

Force for Good

Global Impact Report

ANNUAL
PROGRESS
UPDATE
2018

About VMware

VMware software powers the world's complex digital infrastructure. The company's cloud, networking, security, and digital workspace offerings provide a dynamic and efficient digital foundation to over 500,000 customers globally, aided by an ecosystem of 75,000 partners. Headquartered in Palo Alto, California, VMware is committed to being a force for good, from its breakthrough innovations to its global impact.

For more information, please visit <https://www.vmware.com/company.html>.

On the cover: An aerial view of the San Francisco Bay Area wetlands that inspired VMware's 20th anniversary public art installation at our headquarter campus. The concept for this sculpture is based on place and people, and intended to be inviting, understated, and reflect a spirit of ingenuity. The artist draws a connection between the natural fractal geometry that forms the wetlands of San Francisco bay and the elegant software VMware creates.

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 our subsidiaries for the 2019 fiscal year (February 1, 2018 to January 31, 2019). The terms "fiscal year 2019" and "2018" are used interchangeably throughout the report to refer to the data within the stated time period.

Materiality

VMware completed our initial materiality assessment in 2015. Details can be found in our [2015 Global Impact Report](#).

Global reporting initiative

This report has been prepared with consideration of Global Reporting Initiative (GRI) 2016 Standards. In 2015, we conducted our first materiality assessment and launched the first Global Impact Report to announce our 2020 vision and goals. The reporting process has evolved over the past three years, and last year, VMware conducted a gap analysis of the GRI Standards to work toward compliance with the Core reporting option. We will continue to enhance our reporting as part of our commitment to transparency and annual reporting against our 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 Apex as an independent third party to review our fiscal year 2019 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 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 GIR_Sustainability@vmware.com.

Trademarks

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

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

"In all ways, we aim to leave ahead a better future—to put back more than we take into the environment, society, and our global economy."

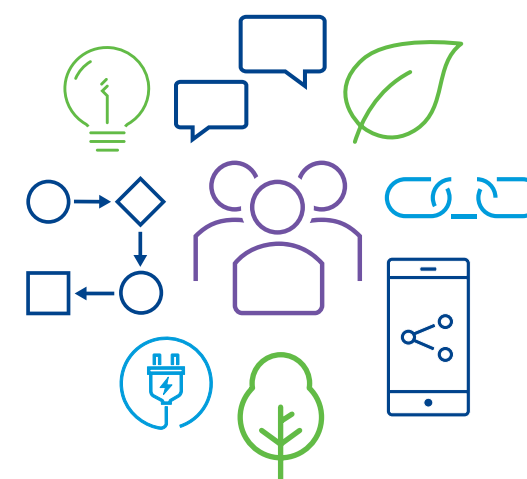
—PAT GELSINGER, CEO

The opening celebration of our VMware Discovery Center brought members of our community together to discuss and imagine how we can collectively prioritize sustainability and resiliency for people and the planet.

Betsy and Pat celebrate VMware's 20th anniversary and a long-standing belief of making the impossible possible.



Journey to 2020



Over the past 20 years, we've grown from five technologists working out of a small apartment to a global technology leader with more than 24,000 employees and a strong network of strategic partners. Virtualization. Cloud computing. Mobile technology. Our two decades of technology innovation have given rise to a better, more connected world. But we believe we can do even more.

In 2015, we established our [VMware 2020 vision](#), which outlines our ongoing commitment to innovating for good in three key areas: Products, Planet, and People.

Today, we're more than halfway through our journey to 2020. The following pages reflect our 2018 progress as we continue to work toward realizing our vision.

VMware

2020

Global Impact Pillars



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.

By 2020, we will:

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.



Thriving planet

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

By 2020, we will:

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

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

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

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

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



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.

By 2020, we will:

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.

\$8.97B
REVENUE (USD)

500,000+
CUSTOMERS
WORLDWIDE

&

75,000+
PARTNERS IN
ECOSYSTEM


91

MILLION METRIC TONS CO₂e

AVOIDED BY CUSTOMERS USING VMWARE VIRTUALIZATION

VMWARE IS A CARBON NEUTRAL CERTIFIED COMPANY

94% POWERED BY RENEWABLE ENERGY



VMWARE CELEBRATES 20 YEARS OF INNOVATION

24,200+

EMPLOYEES IN 125 OFFICES WORLDWIDE

84%

OF EMPLOYEES ACTIVE IN THEIR COMMUNITIES THROUGH VMWARE FOUNDATION PROGRAMS

24.7%

OVERALL REPRESENTATION OF WOMEN

2%

EMPLOYEES IDENTIFY AS LGBTQ+

60

ENPS (EMPLOYEE NET PROMOTER SCORE)

5,807

WORLDWIDE PATENTS AND APPLICATIONS

12,741

EMPLOYEES PARTICIPATED IN PROFESSIONAL DEVELOPMENT PROGRAMS

VMware software powers the world's complex digital infrastructure.



Jeff welcomes VMware families to our annual Turtle Day celebration.

A Message from Our CEO

I'm humbled that over the last two decades we have become a trusted advisor to 100,000s of customers who are meeting and exceeding their own goals because of their digital transformation journey. These customers are relying on VMware's broad portfolio of solutions designed to serve as their digital foundation, enabling any application, on any cloud, delivered to any device. Our "any cloud" strategy is best demonstrated by our unique and impactful partnership with Amazon Web Services, which is rapidly enabling a worldwide footprint for customers' hybrid computing. In addition, our unique relationships with IBM, Microsoft and most recently Google, along with a network of more than 4,000 VMware Cloud Providers in more than 110 countries, and the ability to bridge private, public, telco and edge clouds all serve as proof of our success with "any cloud." Our "any app" (application) vision is demonstrated by our partnership with Pivotal and our recent acquisition of Heptio, a leader in Kubernetes and containers, which positions us strongly for the next generation of application transformation. Finally, our "any device" strategy enables customers to have a modern application experience, while also enabling IT to provide efficient management and security across devices—a true multi-device world.

We are also planting the seeds today for future areas of growth including 5G, telco cloud, edge/IOT, computing at scale, and enabling AI for our customers and embracing AI in our products. And we are building security intrinsically into our platform to eliminate a host of cyber threats and security complexity.

Our revenue for fiscal year 2019 was \$8.97 billion, an increase of 14% from fiscal 2018. Our financial performance is an important marker of our success. However, we also believe that our products, operations, and people collectively must generate positive global impact through all that we do, and a key question arises: will breakthrough innovations create a rising tide that lifts all boats, regardless of geography, background, or culture? Or will the advantages be limited to a fortunate few?

I believe it is up to all of us in industry to ensure technology benefits everyone. For example, we set the bar high and aim for exponential impact by investing in research and tools to strengthen the operations of nonprofits globally—the organizations we rely on to tackle our most pressing societal problems—so that they can more effectively serve their respective missions.

By continuing to challenge ourselves and ask the hard questions, we can move our impact beyond our walls to reach the wider community, industry, and the world. Together, we are—and can continue to be—a force for good.



— PAT GELSINGER,
Chief Executive Officer

A Message from Our CPO

Three years ago we set the VMware bar high, with ambitious and aggressive 2020 Global Impact goals. With 2020 just around the corner, I'm proud to announce that we've reached some of these goals early, made significant progress toward others, and continued to learn, evolve, and innovate the way we approach our impact on our products, our planet, and our people.

Our employee-created EPIC₂ values—Execution, Passion, Integrity, Customers, and Community—continue to be the hallmark of our culture and are the backbone of our VMInclusion efforts, our business-led initiative focused on creating a more inclusive and diverse environment. Last year, we deepened our commitment to systemic inclusion and diversity through a \$15 million donor-advised fund to endow the Stanford VMware Women's Leadership Innovation Lab, which conducts foundational research to create evidence-based solutions to achieve significant advancements in women's leadership. I'm also very proud to see our partnership with Women Who Code, India, evolve into Project Taara, which empowers women to return to the workplace more easily after leaving the professional workforce. Internally, we deeply value and celebrate the power of human difference, and we continue to support, develop, and learn from our diverse and underrepresented groups. Our goal is for all VMware employees to feel that they belong and can bring their authentic selves to work.

Our actions have the potential to resonate far outside our own walls, and our people lead this charge through the VMware Foundation, which provides a platform that enables our employees to be active and engaged citizens. Citizen Philanthropy is our unique giving philosophy where every employee can choose where and how they want to give. This is built on the belief that individual actions matter and add up to our collective impact. In FY19, more than 20,000 VMware employees supported more than 8,400 global nonprofits.

I'm also proud to share that last year we reached carbon neutrality two years ahead of our own schedule. Part of that effort included our investment in innovative, creative local projects like carbon financing for water filters and clean cookstoves in Guatemala. Beyond the value of carbon sequestration, I had the opportunity to experience first-hand what a deep commitment to sustainability looks like through a carbon finance project when it enables a positive ripple effect of co-benefits to the environment and the health of a community, all while supporting entrepreneurship.

Another example of this cascading impact is our sustainable innovation work with the City of Palo Alto to develop a proof of concept community microgrid at our headquarters. Beyond helping VMware capture more renewable energy, this project is exciting in its potential to contribute to more sustainable urban development in cities across the country. At the

same time, we continue to make strides in expanding the impact of our core business, from virtualization to cloud computing, that offers the potential to dramatically lower energy use and emissions for global businesses.

We continue to work toward meaningful progress, but of course, not all progress happens at the same time. We faced challenges as we invested in emerging technologies, faced stiff competition, worked hard to attract and retain the best talent, and navigated through an ever-changing political and economic environment. However, we maintained our commitments while responding to rapid technological changes, bringing to market new solutions, services, and business models.

As I reflect on the past year, I'm immensely proud of what we've accomplished and look forward to what we can continue to achieve next year and beyond.



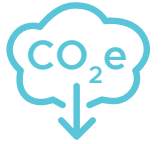
— BETSY SUTTER,
Corporate Senior Vice President
and Chief People Officer

Transformative Products

Aspiring to drive sustainable business and create innovative technology that contributes net positive value

Enabling a Legacy of Responsibility

Data centers account for a full [2% of the world's greenhouse gas emissions](#). Our virtualization technologies make IT infrastructure dramatically more efficient. Because our products help our customers use less hardware more intelligently, they've avoided putting 664 million metric tons of carbon dioxide into the atmosphere since 2003—the equivalent of the annual power consumption of Spain, Germany, and France.



664M

METRIC TONS OF CO₂e
AVOIDED WITH VMWARE PRODUCTS
SINCE 2003

Innovating to Expand the Sustainability Frontier

We believe that product innovation can help us accelerate our sustainability impact and we're investing in this belief. In November 2018, we hired a [Director of Sustainability Innovation in the office of the Chief Technology Officer](#) to collaborate with members of our Sustainability Technical Leadership Council and engineering teams across the business as we pursue our mission to inspire innovation through the dual lenses of enhancing sustainability and business value.

We are building a three-pronged approach to drive sustainability product innovation:

1. Streamline our software development processes to optimize our own R&D IT infrastructure
2. Develop new products, features and services that further maximize the energy- and carbon-efficiency of customers' digital operations
3. Identify opportunities to use our technologies to help enable and accelerate emerging solutions to global sustainability challenges such as renewable energy, smart cities and autonomous driving.

“Our customers are setting challenging sustainability goals, such as Science Based Targets, and given where we operate in the technology ecosystem, we believe we are in a strategic position to help them achieve their goals.”

– GREG LAVENDER, SVP and CTO, Cloud Architecture

Inspiring a Culture of Sustainability Innovation

We are channeling our collective ingenuity for global impact by integrating sustainability into innovation programs. Our developers explore ways to use technology in areas like data analysis, Internet of Things (IoT), blockchain, machine learning, and artificial intelligence—to enable emerging solutions to global sustainability challenges, such as climate change.

One example of how our innovation programs are helping us reach our goal of putting important carbon information in the hands of our customers is through our [Carbon Avoidance Meter \(CAM\)](#). CAM, an xLabs innovation project, in our VMware incubator, is currently in development and will make it easy for customers to see carbon scores of their virtualized IT operations and provide recommendations for improvement. Scores and recommendations are based on the analysis of telemetry data captured by VMware Skyline™, a proactive support technology. Ultimately, CAM scores have the potential to encourage energy and carbon reduction and inspire sustainable practices throughout customers' IT operations.



VMware on VMware Innovation

In 2018, VMware corporate IT needed to do a server technology refresh (5-year cycle) in its largest data center. This data center was energy-intensive, with 900 servers, 147 racks and 4,200 VMs. Using multiple VMware products to facilitate the migration, it took one year, but with only four hours of downtime. The new data center was much more efficient with 660 servers, 45 racks, and 2,560 VMs. VMware is saving 1.7 million kWh and 410 metric tons of carbon emissions per year. During the move, a business opportunity presented itself. As a result, VMware is looking at ways to help customers more easily identify idle VMs and hardware to save money, energy and carbon. Data center migrations are complex, but the team's use of several VMware products—vRealize Insight, vMotion, Site Recovery Manager/vSphere Replication—greatly facilitated the process.

When it comes to opportunities to enable and accelerate emerging solutions to global sustainability challenges, we kicked off an exciting innovation initiative to build a microgrid proof-of-concept to sustainably-power our headquarter campus. Driven by the Office of the CTO, we will use this proof-of-concept as a testbed to explore how our virtualization, IoT and blockchain capabilities can help accelerate the emergence of the Smart Grid and decarbonization of our electricity supply.

Accelerating Nonprofits with Tech Pro Bono

Technology has the power to unlock new possibilities for people—and the planet. But not everyone benefits equally or has equal access. Nonprofit organizations in particular are often left behind. We believe tech pro bono—when technology professionals contribute their talents to serving nonprofits—is an invaluable way to bridge the growing digital divide and help nonprofit organizations thrive by increasing the capacity of their technology, processes, and people.

In 2018, VMware Foundation released [Transforming Technology Pro Bono Supplement: A Customer-centric Approach to Discover and Design](#) in collaboration with the Taproot Foundation. This publication expands on [initial research](#) that introduced the Solution Development Framework—a customer-centric approach helping stakeholders discover, design, implement, and maintain technology that makes nonprofits more effective at achieving their missions.

[Studies show](#) that teams who invest in the Discover and Design phases go to market two times faster, experience return on investment of up to 301%, reduce development and testing time by 33%, and experience 50% fewer bugs or defects. By helping pro bono consultants and nonprofit staff in the Discover and Design phases, we aim to maximize the impact of tech pro bono and develop sustainable solutions with nonprofit organizations.

“Working with VMware we hope to strengthen social change organizations so they can continue to tackle big challenges.”

– LINDSAY GRUBER,
President & CEO, Taproot Foundation

VMware invests in on-site solar on our Palo Alto campus as part of our commitment to clean, renewable energy.



Harnessing the power of microgrids

Renewable energy-powered community microgrids revolutionize energy distribution, enabling communities to move away from a centralized distribution model toward independent, energy-resilient, clean-powered local systems.

On November 1, 2018, we announced the development of the first renewable energy-powered microgrid at our headquarters in collaboration with the [City of Palo Alto](#). The project will serve as our innovation lab for new microgrid technologies. Ultimately, our goal is to expand this initial proof of concept into a campus-level community microgrid that can operate cooperatively with the city utility's infrastructure—and become a road map for future efforts.



Investing in the next generation

VMware IT Academy works with a global network of educational institutions to provide students access to high-quality learning certification opportunities and hands-on lab experiences with VMware technologies. We provide a free curriculum and materials, with the goal of helping students jump-start their software careers. In 2018, VMware IT Academy worked with 2,400 institutions in 79 countries and provided 1.3 million free software downloads for educational purposes. And that's just the beginning—we have aggressive growth plans underway to help reach more people of all ages earn the skills they need for jobs of today and of the future.



We Put Sustainability in Reach for our Customers

Our solutions help put customers across the world on track to reach their mission. One of the greatest measurements of our progress and positive impact in this area is the many customer success stories we've heard this year. Here are some of them:



Scaling school IT

Hutto Independent School District, one of the fastest-growing school districts in Texas, needed to modernize its [data center](#) infrastructure and address critical security gaps without increasing its small IT team. The school district leveraged VMware NSX® and VMware AppDefense™ to improve network security with micro-segmentation and protect servers from unknown threats. As a result, the school district is not only safely growing by 300 students per year without increasing IT headcount, it's also saving \$250,000 per year in energy costs.



Feeding more families

Feeding America turned to Rackspace, a VMware cloud provider, to help modernize its food delivery [infrastructure](#). VMware's mobile and cloud technologies 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 50 United States and helped streamline issue resolution so the organization can stay focused on its core mission.



University saves, students reap rewards

Western Carolina University (WCU) is expecting to welcome 5,000 more students over the next five years as a result of a promised \$500 tuition reduction. Using a combination of [VMware solutions](#)—including VMware vSphere®, VMware NSX®, VMware vRealize® Operations, and VMware Horizon®, along with a VMware technical account manager—the university expanded its infrastructure to accommodate the student influx while improving service quality. The university is projected to save \$1.5 million+ in hardware, power, and cooling over 10 years.



Connecting in conflict

The International Committee of the Red Cross (ICRC) is providing aid and humanitarian protection worldwide to people affected by conflict and other crises—a complicated challenge since ICRC staff is located in many different countries, and must connect quickly and securely with each other. Often, ICRC staff does not have on-site IT support. With VMware's vSphere® and NSX® Data Center network virtualization platform, the [ICRC is able to deploy new services to meet the complexity of its infrastructure](#). The ICRC now has more than 1,500 virtual machines in its data center. VMware technology enabled the ICRC to execute its mission with greater ease, accountability, and security.



Bring services to the people

We helped government services through the [Huduma Kenya](#) program take on a digital transformation to modernize old technology and manual systems to make services more efficient and more available to citizens across the country. Using VMware Cloud Foundation™ and VMware Workspace ONE® with Horizon to virtualize and centralize desktops in 52 local Huduma Kenya centers, the team can now serve up to 30,000 citizens daily in 47 countries. From this digital foundation, Huduma Kenya can instantly and virtually deploy new services and updates, eliminating physical travel cost limitations for citizens.



Smooth sailing for modern healthcare

Every year, an average of 1,000 Mercy Ships volunteers from up to 40 nations come together to deliver free, world-class healthcare to people without access in the developing world. In the middle of the ocean, stable IT infrastructure and connectivity are critical for these floating hospitals. Because the ships now run on VMware and Dell technology with Horizon®, VxRail, and Dell Isilon data protection, Mercy Ships has peace of mind knowing its volunteers can focus fully on providing patients with [state-of-the-art, life-changing medical care](#).

Thriving Planet

Aspiring to be at the forefront of sustainable business operations

Joining Forces to Change the World's Relationship with Energy

Changing the way we think about, generate, and use power is a goal far bigger than any one organization can achieve on its own. Thankfully, we're in good company.

This past September, attendees from around the world gathered in San Francisco for the Global Climate Action Summit. At the Summit, VMware and 20 other companies announced the launch of 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. The alliance's declaration is bold: "We need to be held, and hold each other, accountable to rise to the greatest challenge the world has ever seen." And it's one we're proud to stand behind.

"It has been great to watch VMware accelerate their global commitments over the past year, and we congratulate them on reaching their commitment to carbon neutrality ahead of schedule."

— LANCE PIERCE,
President, CDP North America

Going further and faster together

We believe that we can have a bigger impact by collaborating and partnering with those with shared values and goals and strengths that complement our own, across geographies and cultures.

Partnerships and affiliations:

- Founding member and on the board of The Renewable Energy Buyers Alliance (REBA), whose mission is a resilient zero-carbon energy system where every organization has a viable, expedient, and cost-effective pathway to renewable energy
- Signatory to RE100, a global collaborative representing businesses committed to using 100% renewable electricity in partnership with the Climate Group and CDP (formerly the Carbon Disclosure Project)
- Member of We Mean Business, a global nonprofit coalition working with the world's most influential businesses to take action on climate change
- Member of the World Economic Forum



Protecting our trees

With more than 3,300 trees on the Palo Alto VMware campus, we're committed to preserving the vitality of our forest. Last January, we received the Arnold Sofenko Award from Canopy—a Palo Alto-based nonprofit dedicated to growing the urban tree canopy—for creating Palo Alto's first comprehensive, corporate campus tree-management plan. A plan that provides and guides sustainable urban forestry practices on campus for the next 20-plus years.

In November 2018, we announced that we reached carbon neutrality two years ahead of our 2020 goal, achieving **CarbonNeutral® Company certification** in accordance with the CarbonNeutral® Protocol.



Operations Meets Responsibility

While we can't tackle climate change alone, we know that our part starts within our walls—literally. We're committed to green building practices and are currently operating in 15 LEED®-certified buildings, including two with LEED® Platinum certifications—one at our office in Bangalore, India, and one at our data center in Washington state. In 2018, we certified our first facility in China.

But it's not just where we work—it's *how* we work. In November, we announced that we [reached carbon neutrality across our global operations](#) two years ahead of our 2020 goal, achieving CarbonNeutral® Company certification in accordance with the CarbonNeutral® Protocol. We were able to make such accelerated progress through a combination of energy-efficiency initiatives, renewable energy projects, and by financing low-carbon, sustainable development projects, including the Ecofiltro project in Guatemala. We powered 94% of our electricity through renewable energy sources, and we're on track to reach 100% by 2020. This is a significant step toward fulfilling our commitment to long-term sustainability and global impact, and transparently managing our environmental footprint.

Tackling global issues at the local level

As we do the challenging work of decarbonizing our operations through energy efficiency, renewable energy and supply chain engagement, we wanted to accelerate our global impact. To do so, we turned to carbon finance.

In Guatemala, we partnered with Ecofiltro to equip rural communities with efficient cookstoves and water filters. This is important because in Guatemala, 97% of water sources are contaminated, leading to the death of one in 20 children before the age of five. While boiling the water on wood-burning stoves makes it potable, this contributes to deforestation.

The water filter project enables Guatemalans to purchase clay water filters and clean-energy cookstoves. These technologies provide families with a vital source for clean drinking water and a replacement for their wood. The result? A positive ripple effect to the local environment and the health of the community. The reduced deforestation that results from this project also has the co-benefit of reducing carbon dioxide emissions in quantities equivalent to VMware's emissions associated with our office operations and employee travel. This helped us achieve carbon neutrality ahead of our 2020 goal.

As a CarbonNeutral® Company, we look forward to continuing our support of [low carbon sustainable development projects](#) around the world. Just one of the ways we collaborate to get at the root of global issues.



Sara prepares fresh tortillas on her clean cookstove installed by the VMware team in rural Guatemala.

Earth Day art installation in Palo Alto by Angela Pozzi, Founder of Washed Ashore, a non-profit focused on eliminating plastic from our oceans.



Bringing the sustainability message home

Our people are our greatest source of power. At VMware, we tap into that power through an always-learning mindset and by providing new opportunities for our employees to connect, engage, and grow.

Our 2018 Earth Day campaign, “CTRL+ALT+Delete,” represents this spirit in action. Focused on drastically reducing the environmental harm caused by single-use plastics, the campaign educated and inspired employees to practice more sustainable actions both at home and at work.

We held 18 Earth Day events across the globe—300% more than in 2017. As a result, we’ve effectively eliminated nearly all single-use plastics across our global sites. Through engagements like these, we continue to draw our people together and tap their power to create positive change.

Pathway to Low Carbon Growth

Developing science-based targets (SBTs) for Scopes 1, 2, and 3 greenhouse gas emissions continued to be a focus as we work toward SBTi approval by 2020. This effort has helped us embed our work more deeply within the organization—particularly in procurement. In 2018, we invited our top suppliers to respond to the CDP supply chain questionnaires for the first time. Their responses help us track greenhouse gas emissions and associated risks that impact our global supply chain. We achieved a best-in-class response rate of 95% in our first year. Each year, we expand the supplier list to further our reach and are planning to set an SBT for our suppliers.

VMware increased our global consumption of renewable energy from **77% in 2017 to 94% in 2018**, and we are well on our way toward our 100% goal.

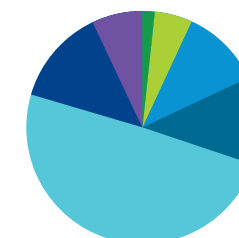
As part of our science-based target setting process, we have now measured our entire Scope 3 footprint and are disclosing those emissions for the first time. This process has been pivotal in understanding our impact and has resulted in deepening our engagement with our suppliers to address emissions related to purchased goods and services. We believe that transparency and disclosure are key to making progress for ourselves and our peers. In relation to our existing goals, in 2018, we achieved a 38% decrease in our emissions intensity over the prior year—alongside 14% revenue growth. Cumulatively, this is a 63% decrease from our base year, surpassing our 10% reduction goal. As in years past, this proves that we can decouple revenue growth from emissions. Please see our [CDP Report](#) to learn more.

Sustainable IT operations

Since the beginning of FY19, our Global Print program has been helping us lower our environmental impact. The VMware Global Print program allowed us to reduce the number of print servers from 83 to just 16—which increases the efficiency 5x by cutting the power consumption from 207,000 kWh to 40,000 kWh. The decrease helps us save 137 tons of CO₂, the equal of 146 acres of forest. And because employees must now log into the printer with their badge before the document is released, we eliminated unclaimed documents left on the printer, saving 45 trees, 572,000 liters of water, 89,000 kWh of power, and 812 kg of CO₂ emissions in FY19.

VMWARE'S 2018 CARBON FOOTPRINT

397,907
METRIC TONS OF CO₂E



SCOPE 1
Direct Fuel-Based Consumption
4,454 MT CO₂e

SCOPE 2
Purchased Electricity
15,237 MT CO₂e

SCOPE 3
Business Travel
58,081 MT CO₂e

SCOPE 3
Employee Commuting
42,653 MT CO₂e

SCOPE 3
Purchased Goods & Services
204,427 MT CO₂e

SCOPE 3
Capital Goods
49,050 MT CO₂e

SCOPE 3
Other*
23,912 MT CO₂e



*Scope 3 - other includes the following Scope 3 categories: Fuel & Energy Related Activities, Upstream Transportation & Distribution, Upstream Leased Assets, and Waste Generated in Operations. Details can be found in our CDP Report.

Empowered People

Aspiring to build an inclusive and diverse environment where people give more than they take



The Power of Human Difference

Each VMware employee is a change agent, and by 2020, we're committed to creating a vibrant employee experience and culture where everyone can thrive.

Over the past five years, our path toward a more diverse and inclusive workplace has evolved from our goal of supporting and increasing representation of women to a more intersectional program for all employees—and we're still learning and iterating. We take an agile approach to diversity and inclusion, testing research against practical application in order to evolve our programs, tools, and policies in a way that drives change both in our organization and across the technology industry.

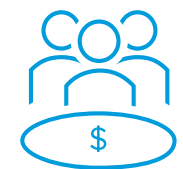
There isn't a quick fix. Building a more diverse workforce is a journey. To create systemic change, we must remain transparent and accountable and work together with our industry partners. So, in 2016, we made a commitment to share our diversity metrics. In addition to our [recent data](#), we've discovered key lessons along the way:

1. We need to make D&I our DNA—starting at the top

In 2016, we launched VMinclusion, our corporate-wide D&I initiative, with the sponsorship of VMware CEO Pat Gelsinger and Chief People Officer Betsy Sutter. VMinclusion is focused on business ownership and accountability—and based on metrics and results. We learned that we need to be specific and intentional about our inclusion actions, so we launched an Inclusion Pilot Survey to help leaders identify opportunities within their businesses. All of our VPs now have clear D&I goals.

Everyone at VMware plays a role. The D&I mindset has to be part of how we do business. We've embedded D&I in our Leadership Code, which is our internal "operating system." It affects the way we evaluate talent, from who we hire to who we reward. This mindset is catching on, but we know a true shift will take time.

Each VMware employee is a **change agent**, and we're committed to creating a culture where everyone can thrive.



99%

VMWARE WOMEN EARN 99% OF THEIR MALE COUNTERPARTS' SALARY GLOBALLY

100%

RACIAL AND ETHNIC MINORITY VMWARE EMPLOYEES EARN 100% OF THEIR WHITE COUNTERPARTS IN THE U.S.



“Stanford University has launched the VMware Women’s Leadership Innovation Lab, an ambitious research and collaboration initiative that seeks to permanently close the gender divide in the workplace.”

— SHELLEY CORRELL, Director,
VMware Women’s Leadership Innovation Lab



Power of Difference (POD) Leaders gather for their annual D&I summit.

2. Effective listening must be open, safe, and ongoing

Even the best of goals can be undermined by unconscious bias. That’s why we’re committed to empowering VMware people to lead with inclusive behavior and block bias.

Through five years of unconscious bias education and peer mentoring programs, we’ve developed a common language for talking about inclusive workplaces. We’re building on this foundation with our employee-driven Power of Difference communities (PODs). There are PODs for site-specific locations as well as PODs designed to strengthen networks for women and underrepresented groups. PODs are open to anyone in the company and designed to help participants grow as leaders, engage with different communities, and drive business impact.

To offer support and guidance, our executives engage POD members to better understand what is top of mind for their communities (not only the good stuff, but also the uncomfortable conversations around our mistakes). These conversations have resulted in many learning moments, both professional and personal, and help to better align POD strategy to our business.

3. Our culture is not inclusive until everyone feels included

Diversity and inclusion is an equation: Diversity + Inclusion = Positive Business Impact. We must focus on both to see lasting impact—a truth that became obvious through our Inclusion Pilot Survey.

While we had fairly high inclusion scores overall, we found that many of our underrepresented groups experienced our culture differently than our majority groups. Some groups were also too small to be represented in the data. We need to continue to build our representation of women and diverse groups, along with a culture of trust and safety, so that everyone feels comfortable sharing honest feedback.

As we continue to increase our efforts and set higher goals, we must hold ourselves accountable and continue to build alignment across VMware and the broader technology ecosystem.



96%

OF OUR INCLUSIVE SURVEY
PILOT PARTICIPANTS SUPPORT
D&I AS A COMPANY PRIORITY



26

GLOBAL PODS
ACROSS VMWARE

700+

EMPLOYEES PARTICIPATED IN VOICE
AND INFLUENCE PEER MENTORING,
WITH 97% SEEING THEMSELVES AS
LEADERS UPON COMPLETION

65%

OF EMPLOYEES HAVE
COMPLETED UNCONSCIOUS
BIAS TRAINING

84%

OF EMPLOYEES ACTIVE
IN THEIR COMMUNITIES
THROUGH VMWARE
FOUNDATION PROGRAMS



8,484

NONPROFITS IN 96 COUNTRIES
SUPPORTED THROUGH
VMWARE FOUNDATION
PROGRAMS

“Wanting to change the world is easy, but actually making a difference can be much harder. A heart for service comes through introspection. Those of us who channel our passions and our gifts towards service greatly maximize the impact we can have through our service. If we all focus on some of the tactical ways we can change our “corners of the world”, we can together move towards the larger strategy of changing the whole world for the better.”

— VIVIAN,
VMware Staff Solution Engineer

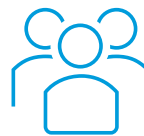
Fueling a Community of Changemakers

At VMware, we pride ourselves on pushing the edge of innovation. VMware Foundation is no different. From the very beginning, Citizen Philanthropy has been our unique approach to giving.





We know that the world’s most pressing challenges are complex and interconnected and must be addressed through a systems-thinking approach. As such, our focus is not on a singular social issue, but on mobilizing all individuals at VMware to be active and engaged in their own communities. Our collective impact is the direct result of VMware people being inspired and engaged to take action in their communities from Service Learning, to Good Gigs Projects, to Giving Networks.

At the heart of the Foundation is our Service Learning program, which provides 40 paid hours to employees around the world to contribute their time and talents to the community. We intentionally call this program “Service Learning” because we believe that when you serve with a mindset to learn, there is a powerful, two-way exchange of value.

Citizen Philanthropy is about empowering employees to choose where our company’s charitable contributions go. It’s about learning and growing through service. It’s about the combined impact of our time, talent, and resources to create networks of giving. And it’s about seeing that our individual actions add up to big change. Last year, more than 20,000 VMware employees supported 8,484 nonprofits in 96 countries.



VMware Foundation programs

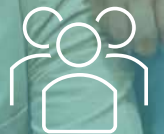
-  Service Learning program strengthens communities with 40 paid hours each year for VMware employees to contribute their skills and talents.
-  Matching Gift program matches VMware employees’ charitable donations from USD \$31.41 to \$3,141.59 annually.
-  Milestone Awards program celebrates VMware employee service with employee-led donations at Day 1, Year 12, and Year 16.
-  Good Gigs program invests in VMware employees’ leadership development through pro bono Service Learning.

VMware team in APJ gives back to the community through Service Learning activities.



Good Gigs Projects

In May 2018, the VMware Foundation launched Good Gigs Projects, a program that invites VMware people to apply their pro bono talents to co-create a sustainable solution with a nonprofit of their choice, enabling the technology, processes, and people it needs to thrive. Good Gigs Projects leverages [Transforming Technology Pro Bono](#) as the theoretical framework for the program and serves as a leadership development opportunity for employees to embody [VMware’s Leadership Code](#).



Governance & Policy

Our approach to governance and ethics is rooted in our EPIC₂ values. With integrity at the heart, we strive to be bold yet humble, competitive yet fair, and decisive yet respectful. We build and protect trusted relationships with our customers, partners, shareholders, and our people.

We are dedicated to upholding privacy and security, protecting our customers, maintaining compliance in the cloud, and acting and partnering with integrity.

Privacy notices and cross-border data transfers

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. For further information view the [FAQ](#)

Continued commitment to privacy

We continue to invest in our commitment to privacy by creating two new leadership positions, tasked with driving our privacy strategy and enabling VMware to proactively respond to the evolving regulatory landscape. Our Chief Privacy Officer will work across the business to lead the operationalization of our global privacy program. In addition, VMware's Global Legal Lead for Privacy spearheads our global privacy-legal team and is responsible for advising on privacy laws and regulations affecting our business.

For more information about our governance, refer to pages 46–52 of our [2015 report](#).

Awards in 2018



In celebration of VMware's 20th anniversary, renowned sculptor, Dan Winterich, created "Approach", an art installation for VMware's headquarters in Palo Alto.

"We are known for beautiful software that enables computing to be truly fluid and flexible, and this beautiful piece is intended for people to interact with and enjoy, much in the way our products are enjoyed and appreciated by our customers and partners."

— Betsy Sutter, Corporate Senior VP and Chief People Officer



ESG PERFORMANCE SUMMARY

Fiscal Year 2019 (FY19)

| PRODUCT | 2018 (FY19) |
|---|---------------------------------------|
| Revenue | \$8,974 million |
| Greenhouse Gas (GHG) Emissions avoided by VMware products | 91,000,000 MT CO ₂ |
| Worldwide Patents and Applications | 5,807 |
| PLANET | 2018 (FY19) |
| Energy & Climate Change | |
| GHG emissions ¹ | 120,425 MT CO ₂ e |
| Scope 1: Direct emissions from owned/controlled operations | 4,454 MT CO ₂ e |
| Scope 2: Indirect emissions from the use of purchased electricity (market-based) ² | 15,237 MT CO ₂ e |
| Scope 3: Business air travel | 58,081 MT CO ₂ e |
| Scope 3: Employee commuting ³ | 42,653 MT CO ₂ e |
| Scope 3: Purchased Goods & Services | 204,427 MT CO ₂ e |
| Scope 3: Capital Goods | 49,050 MT CO ₂ e |
| Scope 3: Other [same footnote as the one beside footprint graphic] | 23,912 MT CO ₂ e |
| Scope 2: Indirect emissions from the use of purchased electricity (location-based) | 67,524 MT CO ₂ e |
| GHG emissions intensity revenue metric ⁴ | 1.70 MT CO ₂ e/revenue |
| GHG emissions intensity employee metric ⁵ | 2.79 MT CO ₂ e/employee |
| GHG emissions intensity square footage metric ⁶ | 4.14 MT CO ₂ e/1,000 SQ FT |
| Energy Use | |
| Electricity purchased | 139,798 MWh |
| Total renewable energy purchased | 131,607 MWh |
| Total Energy Attribute Credits (EACs) purchased | 46,257 MWh |
| Renewable energy purchased (excluding EACs) | 85,350 MWh |
| Percentage of renewable energy globally | 94% |
| LEED® certifications | 15 |
| Percentage of square footage in green building certified space ⁷ | 41% |
| Wenatchee Data Center Power Usage Effectiveness (PUE) | 1.27 |
| Portfolio Square Footage | 4,759 (in thousands) |
| Waste | |
| Waste generation (tons) | 1030 |
| Recycling (tons) | 390 |
| Compost (tons) | 565 |
| Landfill (tons) | 75 |
| Landfill diversion rate | 93% |
| Waste programs implemented (as a percent of global square footage) | 52% |
| Water | |
| Water consumed | 129M gallons |
| Water consumption coverage (as a percent of global square footage) | 68% |
| Suppliers | |
| Diverse supplier spend within the US | \$165,000,000 |
| Environmental Compliance | |
| Environmental Violations | 0 |
| Environmental Fines | \$0 |

| PEOPLE | 2018 (FY19) |
|--|---------------------------|
| Employees | |
| Number of employees | 24,200 |
| Regional employees (AMER %) | 48% all regular employees |
| Regional employees (APJ %) | 33% all regular employees |
| Regional employees (EMEA %) | 18% all regular employees |
| Global gender diversity | 24.7% female |
| Regional gender diversity, AMER | 26.0% female |
| Regional gender diversity, APJ | 23.5% female |
| Regional gender diversity, EMEA | 23.3% female |
| Regular employees under 30 years old | 17.9% |
| Regular employees 30-50 years old | 70.7% |
| Regular employees over 50 years old | 11.4% |
| Total New Hires - under 30 years old | 32% |
| Total New Hires - 30-50 years old | 60% |
| Total New Hires - over 50 years old | 8% |
| US - African-American/Black | 3.0% |
| US - Asian | 33.8% |
| US - Caucasian/White | 55.6% |
| US - Hispanic/Latino | 5.5% |
| US - Native American/Alaska Native | < 1% |
| US - Native Hawaiian/Pacific Islander | <1% |
| US - Two or more races | 1.7% |
| Differently abled (US) | 1.8% |
| LGBTQ (Global) | 2.0% |
| Veterans (US) | 5.6% |
| Employees in professional development programs | 12,741 |
| R&D technical courses completed | 10,854 |
| Business Conduct Guidelines training completed | 100% |
| Employee engagement ⁸ | 80% |
| Employee Net Promoter Score (NPS) ⁹ | 60 |
| Injury rates | 0 |
| Fatalities | 0 |
| Community | |
| Total VMware Foundation grants | \$25,045,000 |
| VMware matching gifts (included in total above) | \$3,847,000 |
| Employee service learning | 97,645 hrs |
| Employees who participated in charitable activities | 20,057 |
| Employees who participated in charitable activities | 84% |
| Global nonprofits supported | 8,484 |
| Total VMware University Research Fund (VMURF) grants ¹⁰ | \$5,932,000 |
| Public Policy & Governance | |
| Company political contributions | \$0 |
| VMware PAC contributions ¹¹ | \$65,500 |
| Board of Directors gender diversity | 13% female |

| Description | Page number (s) or URL / Direct Answer |
|--|---|
| GRI 101: FOUNDATION 2018 | |
| GRI 102: GENERAL DISCLOSURES 2018 | |
| ORGANIZATIONAL PROFILE | |
| 102-1 | Name of the organization VMware, Inc. |
| 102-2 | Primary brands, products, and services VMware 2018 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 2018 Form 10-K |
| 102-6 | Markets served VMware 2018 Form 10-K |
| 102-7 | Scale of the organization VMware 2018 Form 10-K |
| 102-8 | Information on employees and other workers VMware Global Impact Report 2018, Performance Summary |
| 102-9 | Supply chain VMware's supply chain consists of approximately 7,000 total suppliers with approximately 200 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. In 2018, we had a 95% response rate. This initiative is supporting our progress toward achieving our 2020 procurement goals. |
| 102-10 | Significant changes to the organization and its supply chain VMware 2018 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 2019 CDP Climate Change Information Request, Section C2.2 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 2019 CDP Response, Section C11.2. 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 2019 CDP Climate Change Information Request, Section C12.3 for details. |
| STRATEGY | |
| 102-14 | Statement from senior decision-maker VMware Global Impact Report 2018, Letters from the CEO and CPO, Pat Gelsinger and Betsy Sutter respectively. |
| 102-15 | Key impacts, risks, and opportunities VMware Global Impact Report 2018, 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 VMware Ethics Hotline |
| GOVERNANCE | |
| 102-18 | Governance structure VMware Governance Structure |
| 102-19 | Delegating authority In conjunction with formalizing our Corporate Sustainability Strategy in 2015, we established a Sustainability Technical Advisory Committee and Executive Sustainability Council to provide insight and oversight, and to drive cross-company initiatives. |

| GOVERNANCE CONTINUED | | |
|-----------------------------|---|---|
| 102-20 | Executive-level responsibility for economic, environmental, and social topics | Our Corporate Sustainability Strategy is led by our Vice President of Sustainability Strategy, Nicola Acutt. |
| 102-21 | Consulting stakeholders on economic, environmental, and social topics | VMware Global Impact Report 2015, Governance (p.51) |
| 102-22 | Composition of the highest governance body and its committees | VMware Governance Structure |
| 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. Learn more about our chair here . |
| 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. Read about our highest governance body here . |
| 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 | VMware CDP Climate Change Questionnaire 2019; Section C2.2b |
| 102-30 | Effectiveness of risk management processes | Corporate Governance Guidelines |
| 102-31 | Review of economic, environmental, and social topics | VMware CDP Climate Change Questionnaire 2019; 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 | 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. |

| 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 to inform our strategy and initial materiality assessment. We collaborated with internal stakeholders through interviews and global focus groups and 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 ecoefficiency, and human and social capital. VMware Global Impact Report 2015, Materiality Assessment |
| REPORTING PRACTICE | | |
| 102-45 | Entities included in the consolidated financial statements | VMware 2018 Form 10-K |
| 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 1, 2018 - January 31, 2019 |
| 102-51 | Date of most recent report | August 1, 2018 |
| 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 Apex (Apex acquired the Health, Safety, and Environmental division of Bureau Veritas North America during the completion of this work) as an independent third party to review our FY19 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 2017 | | |
|--|--|--|
| 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, 2017, and 2018. |
| 103-2 | The management approach and its components | |
| 103-3 | Evaluation of the management approach | |
| GRI 201: ECONOMIC PERFORMANCE | | |
| 201-1 | Direct economic value generated and distributed | VMware 2018 Form 10-K |
| GRI 302: ENERGY | | |
| 302-1 | Energy consumption within the organization | VMware Global Impact Report 2018, Performance Summary Omission: VMware does not collect the following data: electricity sold, heating sold, heating consumption, cooling consumption and steam consumption. |
| 302-3 | Energy intensity | 29 kWh/square foot |
| 302-4 | Reduction of energy consumption | VMware CDP Climate Change Questionnaire 2019; Section C4.3 |
| GRI 303: WATER | | |
| 303-1 | Water withdrawal by source | 92,687,352 gallons (64% of our global real estate portfolio) Omission: VMware does not measure water withdrawal separately across sources. |
| GRI 305: EMISSIONS | | |
| 305-1 | Direct (Scope 1) GHG emissions | VMware Global Impact Report 2018, Performance Summary |
| 305-2 | Energy indirect (Scope 2) GHG emissions | VMware Global Impact Report 2018, Performance Summary |
| 305-3 | Other indirect (Scope 3) GHG emissions | VMware Global Impact Report 2018, Performance Summary |
| 305-4 | GHG emissions intensity | VMware Global Impact Report 2018, Performance Summary |
| 305-5 | Reduction of GHG emissions | In 2018, VMware reduced its Scope 1 and 2 emissions intensity by 38% compared to 2017. |
| GRI 401: EMPLOYMENT | | |
| 401-1 | New employee hires and employee turnover | VMware Global Impact Report 2018, Performance Summary |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | https://careers.vmware.com/benefits |
| GRI 404: TRAINING AND EDUCATION | | |
| 404-1 | Average hours of training per year per employee | VMware Global Impact Report 2018, Performance Summary Omission: VMware does not measure the rate of employee turnover by age group, gender or region. |
| 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 2018, Performance Summary In addition to what was reported in the performance summary, 5,061 employees participated in external training. |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Omission: In 2016, we moved from static performance ratings and lengthy annual reviews to more regular manager and employee conversations, and 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 | | |
| 405-1 | Diversity of governance bodies and employees | VMware Global Impact Report 2018, Performance Summary |
| 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 PRIVACY | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | VMware Global Impact Report 2018, Governance |

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 CDP 2019 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. Based on VMware's Voice of VMware annual survey participation.
9. 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>.
10. The VMware University Research Fund (VMURF) supports academic research in an effort to give back to the research community that 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 covers a variety of research areas, including systems, storage, networking, machine learning, IoT, and other timely topics.
11. 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.



Service Learning event in Cork

Our definition: Leave ahead

[lɛv/ 'hed] | *verb*:

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