VMware follows reporting boundaries of operational control that includes VMware, Inc. and our subsidiaries for 2018 fiscal year. Specific commitments and approaches for each material topic can be found in VMware's Global Impact Report 2015, 2016 and 2017.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 201: ECONOMIC PERFORMANCE 2016		
201-1	Direct economic value generated and distributed	VMware 2017 Form 10-K
GRI 302: ENERGY 2016		
302-1	Energy consumption within the organization	VMware Global Impact Report 2017, Performance Summary <i>Omission:</i> VMware does not collect the following data: electricity sold, heating sold, cooling sold, steam sold, heating consumption, cooling consumption and steam consumption.
302-3	Energy intensity	Total energy consumed within boundaries during fiscal year by square footage: 31 kWh
302-4	Reduction of energy consumption	VMware's 2018 CDP Climate Change response; Section C4.3
GRI 303: WATER 2016		
303-1	Water withdrawal by source	92,687,352 gallons (64% of our global real estate portfolio) <i>Omission:</i> VMware does not measure water withdrawal separately across sources.

Description		Page number(s) or URL / Direct Answer
GRI 305: EMISSIONS 2016		
305-1	Direct (Scope 1) GHG emissions	VMware Global Impact Report 2017, Performance Summary
305-2	Energy indirect (Scope 2) GHG emissions	VMware Global Impact Report 2017, Performance Summary
305-3	Other indirect (Scope 3) GHG emissions	VMware Global Impact Report 2017, Performance Summary
305-4	GHG emissions intensity	VMware Global Impact Report 2017, Performance Summary
305-5	Reduction of GHG emissions	In 2017, VMware reduced its Scope 2 emissions intensity by 23% compared to 2016.
GRI 401: EMPLOYMENT 2016		
401-1	New employee hires and employee turnover	VMware Global Impact Report 2017, Performance Summary <i>Omission:</i> VMware does not measure the rate of employee turnover by age group, gender or region.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	VMware Careers
GRI 404: TRAINING AND EDUCATION 2016		
404-1	Average hours of training per year per employee	VMware Global Impact Report 2017, Performance Summary <i>Omission:</i> In 2017, 10,496 employees engaged in our professional development programs. We are currently developing systems to report data on hours of training by gender and employee category for this standard.
404-2	Programs for upgrading employee skills and transition assistance programs	VMware Global Impact Report 2015, Developing and Inspiring Our People VMware Global Impact Report 2017, Performance Summary
404-3	Percentage of employees receiving regular performance and career development reviews	<i>Omission:</i> In 2016, we moved from static performance ratings and lengthy annual reviews to more regular manager and employee conversations, frequent feedback to align expectations and flexible goal setting. We are in the process of setting measurement tools to report on this disclosure.
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016		
405-1	Diversity of governance bodies and employees	VMware Global Impact Report 2017, Performance Summary Governance
405-2	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. VMware Careers
GRI 418: CUSTOMER 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	VMware Global Impact Report 2015, Governance

ENDNOTES

1. VMware. "2017 Form 10-K." 2017. http://s2.q4cdn.com/112802898/files/doc_financials/2017/VMWare-2017-Form-10K.pdf.
2. PwC. "PwC Opinion and Assertion 2018 [for VMware]." June 2018. vmware.com/go/VMware-PwC-Opinionand-Assertion-2018.
3. Belanger, Stephen, Brad Casemore, Shannon Kalvar, Eric Sheppard. "Infrastructure Virtualization leads the way in reducing the Carbon Cost of Growth." IDC White Paper, sponsored by VMware. August 2018. <https://www.vmware.com/content/dam/digitalmarketing/vmware/en/pdf/company/vmware-infrastructure-virtualization-leads-the-way-in-reducing-the-carbon-cost-of-growth.pdf>.
4. VMware. "Carbon Calculator." <https://www.vmware.com/company/sustainability/carbon-calculator.html>.
5. AirWatch is the leading enterprise mobility management (EMM) technology that powers VMware Workspace ONE.
6. GroundControl extends and controls MDM systems. It is a unique cloud-based system to orchestrate mobile tools, dramatically reducing the number of steps it takes to get devices set up and kept running. In a single step, GroundControl supervises, activates and restores iPhones, iPads and iPods.
7. VMware Stories. "Building a Cloud-first Continent." <https://www.vmware.com/content/microsites/possible/stories/node-africa.html>.
8. Local supermarket or shop in Kenya.
9. VMware. "Rebooting the Earth, VMware." 3BL Media. April 19, 2017. <https://www.youtube.com/watch?v=LrV36fMweyk>.
10. VMware. "Electric Cabs." 3BL Media. April 24, 2017. <https://3blmedia.com/News/Electric-Cabs>.
11. CarbonNeutral. "Certification." <https://www.carbonneutral.com/certification>.
12. Bekka, Mariem and Jessamine Chin. "Transforming Technology Pro Bono: A Practical Approach to Engaging Technology Talent for Nonprofit Capacity Building." VMware Foundation and Taproot Foundation. April 2017. https://media.taprootfoundation.org/docs/transforming_technology_pro_bono.pdf.
13. VMware. "Diversity and Inclusion." <https://www.vmware.com/company/diversity.html>.
14. Stanford Women's Leadership. "Seeds of Change." <https://womensleadership.stanford.edu/seedschange>.
15. Women Transforming Technology. <http://www.womentransformingtechnology.com/>.

ESG PERFORMANCE SUMMARY

1. Scope 1, 2 (market-based) and 3 are included.
2. 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.
3. Please reference VMware's 2018 CDP Climate Change response, Section C6.5.
4. Scope 2 (market-based)/Revenue (in millions).
5. Scope 2 (location-based)/Employee Count.
6. Scopes 1 & 2 (market-based)/Square Footage (in thousands).
7. LEED® occupied space includes VMware leased office space within buildings that have been LEED-certified® by another party.
8. Other includes: Native Hawaiian, Other Pacific Islander, American Indian or Alaska Native.
9. Based on VMware's Voice of VMware annual survey participation.
10. The Bain IT industry benchmark is 20. For more information on the Employee Net Promoter Score System: <http://www.netpromotersystem.com/about/employee-engagement.aspx>.
11. The VMware University Research Fund (VMURF) supports academic research in an effort to give back to the research community which, enabled the founding of VMware. VMURF supports 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 cover a variety of research areas ranging from systems, storage, networking, machine learning, IoT and other timely topics.
12. As cybersecurity, cloud infrastructure and digital innovation become a frequent subject 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 it 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.

“Sustainability is innovation’s next frontier.”

— Nicola Acutt, VP of Sustainability Strategy



Trixie and Squirt catch some rays in the turtle pond at HQ.



Our definition:

LEAVE AHEAD

[lēv/ə'hed] | verb

to leave something in better condition than it was found; pay it forward; to put back more than you take