

Smart Impact

Environmental
Social and
Governance
Report **2023**

vmware®

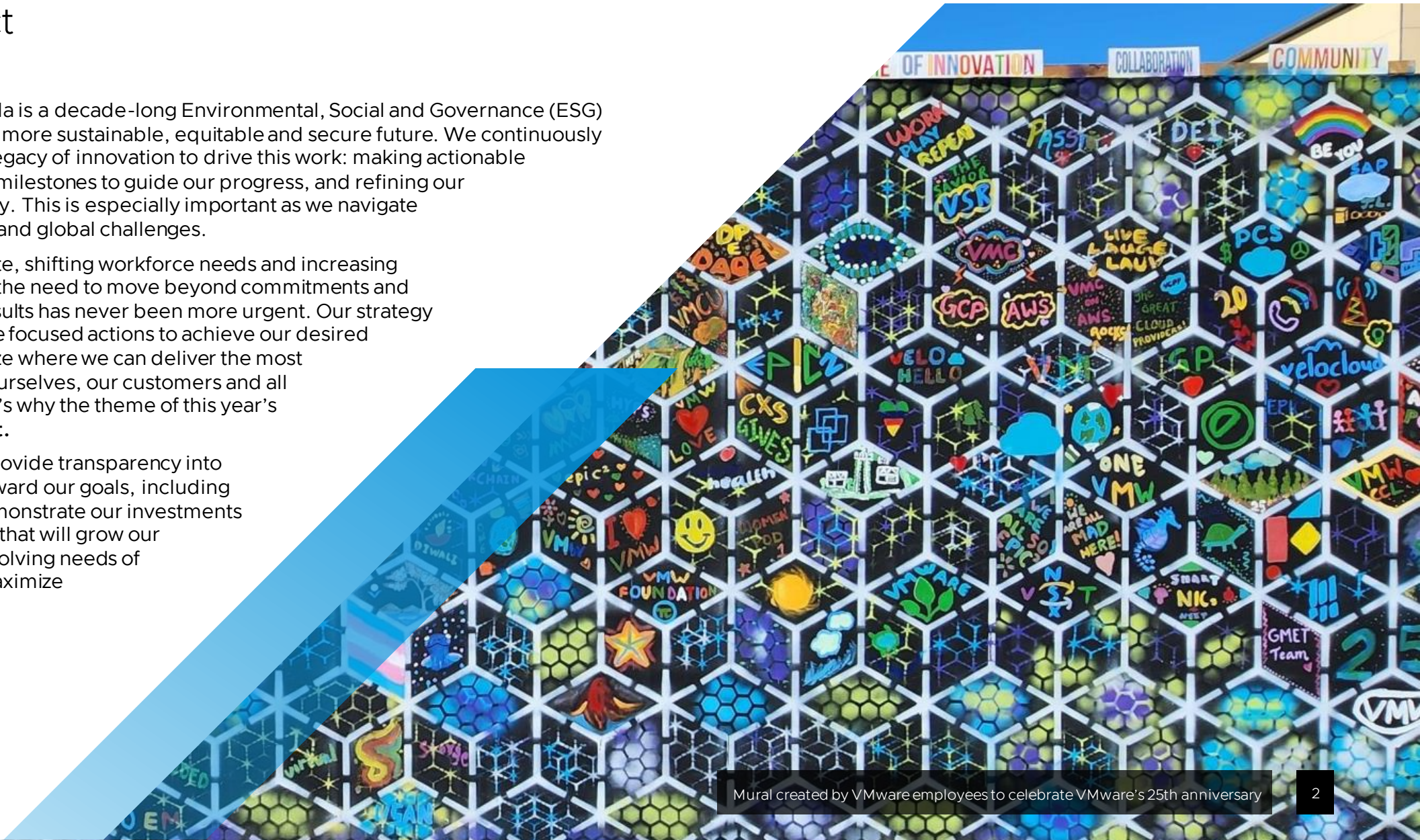


Smart Impact

VMware's 2030 Agenda is a decade-long Environmental, Social and Governance (ESG) commitment to build a more sustainable, equitable and secure future. We continuously leverage our 25-year legacy of innovation to drive this work: making actionable commitments, setting milestones to guide our progress, and refining our approach along the way. This is especially important as we navigate persistent uncertainty and global challenges.

Amid a warming climate, shifting workforce needs and increasing cybersecurity threats, the need to move beyond commitments and deliver measurable results has never been more urgent. Our strategy requires smarter, more focused actions to achieve our desired outcomes. We prioritize where we can deliver the most significant results for ourselves, our customers and all our stakeholders. That's why the theme of this year's report is **Smart Impact**.

The following pages provide transparency into VMware's progress toward our goals, including data and stories to demonstrate our investments in smart opportunities that will grow our resiliency, meet the evolving needs of our customers, and maximize our impact.



About This Report

Reporting Period

This report covers VMware, Inc. and our subsidiaries (referred to as VMware or the Company) for the 2023 fiscal year (January 29, 2022, to February 3, 2023), also referred to as fiscal year 2023 (FY23). References in this report to 2022 refer to calendar year 2022, which is largely included within fiscal year 2023.

Assurance

VMware is responsible for the preparation and integrity of the information in this report. VMware engaged Apex Companies LLC (Apex) as an independent third party to review our fiscal year 2023 greenhouse gas (GHG) inventory and energy consumption and received limited assurance of its accuracy and completeness. The scope of this review, contained in this report, includes global Scope 1 and Scope 2 GHG emissions, Scope 1 and Scope 2 energy consumption, and Scope 3 GHG emissions related to business travel and employee commuting. The rest of this report has not been externally assured by an independent third party. Please see our [third-party assurance letter](#) by Apex for more information.

ESG Double-materiality Assessment

Our last ESG double-materiality assessment was completed in fiscal year 2020, consistent with current double-materiality assessment practices. We conducted a comprehensive review of our stakeholder ecosystem, including executives, employees and customers, to narrow our focus on what ESG issues matter most for VMware. We assessed topics based on their impact on the environment, to society and to enterprise value, with consideration for ESG reporting frameworks and ESG topics identified by our industry peers. Based on this assessment, we developed and finalized our 2030 Agenda.

ESG Data Frameworks and Standards

This report was prepared with consideration of ESG data frameworks and standards, including the Global Reporting Initiative (GRI) 2016, the Sustainability Accounting Standards Board (SASB), the Greenhouse Gas Protocol, the Principles of the United Nations Global Compact (UNGC), the United Nations Sustainable Development Goals (UN SDGs), and the Task Force on Climate-related Financial Disclosures (TCFD). We plan to continue to enhance our reporting as part of our commitment to transparency and progress toward our goals. Please refer to the ESG Data section on [page 55](#) for a listing of where disclosures can be found in VMware's publicly available filings.

About VMware

VMware is a leading provider of multi-cloud services for all apps, enabling digital innovation with enterprise control. As a trusted foundation to accelerate innovation, VMware software gives businesses the flexibility and choice they need to build the future. Headquartered in Palo Alto, California, VMware is committed to building a better future through the Company's 2030 Agenda. For more information, please visit vmware.com/company.

Cover Story: Vasa Cubes

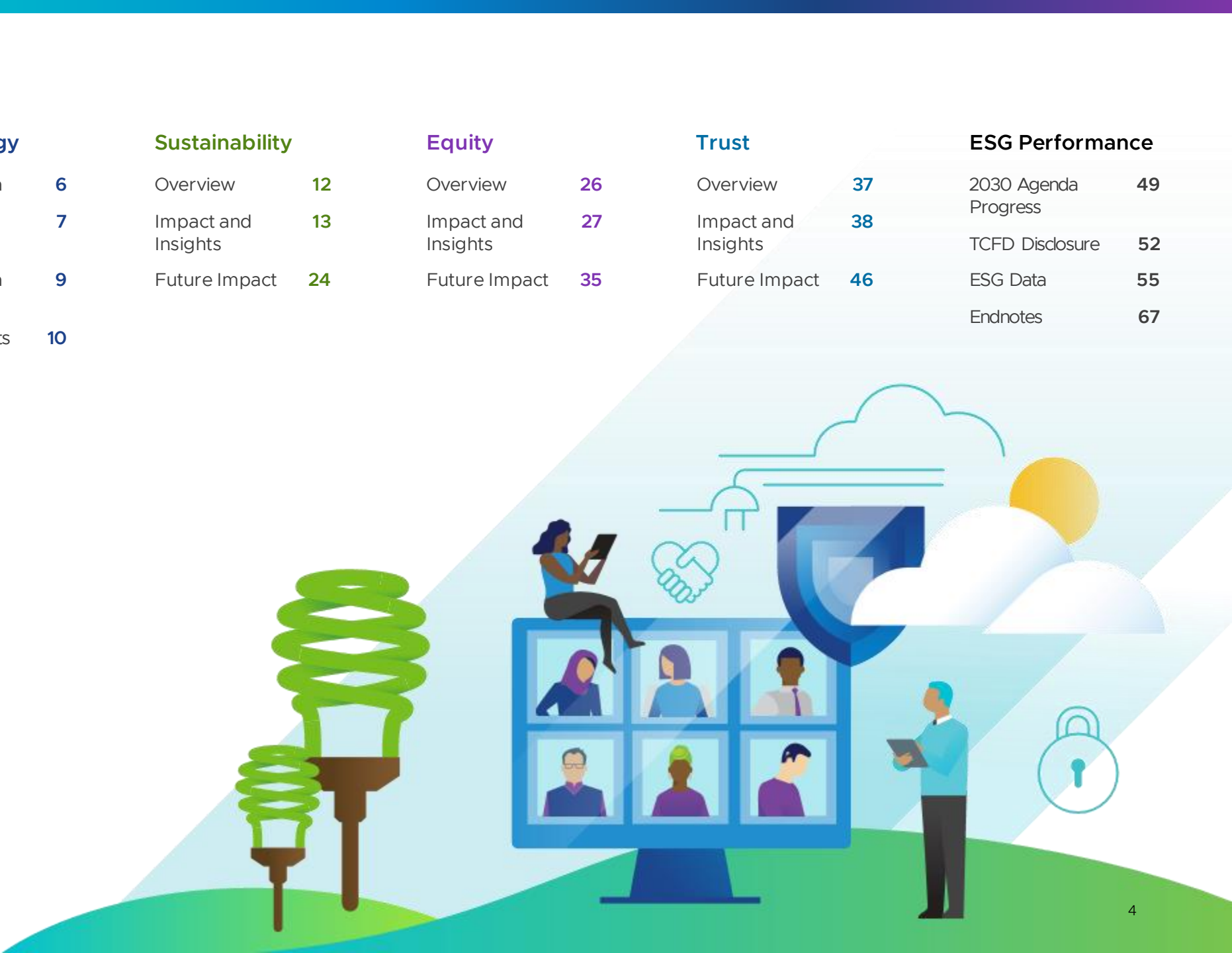


The set of three vibrant cubes was created by sculptor Vasa Mihich. Known for seeing a different color based on the angle of viewing, VMware has long seen the cubes as a representation of virtualization as well as an homage to the three interlocking cubes in the Company's original logo. Over time, VMware developed a tradition of awarding a trio of Vasa cubes to celebrate employee anniversaries.

Additionally, the Vasa cubes are a symbol for the theme of this year's ESG Report: "Smart Impact." Their ever-changing appearance represents the constantly evolving global landscape, their transparency reflects our commitment to sharing the progress made toward our goals, and each cube represents the focus on our three 2030 Agenda outcomes of Sustainability, Equity and Trust.

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ESG Strategy



2030 Agenda

The 2030 Agenda is VMware's ESG strategy to decarbonize digital infrastructures, increase equitable access to opportunities through distributed workforce technology, and earn trust with enhanced security and transparency. It consists of 30 cross-company goals that align to three key outcomes: sustainability, equity and trust. This focus on outcomes is intentional and crucial to our goal-oriented and stakeholder-driven approach to ESG.

At VMware, we believe that every product we engineer, every customer we support, and every employee we empower brings us one step closer to a more sustainable, equitable and secure future. Throughout our journey, we have continually pushed ourselves to implement a smarter, system-wide approach while staying true to our core intent of growing our own resiliency while serving the needs of our customers.

As a provider of critical digital infrastructure to companies around the world, we also recognize that our business is interdependent with the interests of our stakeholders—employees, customers, suppliers, stockholders and the broader communities we are part of and serve. In this complex and interconnected world, the 2030 Agenda is a compass that guides our actions toward collective outcomes of **sustainability**, **equity** and **trust**.



ESG Strategy Development and Alignment

When VMware designed the 2030 Agenda, we took a holistic, double-materiality approach that included peer benchmarking, feedback from investors and customers, and best practices from experts that helped us better understand industry-specific risks and opportunities. We prioritized topics based on their potential impact to our core business—whether financial, reputational or market-based—and how those topics affect our stakeholders.

Our 2030 Agenda was also inspired by leading ESG reporting frameworks, including the United Nations Global Compact (UNGC) principles and United Nations Sustainable Development Goals (UN SDGs). Our 2030 Agenda outcomes of sustainability, equity and trust align to specific SDGs that we believe VMware can contribute to more meaningfully with our partners.

Sustainability



Equity



Trust



Raghu Raghuram, Chief Executive Officer



This year, VMware celebrated a significant milestone for any company: our 25th anniversary. Founded in 1998 by five forward-thinking technologists who pioneered x86 virtualization, VMware has built a business based on continuous innovation

and influenced countless changes in the IT industry. Today, we help customers accelerate their digital transformation in the multi-cloud era—the distributed, heterogeneous world of applications and users across public and private clouds, data centers, and the edge that powers enterprises globally.

The Journey to Cloud Smart

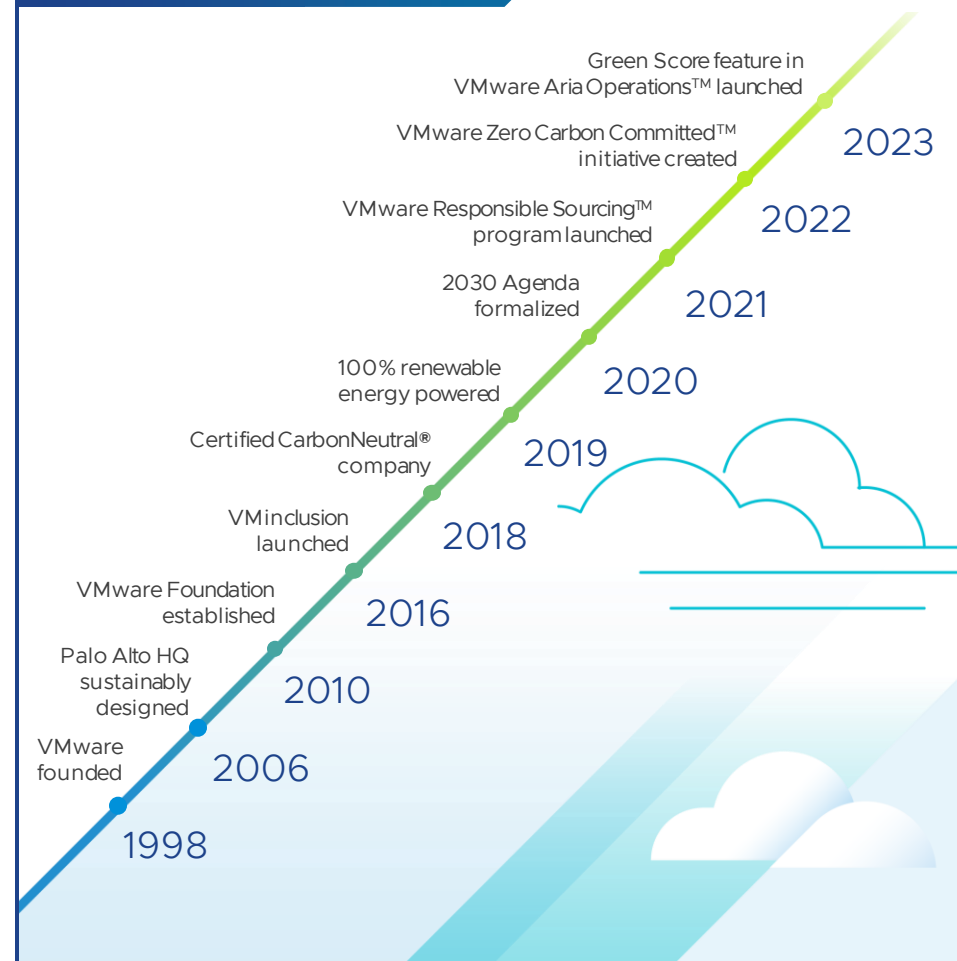
In my conversations with customers about multi-cloud, they describe a journey from early adoption to digital acceleration, achieving what we call a cloud-smart mindset—a more sophisticated, mature approach that empowers enterprises to select the right cloud for the right application at the right moment. This flexibility is what's needed to stay ahead of the competition and meet the evolving needs of their businesses—everything from optimizing and securing digital infrastructure to empowering talent in a distributed workforce with the best technology. It's also what's needed to navigate a dynamic landscape that includes ongoing economic uncertainty, climate change, complex cybersecurity threats, and the rise of generative AI.

As these new demands weigh on our customers, VMware is constantly developing solutions to meet their needs. Delivering value to customers and building a more sustainable, equitable and secure future go hand in hand. That's why our business strategy and our ESG strategy are so closely aligned.

VMware is committed to building business resilience and maximizing impact for both our customers and our own company. We are engineering a more sustainable multi-cloud that helps customers meet their environmental goals, supports their diverse and distributed workforce, and protects them with a more secure, privacy-aware digital infrastructure. At the same time, we are reducing our emissions footprint toward achieving net zero, creating an inclusive culture to attract and retain talent, and embodying responsible business practices to be a trusted supplier.

ESG is a competitive advantage for VMware that will define our future as surely as virtualization defined our beginnings. Because in the multi-cloud era, empowering digital innovation and building a more sustainable, equitable and secure world are the same goals.

25 Years of Impact



Nicola Acutt, Chief Sustainability Officer



When faced with uncertainty, organizations often face a choice: retreat and protect what they know, or boldly pursue the opportunity that exists in every unknown. At VMware, there's no choice to make. We have always taken the path of invention and innovation. This mindset drives everything we do—including and especially our ESG agenda.

There's no question that we find ourselves at a pivotal moment. Geopolitical instability, climate disasters, data privacy concerns, increased polarization, emerging regulations, and fragmented reporting standards have made ESG more essential and more difficult to accomplish. Meanwhile, advancements in AI and machine learning provide us with an unmistakable opportunity to bake sustainability, equity, and trust into our shared and rapidly growing digital future.

If we're going to successfully navigate these challenges and capture these opportunities, we can't be complacent. We must continue to innovate and find smarter ways to accomplish our long-term aspirations.

VMware's Journey to Smart Impact

In 2020, VMware announced the 2030 Agenda, our ambitious, outcome-driven commitments for a more sustainable, equitable and secure future. Our strategy was informed by an ESG double-materiality assessment with feedback from stakeholders on a range of topics that affect VMware's business.

The following year, we took another important step forward. We knew that siloed or one-off initiatives wouldn't be enough to address the scale of the challenges we face; systems-level change would be needed. So, we cascaded and integrated the 2030 Agenda and its 30 goals across the entire company, with business groups from operations to product development owning key results in their respective domains.

Our strategy matured further in 2022. With economic uncertainty persisting and the need for real-world solutions growing by the day, we recognized our best response would be to maximize impact within our greatest spheres of influence. This required prioritizing the most

significant ESG topics within our 2030 Agenda that both build our own business resilience and meet the evolving needs of our customers. We call this next evolution of our ESG mindset "smart impact," which has us laser focused on reducing our own emissions to achieve net zero, engineering a more sustainable multi-cloud experience for our customers, empowering diverse and distributed workforces, and being a trusted supplier that ships more secure, privacy-aware solutions built on a responsible supply chain.

We've made real progress in FY23 toward these goals. Here are a few highlights:

- Launched the Green Score feature in VMware Aria Operations, which provides recommendations for customers to further optimize energy and carbon in their cloud environments
- Expanded the VMware Zero Carbon Committed initiative by adding 24 VMware Cloud Services Provider™ partners committed to renewable energy, reaching a total of more than 50 partners
- Improved diversity, equity and inclusion (DEI) representation with 33 percent of global hires self-identifying as a woman, and 16 percent of U.S. hires self-identifying as an underrepresented minority
- Enhanced VMware Anywhere Workspace solutions with VMware Workspace ONE® Mobile Threat Defense™ to provide customers with added security for their distributed workforce
- Achieved a 100 percent malware protection score with VMware Carbon Black Cloud Endpoint™ Standard in an independent cybersecurity test by AV-Comparatives¹
- Strengthened governance practices by including ESG milestones in executive compensation bonus plans

This report details the full breadth of our impact and the insights we've gained in fiscal year 2023. It's an important record of the progress we've made, but much work undoubtedly remains. While economic conditions can shift and political winds can change, VMware's commitment to the 2030 Agenda remains resolute. I know that in our pursuit of sustainability, equity and trust, we're committed to successfully charting a course through what's next by prioritizing innovation and impact.

Awards and Recognitions | FY23

SUSTAINABILITY

Dow Jones Sustainability Index (DJSI)
#6 IN SOFTWARE

CDP – Climate Change A List

CDP – Supplier Engagement Leader,
TOP 8%

EQUITY

Newsweek – Greatest Workplaces for Diversity,
5-STAR DIVERSITY SCORE

**Disability Equality Index – Best Places to Work
for Disability Inclusion**

**Human Rights Campaign – Best Places to Work
for LGBTQ Equality**, 100% SCORE

TRUST

Cybersecurity Excellence Awards,
GOLD AWARD

**Newsweek – America's Most Trustworthy
Companies**, #2 IN SOFTWARE AND
TELECOMMUNICATIONS

**JUST Capital and CNBC –
100 Most JUST Companies**, #11 OVERALL AND
#2 IN SOFTWARE

2030 Agenda Goals

Read our 2030 Agenda
Progress Update on [page 48](#)

SUSTAINABILITY

Carbon Transparency	Enable transparency into the carbon reduction impact of VMware solutions
Workload Carbon Efficiency	Accelerate productivity and carbon efficiency of customers' digital operations
Zero Carbon Clouds	Catalyze the transition to zero carbon clouds
Net Zero Emissions	Achieve net zero carbon emissions for our operations and supply chain
Business Resilience	Ensure resilience from our physical infrastructure to our distributed workforce
Distributed Energy	Accelerate the adoption of renewable and distributed energy for our workplaces
E-Waste Responsibility	Drive e-waste responsibility throughout our operations
Impact Investments	Invest in innovations at the intersection of social, environmental and financial impact
Water Resilience	Support water resilience among our global communities
Sustainable Cloud Advocacy	Support public policy that drives more secure, resilient and sustainable multi-cloud infrastructure

EQUITY

Anywhere Workspace	Enable our customers' distributed workforces to be productive and engaged wherever they are working
Diversity and Inclusion	Drive equity through doubling down on diverse hiring and inclusive leadership
Distributed Workforce	Build a diverse, innovative and productive workforce by meeting talent where they are and how they want to work
Equitable Pay	Advance equitable pay for all VMware people
Technology Accessibility	Design the technology we develop to be accessible for all
Supplier Diversity	Increase commitment to diverse suppliers, including small businesses, minority-owned enterprises, woman-owned enterprises, and businesses owned by other underrepresented groups
Culture of Service	Foster a culture of service among our global communities
Digital Skills	Advance technical and digital skills acquisition around the world
Nonprofit Digital Transformation	Accelerate nonprofits' digital journeys
Wellbeing	Engage and empower our people through a culture of health and wellness that is accessible, inclusive and innovative

TRUST

Security	Enable a cyber resilient world through VMware solutions
Privacy by Design	Embed privacy by design across our products, services and operations
Fair and Ethical Practices	Advance fair and ethical business practices
Transparency	Embed governance and accountability for the benefit of all stakeholders
VMware on VMware	Leverage VMware software in our internal infrastructure with a focus on trust, security, experience and sustainability
Workforce Development	Enable our people to advance from every chair
Impact Advocacy	Support public policy that drives social and environmental impact in IT
Digital Ethics	Advance our approach to digital ethics and stewardship
Integrated Reporting	Transition to integrated reporting, meeting or exceeding ESG disclosure standards
Sustainable Finance	Integrate sustainability metrics into our financial decision-making process

ESG Highlights | FY23

SUSTAINABILITY

100%

of operations for our facilities around the world have been powered from renewable sources continuously since 2019

52%

of suppliers (by spend) have publicly committed to setting or have set science-based targets

#1

environmental score overall in Newsweek's America's Most Responsible Companies

EQUITY

33%

of global hires self-identified as a woman and 16 percent of U.S. hires self-identified as an underrepresented minority

100,000+

learners upskilled on VMware technology solutions

#1

ranked company for workers in the software industry in JUST Capital and CNBC's JUST 100

TRUST

100%

malware protection score with VMware Carbon Black Cloud Endpoint Standard in an independent cybersecurity test by AV-Comparatives

99th percentile

score and sixth highest ranked software company in the Dow Jones Sustainability Index

#2

ranked software company in Newsweek's America's Most Trustworthy Companies 2023

Sustainability



Sustainability Overview

Sustainability is core to delivering on VMware's ESG vision, meeting the needs of our customers and protecting the long-term health of our business, our employees and the communities we serve. Our pioneering virtualization solutions have brought carbon avoidance benefits to our customers for the past two decades. Now we're engineering new, sustainable multi-cloud solutions—decarbonizing the digital infrastructures of tomorrow along the path to net zero emissions.

Our sustainability strategy is grounded in three approaches:

- Visibility – We can't measure what we can't see
- Efficiency – Optimize resource utilization
- Renewables – Substitute dirty energy for clean power.

When executed together, we see the full power of a smart impact strategy: empowering our stakeholders to achieve their environmental goals as we operationalize our own.

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Sustainability Highlights | FY23

Launched the **Green Score** feature in VMware Aria Operations for customers to further optimize energy in their cloud environments

Added 24 partners to the **VMware Zero Carbon Committed** program, totaling more than 50 partners

Certified as a **CarbonNeutral Company** (continuously since 2018)

Achieved **100 percent renewably sourced power** for operations of our global facilities and co-located data centers (continuously since 2019)²

Met near-term **science-based targets** as of FY23 to reduce Scope 1 and 2 emissions as well as Scope 3: Employee Commute emissions

52 percent of suppliers (by spend) have committed to setting or have set **science-based targets**

Furthered **climate transition planning**, guided by the Task Force on Climate-related Financial Disclosures

Joined the **European Green Digital Coalition** to develop greener digital technologies and services

Recognized on the **Carbon Disclosure Project A List** and as a CDP Supplier Engagement Leader

Awarded **EcoVadis Silver Sustainability ranking**, and featured in a case study on data-driven approaches to **sustainable procurement**

Earned **#1 environmental score** overall in Newsweek's America's Most Responsible Companies



Decarbonizing Digital Infrastructure

VMware's approach to sustainability goes far beyond decarbonizing our own operations; it is also inherent in our innovative technology.

We help customers significantly reduce energy costs and carbon emissions associated with operating a robust digital infrastructure while providing responsive scalability and simplified management. Along with gains in hardware and data center efficiencies, VMware's virtualization technologies helped reduce power consumption, resulting in avoided emissions even as IT workloads have grown.

In addition to enabling digital transformation of customers' applications, infrastructure and operations, we provide deeper insights into the carbon emissions of their data center infrastructure and help customers improve their energy and carbon efficiency through the following VMware technology solutions:



The Green Score feature in VMware Aria Operations provides recommendations for customers to further optimize their energy usage and carbon footprint by considering various factors such as workload efficiency, resource utilization, virtualization rate, power source and hardware efficiency.



The sustainability dashboard in VMware Aria Operations gives customers visibility into carbon emissions reduced by virtualization and provides guidance on sustainability optimization in data centers powered by vSphere®.



Virtual Machine Desired State Configuration introduces a no-risk way to easily determine and right-size virtual machines that can be used more efficiently to maximize workloads and energy.



Disaster recovery as a service eliminates on-premises backup data centers in favor of a cloud-based, on-demand model with minimal infrastructure, enabling customers to reduce their carbon footprints.



Energy efficiency calculator for VMware Cloud Director™ helps VMware Cloud Service Provider partners quantify the impact of minimizing carbon through optimal hardware usage on behalf of their customers.

Driving Smart Grid Innovation with Alperia

CUSTOMER STORY

alperia

Alperia, an energy services provider in Italy, produces

energy from renewable sources to build a cleaner world while managing an electricity grid covering more than 8,000 kilometers. Digital transformation became a challenge as on-premises infrastructure could not scale at the required pace. Alperia leveraged **VMware Cloud™ on AWS** to run its applications seamlessly between on-premises infrastructures and AWS, enabling the company to move workloads to the cloud when it needed greater flexibility. In addition, it **lowered compute costs** by 30 percent and consolidated its on-premises hardware footprint from five to just two data centers, leading to **reduced power consumption** at the retired sites.



The decision to launch this **technological partnership with VMware** was also dictated by the shared commitment to shape a resilient and environmentally friendly future."

LUCA CERIANI
CHIEF DIGITAL AND TECHNOLOGY
OFFICER, ALPERIA

Scaling Zero Carbon Clouds

We launched the VMware Zero Carbon Committed program to connect customers to our ecosystem of public cloud partners committed to achieving 100 percent renewable energy-powered data centers or carbon neutrality by 2030. This allows us to scale our sustainability impact by supporting customers in their shift to renewable energy-powered clouds.

Since the launch of the VMware Zero Carbon Committed program, we have partnered with more than 50 public cloud providers, including Google Cloud and Microsoft Azure, to support our customers in reaching their net zero goals.

In FY23, we doubled down on our commitment to creating impact through the VMware Zero Carbon Committed program by proactively engaging cloud partners who have not yet made renewable energy commitments. We encouraged them to start their own sustainability journeys by sharing resources and best practices, including a video training series that shares the why, what and how of setting and executing renewable energy goals.

This past year, VMware also initiated a groundbreaking partnership with Teraco, Africa's leading carrier-neutral colocation provider. It now supplies renewable powered colocated data centers for five VMware Cloud Verified partners (Network Platforms, Strategix, Routed, Saicom and Silicon Sky) that previously did not have access to renewable energy infrastructure.

Learn more about the [VMware Zero Carbon Committed program](#)

What VMware Zero Carbon Committed Partners Are Saying



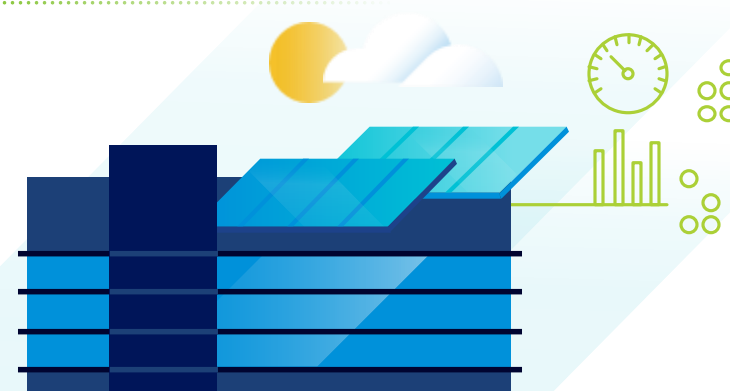
We have seen significant interest from customers in maximizing **data center efficiency** and are proud to serve as an inaugural member of the VMware Zero Carbon Committed cloud partner initiative and share in the commitment to generating net zero emissions by 2030.

FRANÇOIS STERIN
CHIEF INDUSTRY OFFICER



Through this partnership with VMware, we can help our mutual customers and partners green their supply chain and reduce their **environmental impact**, while building fast and more secure enterprise hybrid multi-cloud infrastructures.

STEVE STEINHILBER
VP OF BUSINESS DEVELOPMENT

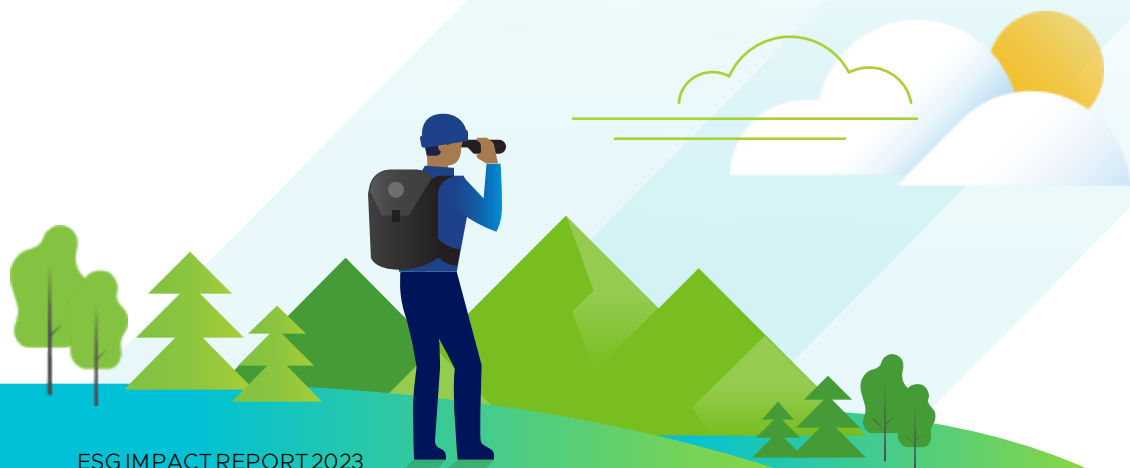


Planning for a Net Zero Transition

VMware is proud to be carbon neutral since 2018, and we are committed to maximizing decarbonization across our entire value chain on the path to net zero by 2030.

Using our smart impact approach, we continue to evolve our climate transition plan as we apply lessons learned from operationalizing our sustainability goals. We apply a multi-pronged strategy that includes driving efficiency and carbon reduction across the business, procuring renewable energy for our offices and data centers, and investing in carbon offsets for high-quality projects that create the climate change solutions of the future.

To accelerate global progress toward net zero, we participate in renewable energy initiatives such as the Clean Energy Buyers Alliance and RE100 [3](#). We also joined The Climate Pledge to further our net zero progress alongside companies with a similar focus on both reducing emissions and procuring clean energy.



Progress Toward Science-Based Targets

Our 1.5°C-aligned science-based targets lay the foundation for our emissions reductions and were validated by the Science Based Targets initiative (SBTi).

TARGET

PROGRESS AS OF FY23

50% reduction in Scope 1 and Scope 2 emissions by 2030 (base year FY19)

82%

50% GOAL



50% reduction in Scope 3 fuel-and-energy-related emissions by 2030 (base year FY19)

44%

50% GOAL



50% reduction in Scope 3 employee commute emissions by 2030 (base year FY19)

50%

50% GOAL



75% of our suppliers (by spend) will set or commit to set science-based targets by end of FY25

52%

75% GOAL



VMware's Carbon Footprint | FY23

SCOPE 1

Direct Fuel-based Consumption
3,650 MT CO2e

SCOPE 2

Market-based
844 MT CO2e

SCOPE 3

Total
392,515 MT CO2e

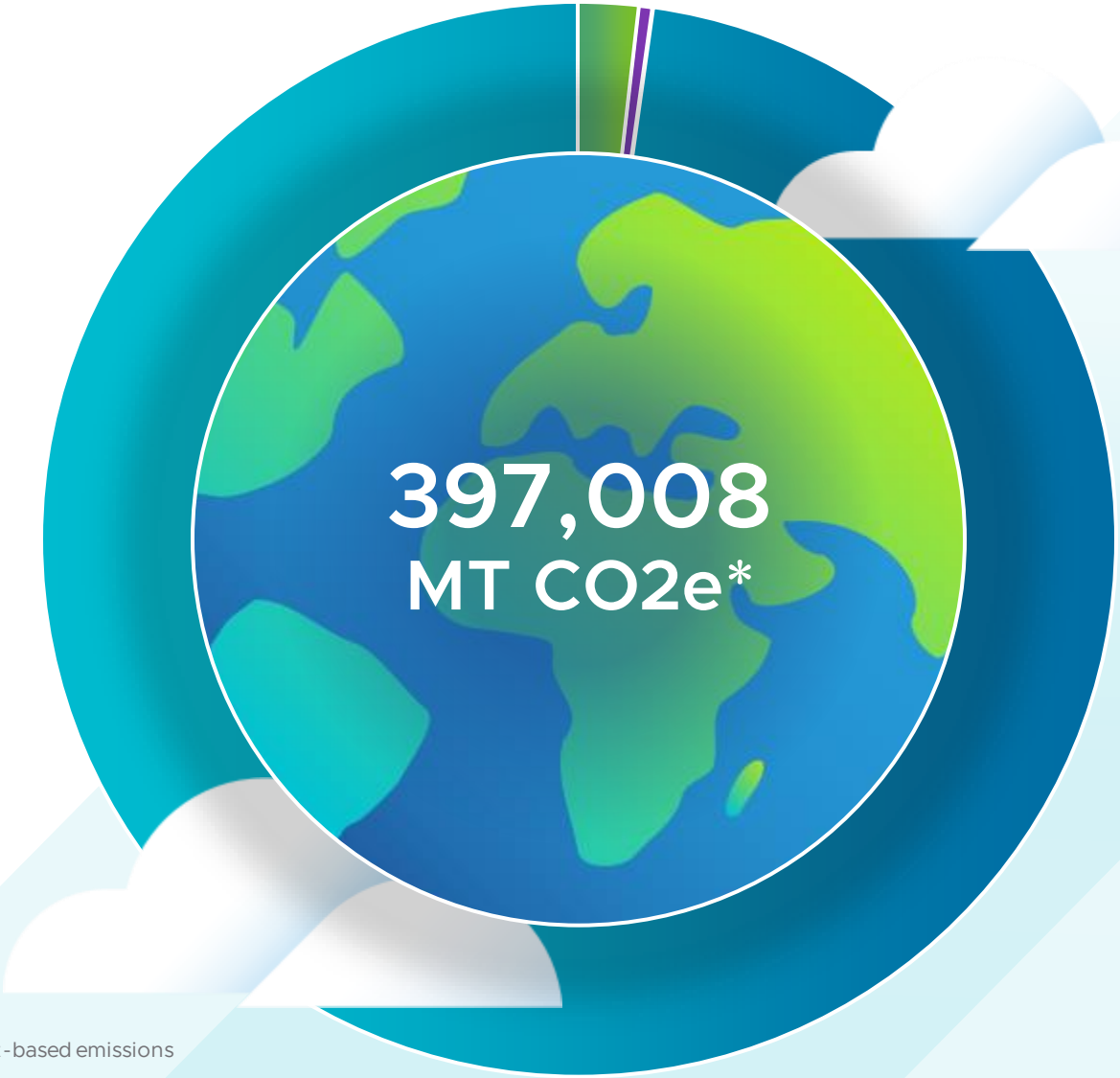
Purchased Goods and Services
190,576 MT CO2e

Capital Goods
62,933 MT CO2e

Employee Commuting
25,815 MT CO2e

Business Travel
44,210 MT CO2e

Other**
68,891 MT CO2e



*Total GHG emissions calculation includes Scope 1 and Scope 2 market-based emissions for our operations and Scope 3 emissions for our value chain.
**Other categories include Fuel and Energy Related Activities, Upstream Transportation and Distribution, Waste Generated in Operations, Upstream Leased Assets and Use of Sold Product (added in FY23).

JOURNEY TO NET ZERO

Driving Operational Efficiency

To reduce our environmental impact, VMware incorporates emissions reductions into our daily business operations by improving the resource efficiency and resiliency of our buildings and data centers. We are also improving our measurement of waste and water to gain actionable insights and minimizing the amount of e-waste in our internal operations by recycling IT assets in accordance with our internal Global Asset Management Policy.

We follow sustainable design principles to support our reduction of Scope 2 emissions, having achieved LEED certification for many of our existing retrofits, remodels and new construction. We are committed to green buildings and have achieved LEED certification for 20 of our sites globally, including LEED Platinum certification for two buildings in Pune and Bangalore. Our total LEED footprint equates to 45 percent of the total square footage across our entire real estate portfolio.



Data Center Sustainability at VMware

VMware improves **energy efficiency** by reducing resource consumption in our data centers, leading to lower costs and fewer carbon emissions. One way we accomplished this is by transitioning from a distributed hardware ownership model to a 100 percent centralized shared infrastructure service model, which improves resource utilization and reduces unnecessary energy usage.

To create this shared infrastructure service model, we changed the way we design, procure, support and monitor devices. Through more efficient allocation of hardware resources, we can further decarbonize our operations while enhancing capacity and power management. We already transitioned 80 percent of our data centers for internal operations to a **shared services model**, and we are sharing lessons learned from these efforts with customers working toward their own net zero goals.

JOURNEY TO NET ZERO

Procuring 100% Renewable Energy

While we work to reduce our overall energy demand, VMware is committed to generating or purchasing energy from 100 percent renewable sources. Our purchased electricity is responsible for our Scope 2 emissions. However, by procuring renewable energy instruments that adhere to the Greenhouse Gas Protocol (where we do not receive renewable energy directly), we can reduce our Scope 2 emissions to zero.

We joined RE100 in 2016 to commit to renewable energy across all our global facilities, including our offices (leased, owned and serviced), labs and data centers. We also cover colocation facilities not in our operational control but for which emissions are included in our Scope 2 and Scope 3 boundaries. We maintain 100 percent renewable electricity for our global facilities, and moving forward, we are actively reviewing the availability of new virtual power purchase agreements (VPPAs) that add renewable energy-generating assets to the grid.

Over time, we plan to increase the proportion of high-impact renewable electricity purchasing contracts to our portfolio and, where possible, shift away from relying on Energy Attribute Certificates (EACs). To guide our future investments, we developed renewable electricity procurement principles for reliable, cost-effective solutions wherever we operate.



Renewable Electricity Procurement Principles

- 1 Our investment should **make a positive impact** by driving demand for renewable energy and/or adding more renewable energy electrons on the grid, particularly in heavily fossil fuel-based regions.
- 2 The renewable energy generation should be in the **same geography as our business operations**, as defined by the GHG Protocol.
- 3 Our procurement strategy should **align with our stakeholders' expectations and provide co-benefits** wherever possible (i.e., projects provide a superior environmental and social impact in addition to net-new renewable electricity generation).
- 4 We should develop a **regionally specific renewable electricity** plan that includes VPPAs and aggregated VPPAs in mature markets where VMware has a significant presence, such as the United States and Europe.

JOURNEY TO NET ZERO

Mitigating Residual Emissions

After driving efficiency and carbon reductions across the value chain and procuring renewable energy, we then focus on mitigating the remaining emissions through carbon offsets. VMware has been a Certified CarbonNeutral company since 2018, which requires us to offset a portion of our footprint as defined by the CarbonNeutral Protocol.

VMware invests in high-quality carbon projects that are monitored and measured for impact. To ensure our investment in instruments is credible and impactful, we aim to make sure they:

- Are verified by a third party
- Focus on nature-based solutions
- Are geographically matched
- Benefit the community
- Align to our 2030 Agenda outcomes of sustainability, equity and trust and the UN SDGs

All our carbon credits must also meet the International Carbon Reduction and Offset Alliance code of best practice. Many of our forestry projects are Verified Carbon Standard and Climate, Community and Biodiversity certified. This means that projects measure climate, community and biodiversity benefits in addition to carbon sequestration rates.

While most of our carbon investments to date have been avoidance projects, which have been more readily available and cost effective, we are working to increase the ratio toward 100 percent carbon removals. In addition, we have focused on nature-based solutions, which are sustainable planning, design, environmental management and engineering practices that weave natural features or processes into the built environment to promote adaptation and resilience. These include solutions that reduce and remove carbon as well as often offer co-benefits for nearby communities that strengthen local climate resilience.



Community Carbon Projects

VMware's carbon finance strategy supports projects that have the potential for **systemic impact** in communities. Here are a few examples of our many carbon avoidance and removal projects around the world:



Solar Water Heating in India



Clean Water and Cooking in Guatemala



Mangrove Restoration in Kenya



Teak Afforestation in Mexico



Kibale Forest Restoration in Uganda



Wind Power in China and India

Sourcing Responsibly from Suppliers

The VMware Responsible Sourcing program envisions creating a sustainable, diverse and resilient supply chain through stakeholder engagement, enablement, transparency and value creation.

VMware Responsible Sourcing is a core piece of our procurement strategy and prioritizes spend with suppliers aligned to our 2030 Agenda. Our goals fall into three pillars:

SUSTAINABILITY

Achieve 75 percent of annual spend with suppliers who have committed to setting or have set science-based targets by the end of FY25

52% AS OF FY23

DIVERSITY

Spend \$1.5 billion on procurement from diverse suppliers by 2030, including small businesses and enterprises owned by underrepresented groups

\$300M+ AS OF FY23

ACCESSIBILITY

Assess **accessibility standards** for all new software and event suppliers

INTEGRATED COMPLIANCE TRACKING SYSTEM

In FY23, we made significant progress toward our VMware Responsible Sourcing goals. We launched our supplier sustainability engagement program to provide suppliers with resources to advance their own science-based targets. We also expanded our sustainable swag initiative to 96 percent compliance as we aim to procure more sustainable and responsibly produced promotional items while avoiding wasteful purchasing. Additionally, we matured our data collection to better evaluate supplier diversity among third-party vendors and advance equity for underrepresented communities. We integrated a compliance tracking system with accessibility guidelines for software procurement and focused on ensuring that all global meetings and events are physically and digitally accessible for attendees.

In addition to these advancements, we engaged top suppliers to do their own ESG assessment through EcoVadis and began including language in contracts that requires supplier action on sustainability, diversity and accessibility.

Sustainability Supply Chain Engagement Program

To achieve our goal of 75 percent annual spend with suppliers who have committed to setting or have set science-based targets by the end of FY25, we launched the **supplier sustainability engagement program**. The pilot engaged 15 suppliers, selected for their diverse representation of our entire supplier base. Our intent was to better understand the range of needs and level of involvement we should anticipate from suppliers to help accelerate their progress. The pilot revealed that 73 percent of participating suppliers are now interested and/or actively engaged in setting their own science-based targets.

To build on this momentum and help our suppliers set themselves up for success, we also developed five training modules and additional resources to help them advance their progress.

“We have the unique opportunity to **partner with our suppliers** to amplify impact on climate change, diversity and inclusion, and social justice.

VIPUL CHITALIA
VICE PRESIDENT, SOURCING AND
OPERATIONS, VMWARE

Learn more about [VMware Responsible Sourcing](#)

Assessing Climate Risks and Opportunities

VMware has reported its climate strategy, targets, emissions, risks and opportunities in detail through an annual disclosure with the Carbon Disclosure Project (CDP). Our CDP reporting aligns to recommendations provided by the Task Force on Climate-related Financial Disclosures (TCFD), which utilizes a double-materiality framework to assess and then incorporate climate-related risks and opportunities into long-term strategies.

In FY23, VMware was recognized on the CDP Climate A List for our environmental transparency and performance on climate change preparedness. As we mature our sustainability and risk management practices across VMware's operations, we will continue to deepen our understanding of potential challenges that come with an uncertain future brought on by climate change. We will adapt as we learn more about the nature and magnitude of our climate-related impacts while taking a phased approach to climate transition planning that utilizes best practices in climate screening, scenario analysis and mitigation.



Read our TCFD disclosure on [page 52](#) in the ESG Performance section of this report.



Climate Transition Planning



Climate screening to prioritize potential climate risks and opportunities

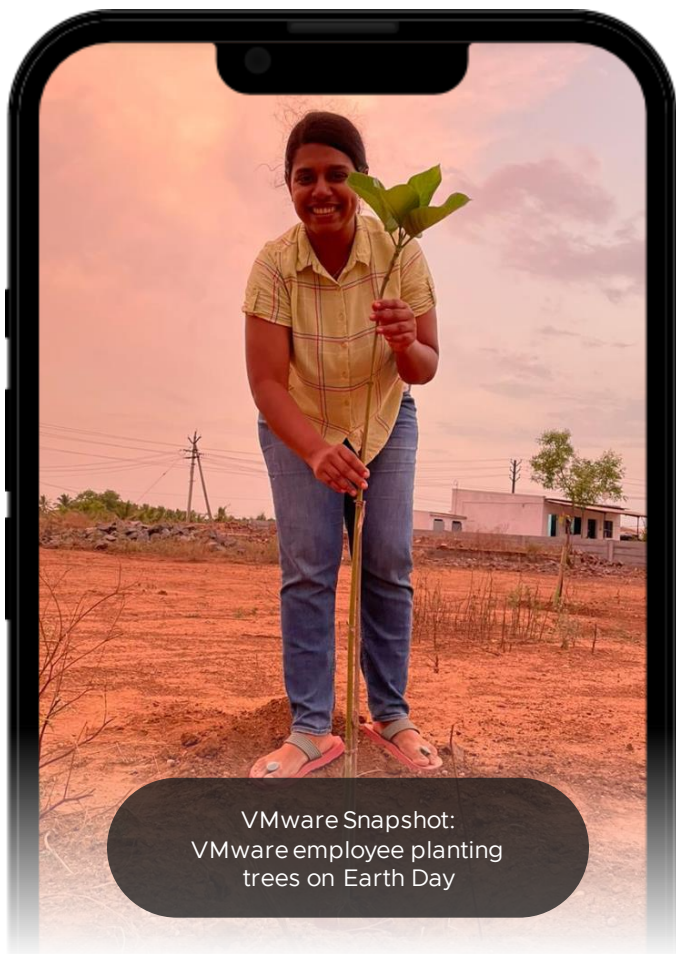


Scenario analysis to quantitatively model priority climate risks and opportunities



Mitigation and adaptation strategy development to address the findings

Living Our Culture of Sustainability



At VMware, we empower our people to practice sustainable living both at work and at home.

Earth Month is VMware's flagship sustainability employee engagement effort. In 2022, we promoted personal climate action by providing tools and education on topics including regenerative agriculture, electric vehicle adoption, and climate advocacy.

Our Sustainability at Home program is led by volunteer VMware employee Sustainability Ambassadors in each region. They engage with their communities and support colleagues in leading a more sustainable lifestyle, which includes providing discounts with sustainability organizations and ongoing education on sustainability topics. Our partnership with Common Energy is a great example of how these programs work to benefit our employees and the environment: VMware employees can sign up to support a new, local, clean energy project for free, and the energy generated from the project replaces fossil fuels, lowering emissions in the community while helping employees save on their electricity bill.



Planting Trees in Honor of VMware People



Our commitment to nature-based solutions is evidenced by our pledge to plant and protect **1 million trees by 2030**, which we made when we joined 1t.org in 2021.

As of FY23, we've funded the planting of more than **400,000 trees**. This commitment has enabled us to accelerate our impact by bringing together teams and business units throughout VMware with a shared goal. Our employees contribute in several ways, whether by planting trees on behalf of customers or as recognition for employees' participation in VMware events and sustainability engagement activities.

Impact Spotlight: Sustainable Communications Networks

Sustainability has become a major focus of organizations across industries, and the telecommunications industry is no exception. Information and communications technology (ICT) has emerged as one of the most critical areas to target because it accounts for up to 10 percent of the world's energy usage, and with connectivity expanding and digital devices proliferating, that share is growing quickly. ^{4,5}

VMware is taking a leading role in developing ICT sustainability innovations, both internally and through projects with our partners around the globe. We're implementing new strategies to help communication service providers and their customers advance sustainability across four key pillars:



Improving energy and resource efficiency



Using renewable energy sources



Reducing GHG emissions



Overcoming institutional barriers

Read [VMware's white paper](#)



Future Impact in Sustainability

In 25 years of operations, sustainability has always been intrinsic and within VMware's DNA. As we look to the future, we plan to be proactively sustainable in the multi-cloud era.

Our latest sustainability partnership shaping tomorrow's innovations is with the European Green Digital Coalition, an alliance of IT companies working to harness the emission-reducing potential of digital solutions. This collaboration supports our efforts to develop tools that measure key areas of energy use, improving efficiency and ensuring the digital solutions we engineer help customers meet their environmental goals. Innovations we're pursuing include deep cooling solutions in data centers and enhanced power management, which would reduce energy consumption and increase visibility into cost and emissions in the cloud.

These innovations are especially crucial with the rise of AI, which is estimated to use more energy than other forms of computing, and training a single model can gobble up more electricity than 100 U.S. homes use in an entire year. ⁶If current AI practices remain unchanged, the consequences might be severe for sustainability goals and efforts.

To address this emerging challenge, VMware plans to continue to invest in sustainable digital infrastructure while developing efficiency and monitoring solutions for customers to maximize their own resources in an AI-powered world.

We are proud of the sustainability progress we've made so far, and we remain committed to tapping into our culture of innovation to reach net zero.

Green Software Foundation



VMware joined the **Green Software Foundation** (GSF) to evolve best practices that help developers and operators run more **sustainable applications and clouds**. There are many

ways to mitigate the climate impact of software, including hosting strategies such as virtualization, management policies such as intelligent scaling, and source-code enhancements to design more carbon-aware applications that do more work during times when electricity is supplied mainly by renewables.

The GSF identified eight principles to minimize emissions that will define the new frontier of green software development:

1. Build carbon-efficient applications
2. Build energy-efficient applications
3. Consume electricity with the lowest carbon intensity
4. Build hardware-efficient applications
5. Maximize the energy efficiency of hardware
6. Reduce the amount of data and distance it must travel across the network
7. Build carbon-aware applications
8. Focus on step-by-step optimizations that increase overall carbon efficiency



Equity



Equity Overview

At VMware, equity is a business imperative. Our diverse workforce empowers us to innovate and meet the various needs of our customers. Our pursuit for equity is why we're always pushing ourselves to do more as a company, across multiple dimensions of access, opportunity and advancement.

Our smart impact approach starts with creating a diverse and inclusive work environment that allows everyone in our organization to feel a sense of belonging and community. In alignment with our DEI efforts, we invest in our people with professional development opportunities, wellbeing programs, and democratized charitable giving programs. Across our value chain, we support diverse suppliers and develop distributed work solutions that enable our customers to provide increased flexibility and access for their own employees.

We also seek to create an environment that supports disability, wellness and neurodiversity inclusion, including by developing technology with accessibility in mind. These collective efforts strengthen our communities inside and outside VMware, reinforcing our status as an employer of choice and creating a more equitable future for all.



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Equity Highlights FY23

Recognized with a **100 percent score** on the Corporate Equality Index by the Human Rights Campaign and the Disability Equality Index by Disability:IN

Recognized as the **#1 company for workers** in the software industry by CNBC and JUST Capital

Expanded the application of company-wide **DEI goals** as a component of funding for all bonus-eligible employees, beyond the previous application to those at Senior Director level and above

Expanded self-ID beyond the United States to employees across Australia, India, Ireland, Japan, Singapore and the United Kingdom

Prioritized spending a cumulative of more than **\$300 million with diverse suppliers** toward our \$1.5 billion goal by 2030

Empowered 85 percent of VMware people to **support nonprofits** of their choice through the VMware Foundation, impacting more than **15,000 organizations** in **98 countries**

Upskilled more than **100,000 learners** on VMware technology solutions and enabled attainment of more than **1,500 VMware certifications** through the VMware IT Academy

Empowered VMware people with more than **900,000 hours** of training and development with an average of **25 hours per employee**

Driving Equity Anywhere

Remote and flexible work has become a key lever in expanding equity by increasing access to job opportunities regardless of one's physical location. At VMware, we've learned that recruiting across geographies as part of a distributed workforce model leads to a more diverse and qualified talent pool.

VMware Anywhere Workspace solutions utilize machine learning, data science, secure access features, and automated endpoint management to set our customers up for success even when their employees are not based in a centralized location. This flexibility is especially important for the many people with disabilities around the world who might not be able to commute to a shared office location. We also build accessibility features into our products and solutions to drive equity for all our stakeholders, regardless of how and where they work.

Learn more about [VMware Anywhere Workspace solutions](#)

Workspace ONE Helps Customer Implement Mobile Teaching

CUSTOMER STORY



Beijing Royal School has a mission to cultivate leaders with multidisciplinary skills, international vision, and global competitiveness through its K-12 curriculum. To facilitate more flexible learning for students and enable teachers to push personalized lesson plans digitally, Beijing Royal School developed a mobile teaching approach that required implementing a new device and application management system.

VMware Workspace ONE Unified Endpoint Management helped Beijing Royal School reduce costs, improve work efficiency, and most importantly, enabled teachers to distribute high-quality applications to students more conveniently—better meeting their individual learning needs and improving educational outcomes.

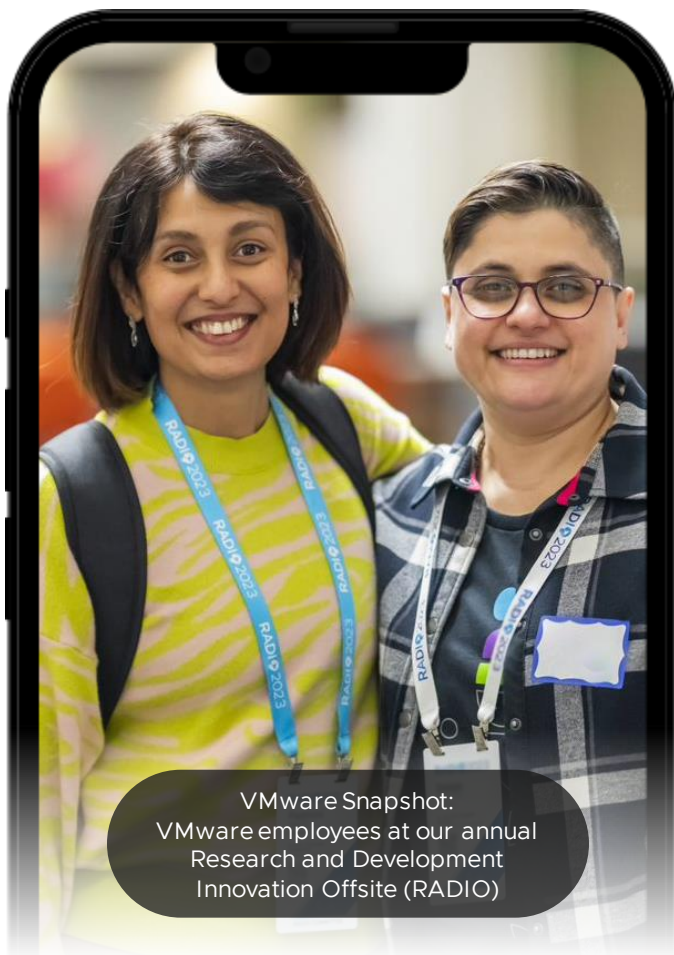


This solution delivers **excellent performance**, facilitating teaching and assisting us in management, operations, and maintenance

YAGANG BI
DIRECTOR OF INFORMATION
MANAGEMENT, BEIJING ROYAL SCHOOL

Learn more about [VMware Workspace ONE](#)

Planning for an Equitable Future



VMware Snapshot:
VMware employees at our annual
Research and Development
Innovation Offsite (RADIO)

Everyone has a role to play in driving equity within VMware, our supply chain and our broader communities. That's why we've set targets across the organization—from DEI to responsible sourcing to engaging our employees through Citizen Philanthropy—and measure our progress along the way.

Our equity targets are inspired by business objectives and our company's **EPIC₂ values—execution, passion, integrity, customers and community**—which were developed by VMware employees to help define our inclusive culture and innovative mindset.

By working together to meet our goals, we will protect our equity progress made thus far and advance impact for the future.

2030 Agenda Equity Targets



Achieve **equitable pay** for all VMware people



Hire at least one person who self-identifies as a **woman or gender non-binary** for every person who identifies as a man by 2030



Spend **\$1.5 billion with diverse suppliers** through 2030



Establish a management team that includes at least 50 percent of people who self-identify as a woman, gender non-binary, person with disabilities, veteran or member of the **LGBTQ+ community** by 2030



Continue engaging at least 75 percent of VMware employees in **supporting nonprofits** of their choice in their communities

Building a Diverse, Equitable and Inclusive Culture

Innovation is critical to our continued growth, and we know that innovation is fueled by a diverse, equitable and inclusive workforce.

To nurture our culture at VMware, we embedded DEI goals throughout the business with transparency and accountability, including tying DEI goals as a component of funding for all bonus-eligible employees in FY23. We also strengthened our recruiting processes, channels and partnerships as we strive for a representative workforce, ensuring we connect with talent from a variety of backgrounds and experiences, and enhancing access to opportunities along the way. That's why we are expanding data collection and analysis of DEI data for employees who self-identify as part of an underrepresented group⁷, which we disclose in our annual DEI Report.

Making VMware a people-first company for our employees, customers and communities is fundamental to our culture. As part of our ongoing investment in human capital, our DEI work also focuses on personal growth and career development while expanding access to support and training resources for VMware people everywhere.



Representation at VMware | FY23

99%

pay equity globally of women to men with respect to target cash compensation

100%

pay equity in the United States for underrepresented minorities (URM)⁸ compared to white counterparts' compensation

29.8%

of employees overall identify as women, with 28.4 percent of tech roles occupied by employees who identify as women

33%

of hires self-identified as a woman and 16 percent of U.S. hires self-identified as a URM

10.4%

of employees self-identified as LGBTQ+⁹, 6.7 percent self-identified as veterans¹⁰, and 3.4 percent self-identified as a person with a disability¹¹

23

Power of Difference (POD) employee resource groups to build a culture of belonging

For more information, see our most recent DEI Report and EEO-1 disclosure:
[vmware.com/company/diversity](https://www.vmware.com/company/diversity)

Investing in Our People

VMware's culture of innovation is fueled by people with a genuine curiosity for ongoing development. We offer a robust series of programs and training to help employees—who are already extremely skilled—engage in lifelong learning that renews and expands their potential. On average, VMware employees receive more than 25 hours of training annually, which equates to more than 900,000 hours of training in total. In FY23, more than 18,000 employees completed professional development programs and more than 14,000 employees completed research and development (R&D) technical courses.

VMware offers many talent development initiatives for employees to explore the potential in themselves and others. These include the EPIC₂ manager program, leadership forums, technical education activities and sales enablement programs. One of our most popular initiatives is Look Within, a three-part career enrichment program that supports internal career mobility by encouraging employees at various stages of their VMware lives to refresh, reignite and rejuvenate their mindsets.

Learn more about career development at VMware:
careers.vmware.com

Our people are the key to VMware's success, and supporting their wellbeing creates an environment in which everyone can thrive. From destigmatizing mental health to prioritizing physical health and the evolving needs of today's distributed workforce, we continue to support our people through a variety of wellbeing programs.

VMware offers Take a Break days each year, which can be used at any time to deal with whatever life throws at you, no questions asked. We also created additional EPIC₂ holidays when the entire company pauses to promote collective employee wellbeing—including on Earth Day so employees can reflect on their own sustainability impact and serve in their local communities.

Learn more about employee wellbeing at VMware:
wellbeing.vmware.com



Training by the Numbers

15,900+

employees completed **Unconscious Bias Education** in FY23, offered through our partnership with the Stanford VMware Women's Leadership Innovation Lab. This course builds awareness and drives actions to block bias in the workplace.

1,900+

participants from around the world completed our new **Inclusive Language training** in FY23, which is designed to increase awareness on key DEI topics, build an understanding of how behaviors impact culture and inspire change across VMware.

73%

of people managers completed **Inclusive Leadership in Action training** in FY23, an increase of more than 20 percent from the previous year.

Fostering a Culture of Service

Our people are empowered to support the causes they care most about in their communities year-round through Citizen Philanthropy programs that contribute time, talents, and resources to the nonprofits of choice.

In FY23, more than 33,000 VMware Citizen Philanthropists supported more than 15,000 nonprofits in 98 countries through programs such as Service Learning, Matching Gifts, Milestone Awards, Humanitarian Relief and other employee-directed donations. With this choice- and action-oriented approach to giving, Citizen Philanthropy has become a key driver of human capital development.

Recognizing that many worthy humanitarian relief efforts do not get the international attention they deserve, we empowered our people to direct donations from VMware to any community in need around the world this past year. More than 11,000 VMware people took action, directing more than \$220,000 in humanitarian relief funds in FY23.

VMware is also proud to support nonprofits in driving their own digital transformation by co-innovating meaningful and long-lasting solutions. Rather than designing projects on our own for nonprofits, VMware people collaborate with nonprofits, using their expertise and skills through programs such as Good Gigs Projects and our partnership with TechSoup's Digital Assessment Tool.

Learn more about the [VMware Foundation](#)

Pro Bono Service Learning with Good Gigs



Good Gigs Projects enable **VMware Citizen Philanthropists** to contribute their time and talent pro bono to address critical social issues. Through this program, teams of VMware people partner with a nonprofit of their choice to identify the organizations' needs and co-create solutions that help **accelerate their impact**.



In FY23, we partnered with **Folding@home**, an organization that brings together volunteer scientists to run simulations of protein dynamics to develop remedies for a variety of diseases. VMware helped resolve infrastructure-related pain points by assisting with observability and automation-related tools and processes.



We **established trust** so that the Folding@home team felt safe telling us what they needed most and for us to agree on the best focus for the project.

KATHERINE SKILLING

STAFF CONSULTANT, PROFESSIONAL SERVICES, VMWARE

Developing the Future Workforce

VMware uses a broad, inclusive approach to digital skills development that provides learners with increased access to opportunity, education and community while supporting a more equitable workforce.

In partnership with academic institutions, government agencies and nonprofit organizations, the VMware IT Academy provides a global education program that upskills diverse learners on our technology solutions to better equip them to advance their careers and grow an ecosystem of talent. In FY23, we upskilled more than 100,000 learners on VMware technology solutions, leading to more than 1,300 VMware certifications earned.

VMware's digital skills teaching programs also support underrepresented groups, including veterans. To empower veterans with the necessary skills to be competitive in the IT workforce, the Veterans@VMware POD launched a scholarship program called "Reboot with VMware IT Academy" in partnership with Stanly Community College. That program has trained more than 50 veterans in FY23, who have each become a VMware Certified Professional in Data Center Virtualization.



Improving Accessibility

We strive to create an inclusive workplace for all employees. Our goal is to foster a culture where everyone feels empowered to share their unique talents. To do this, we seek to advance progress on disability inclusion, accommodation strategies, and physical and technological accessibility. We are proud to be a member of The Valuable 500 and recognized for our efforts by Disability:IN as one of the Best Places to Work for Disability Inclusion.

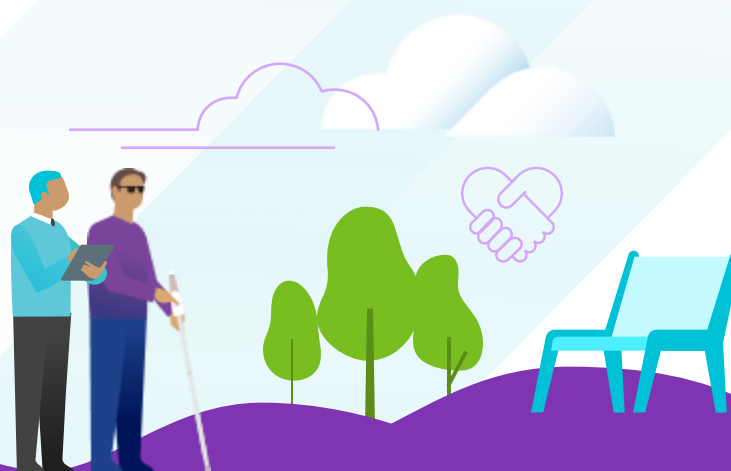


Many software tools that companies rely on every day—from messaging apps to video conferencing to the files we view—are not designed for people with disabilities. To address this challenge, we are overhauling internal software solutions used by VMware people to improve accessibility. For example, we made PowerPoint and PDF files more accessible and usable by all people—including the digital version of this ESG Report. VMware complies with the Americans with

Disabilities Act, Section 508 of the Rehabilitation Act, and the European standards described in EN 301 549. To follow those legal mandates, VMware strives to meet the Web Content Accessibility Guidelines (WCAG) version 2.1 Level AA and PDF U/A standards.

In addition to modifying our internal systems and guidelines, VMware leverages our influence and scale to encourage suppliers to prioritize accessibility as well. Our engagement with suppliers has led to feature developments such as direct message announcements for Slack screen-reader users—a technology that has since been released around the world.

Learn more about the [accessibility in VMware solutions](#)



Global Accommodations

Providing **accessible and equitable accommodations** starts with the candidate experience as part of our application and interview process. For example, candidates can request an adjusted schedule, have documents read to them using their preferred technology, or use a sign language interpreter for the interview.

Once hired, employees can request workplace accommodations, adjustments, or adaptations so they **can do their best work**. To remove possible barriers to achieving this goal, VMware created a centralized fund so that no team or business unit bears any cost related to workplace requirements.

Impact Spotlight: Supporting the LGBTQ+ Community

Fairness, equal treatment and opportunity are central to VMware's values because we care about our employees and the customers we serve. This extends to all our communities within VMware, including colleagues who self-identify as LGBTQ+ (lesbian, gay, bisexual, transgender, queer and/or questioning, intersex and allies). We are proud of the many diverse and unique individuals who are a part of workforce and we're committed to supporting their wellbeing through benefits, resources and public advocacy. For example, in 2022, VMware joined more than 170 companies to sign the Human Rights Campaign (HRC) letter supporting the passage of the Respect for Marriage Act in the U.S. Senate.

As recognition for our inclusion efforts across the company and in the broader community, VMware was named for the fifth consecutive year as one of the Best Places to Work for LGBTQ+ Equality by the HRC Corporate Equality Index. We also received a Gold badge in the India Workplace Equality Index and were awarded the highest Gold rating in the Japan PRIDE Index, which evaluates LGBTQ+ initiatives.

Learn more about the [LGBTQ+ benefits at VMware](#)



Future Impact in Equity

The road to equity is long. We recognize that even with the progress we have made fostering a sense of belonging among our employees, there will always be more work to be done.

We plan to continue to increase representation and inclusivity, which extends to stakeholders in the communities where VMware operates. For example, we are partnering with the Department of Information Systems and Supply Chain Management at the Howard University School of Business to build the first telco-focused program at a historically Black college or university (HBCU). This has the potential to transform individual careers and the industry at large by building a repeatable model that engages the HBCU community nationally.

In FY23, we helped Howard students learn about the cutting-edge VMware Telco Cloud Automation™ and VMware Telco Cloud Platform™ offerings. Supported by the Black@VMware employee resource group, we also created a three-day DevOps class to expose various students to GitOps methodologies using VMware Tanzu®, GitHub and HTML coding.

As a large employer operating in communities around the world, VMware has a tremendous opportunity and responsibility to increase equity. We are investing in the future for a more diverse, equitable and inclusive culture at VMware.



Accelerating Future Leaders

DECODED is a comprehensive five-month virtual cohort program offered by VMware's Executive Leadership Council and designed to **accelerate Black professionals** into executive positions.

In FY23, 24 members of the Black@VMware POD graduated from this program. Participants engaged with learning modules that included live instruction, fireside chats with C-suite Black technology professionals, assessments, self-directed learning and executive coaching

“Participating in DECODED was the **most impactful professional development program I've ever been a part of**. Being able to network with awesome professionals in the tech industry, gain tips from facilitators for better navigating the unique challenges of Black professionals in corporate spaces in a safe environment...It was all excellent.”

BRITTANY JONES
CLIENT EXECUTIVE, HEALTHCARE,
VMWARE

Trust



VMware employees collaborate to create artwork celebrating the opening of our Palo Alto campus

Trust Overview

Earning trust is crucial to forging the relationships needed to build a more sustainable, equitable and secure future. That's why VMware strives to responsibly manage data privacy, enhance security to protect from cyberattacks and operate ethically on behalf of all stakeholders. We understand that robust and reliable practices earn stakeholder trust, enhance customer experience, and accelerate our ability to drive impact.

Our approach to earning trust is rooted in four strategies:

- Listening – Inviting stakeholders to openly share their viewpoints
- Dialogue – Creating forums where we can engage with each other
- Transparency – Owning where we are today as we progress forward
- Accountability – Accepting responsibility for our actions

Our efforts are yielding results: We've been recognized by Newsweek as one of the most trustworthy software companies in America and our cybersecurity solutions continue to set the standard for the industry.

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Trust Highlights | FY23

Ranked #2 in the Software and Telecommunications category by Newsweek's **Most Trustworthy** Companies in America

Embedded ESG milestones in **executive compensation bonus plans** and assigned corporate DEI goals tied to bonus compensation for all employees

Enhanced employee complaints processes for internal investigations, building a follow-up protocol so **employees feel safer reporting** harassment, discrimination, disrespectful or unethical conduct

Received the Gold ranking by the **Cybersecurity Excellence** Awards

Recognized as a **cybersecurity innovator** at the Cyber Defense Magazine InfoSec Awards:

- **Best Solution Threat Intelligence** for VMware Contexta™
- **Best Solution Firewall** for VMware NSX® Distributed Firewall™
- **Market Leader Application Security** for VMware Carbon Black Container™
- **Publisher's Choice Endpoint Security** for VMware Carbon Black Cloud™
- **Most Comprehensive Secure Access Service Edge (SASE)** for VMware SASE™



Security Amid Increasing Cyberthreats

Digital security is a complex, challenging and ever-changing issue for organizations everywhere. The rapidly advancing threat of cyberattacks poses serious risks to intellectual property and sensitive information, as well as to an enterprise's trust among its customers. This makes the security, transparency and reliability of our offerings a top priority for our customers.

Public and private clouds are especially high-value targets for cybercriminals because they provide access to critical infrastructure services, such as email servers and customer databases. As attacks on cloud environments surge, companies must reduce their attack surfaces, increase visibility across their environments, and secure workloads against emerging threats. They must operationalize consistent security on workloads running in virtualized, private, and hybrid cloud environments with prioritized vulnerability reporting and workload hardening that offers prevention, detection and response capabilities.

Learn more about VMware Security solutions:
vmware.com/security

We are taking on these challenges directly, designing innovative security programs that anticipate trends in cyberthreats. We strive to achieve a high level of information protection standards by establishing policies based on ISO/IEC 27001 international standards, consistent with industry-accepted practices, and in accordance with business requirements, contracts and relevant laws and regulations. These policies apply to all personnel who manage, use, or have access to VMware information assets, as well as to all VMware information assets and information processing environments. This includes IT infrastructures and services used to support VMware Cloud services.



Security Delivers Peace of Mind

CUSTOMER STORY



EMERGENCY NGO Onlus provides free, high-quality, human rights-based medical care to people affected by war, poverty and landmines. Currently active in eight countries worldwide, the organization has treated more than 12 million patients, offering surgical, medical and rehabilitation services. Data security is paramount as the EMERGENCY team operates remotely, often in challenging locations such as war zones, which makes sensitive information vulnerable. Using VMware Carbon Black Cloud Endpoint™ Advanced, the EMERGENCY team has achieved a more secure solution that delivers peace of mind, enabling staff to focus on providing life-saving healthcare services.

“VMware enables us to keep the focus where it should be: delivering a **positive impact** for our staff and patients.

ROLANDO BRICCHI
IT DIRECTOR,
EMERGENCY NGO ONLUS

Data Privacy Practices and Controls

VMware deploys enterprise privacy training, procedures and controls to protect our customers and their IT infrastructures. We regularly review our privacy strategy against emerging legal requirements and regulatory guidance to implement best-in-class programs.

Privacy is foundational to building trust with our customers and within our industry, which is why we embed the following privacy-by-design principles into the processes and technologies that touch personal data:

- Building privacy in from the earliest stages of a product
- Minimizing the data we collect and use
- Safeguarding personal data with the highest cybersecurity standards
- Letting users choose what personal data they provide where possible

In FY23, we added new customer resources in the VMware Cloud Trust Center to increase transparency, including datasheets that explain how our service offerings help customers process personal data and a series of frequently asked questions on what data VMware collects. Recent regulatory compliance additions include the HIPAA Business Associate Agreement Form, Binding Corporate Rules for Processors (BCR-P) FAQs, and references to U.S. state laws.

Learn more about the [VMware Cloud Trust Center](#)

We continued enterprise-wide privacy training that addresses real day-to-day scenarios that help our employees meet their privacy-related obligations. We also developed and rolled out a bespoke release lifecycle management platform that ensures product releases adhere to specific data privacy and security reviews and requirements, including but not limited to compliance with the U.S. Federal Information Processing Standards (FIPS). Training for this platform is now a standard part of our new hire onboarding, ensuring every engineer is oriented to the more secure VMware way.

Data Privacy Champion

VMware is proud to be a **2023 Champion for Data Privacy Week**, supporting the principle that all organizations share the responsibility of being conscientious stewards of personal information. The goal of Data Privacy Week is to raise awareness about the importance of privacy and remind organizations that respecting privacy is good for business. The initiative is led by the **National Cybersecurity Alliance**, a nonprofit organization on a mission to create a more secure, interconnected world by promoting public-private partnership.

To be a Data Privacy Champion, an organization must adopt **strong cybersecurity controls and privacy frameworks** such as the National Institute of Standards and Technology (NIST), the Association of International Certified Professional Accountants (AICPA), and the International Organization of Standardization (ISO) to help manage risk. By creating a culture of privacy and educating employees on how privacy and security apply to their day-to-day jobs, organizations can better protect against both internal and external security and data privacy threats.



Accountable ESG Governance

VMware's ESG-related corporate governance practices provide a framework for operating in our stakeholders' best interests and in compliance with applicable legal requirements. We have implemented a strong governance structure to ensure oversight and effective management of ESG issues that impact our business.

This starts at the top with annual oversight of ESG topics by the full Board of Directors (Board). The Nominating, Governance and Related Persons Transactions Committee of the Board (Governance Committee) is responsible for formal oversight of our ESG progress. The Audit Committee of the Board is responsible for oversight of cybersecurity and data privacy matters. The Compensation Committee of the Board is responsible for oversight of executive compensation incorporating ESG goals. Our ESG Executive Sponsors—comprised of C-suite leaders—meet quarterly to provide ESG strategy direction. Our ESG Leadership Council—made up of senior functional and business unit leaders—meets quarterly to monitor progress against ESG-related goals.

Operationally, our ESG Office drives cross-company alignment and integration of our 2030 Agenda, implements ESG initiatives and measures the progress made toward enterprise-wide ESG targets.

ESG Governance Structure

Board Committees

Governance

Oversight of ESG, reviews strategy and program progress three times per year

Compensation

Oversight of annual executive officer individual performance goals incorporating ESG goals

Audit

Quarterly oversight of cybersecurity and data privacy

ESG Executive Sponsors

Meet quarterly to provide ESG strategy direction

Chief executive officer
Chief financial officer
Chief people officer
General counsel
President
Chief technology officer

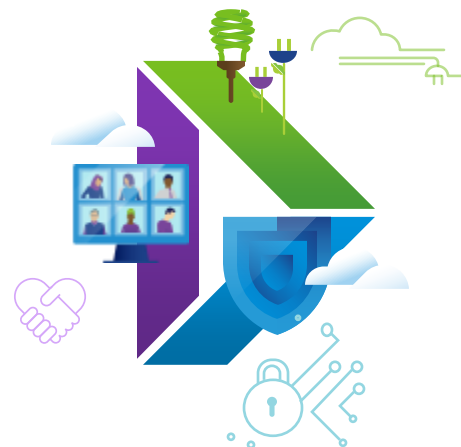
ESG Leadership Council

Senior functional and business unit leaders meet quarterly to monitor progress against implementation goals

ESG Office

Dedicated ESG team sets strategy, operationalizes goals, drives cross-functional alignment, reports on ESG performance and advances progress on ESG outcomes with oversight by Board Committees and guidance from ESG Executive Sponsors and ESG Leadership Council

Led by vice president of ESG and chief sustainability officer



Transparent and Actionable Reporting

We expect our stockholders and other stakeholders to hold us accountable for our ESG progress. That is why we voluntarily provide transparent updates annually in our ESG Report, DEI Report and CDP disclosure, which can be found on VMware's [ESG webpage](#). We also disclose ESG-related information in the annual [VMware Transparency and Law Enforcement Report](#) and in our Form 10-K and annual Proxy Statement filings with the U.S. Securities and Exchange Commission (SEC).

ESG data enables us to measure our progress toward goals and provides actionable insights to help inform our strategic priorities as we adopt a smart impact mindset. Reporting our data and qualitative disclosures is crucial to earning trust from our stakeholders, which is why we work to align our ESG Report with leading frameworks and standards:

- Sustainable Accounting Standards Board (SASB)
- Greenhouse Gas Protocol (GHG Protocol)
- Global Reporting Initiative (GRI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations Sustainable Development Goals (UN SDGs)
- Principles of the United Nations Global Compact (UNGC)

To stay informed and share best practices on emerging mandatory reporting requirements, we partner with organizations like Accounting for Sustainability (A4S), which was established to catalyze action by finance leaders to drive a shift toward a sustainable economy. In FY23, a cross-functional working group at VMware, including representatives from the ESG Office, Finance, Human Resources, Accounting, Legal and more, collaborated to improve reporting processes and practices as we prepare to comply with new regulations.

Learn more about investor relations at VMware:
ir.vmware.com

International Disclosures: India CSR Act

The [Indian Companies Act 2013](#)¹², often referred to as the India CSR Act, requires companies with a presence in India to spend a minimum percentage of average net profits on corporate social responsibility (CSR) initiatives in India. VMware complies with this mandate while regularly [reporting on grant expenditure, utilization and impact](#) in alignment with and in addition to our global Citizen Philanthropy charitable giving, which invests in Indian nonprofits through VMware Foundation programs.

In FY23, VMware's efforts in India toward the CSR Act supported 25 nonprofits working on a wide range of causes, including education, environmental conservation, economic development and more.



Responsible Ethics and Anti-Corruption Policies



VMware Snapshot:
EPIC₂ award winner celebrated
for embodying our shared values

A culture of ethical conduct and compliance is key to maintaining a trusted and responsible business.

This culture is core to VMware's commitment to integrity, which underpins our Business Conduct Guidelines that specify standards of behavior that go beyond just complying with the law. All VMware employees are required to receive Business Conduct Guidelines training annually. To further cultivate a culture of accountability, a confidential ethics helpline, managed by an external vendor, is available around the clock in multiple languages and with an option for anonymous reporting.

Our commitment to ethics and responsibility is bolstered by an anti-corruption program that seeks to embed anti-bribery management into every facet of our business. We leverage risk assessments to drive process and control refinement, identify targeted training opportunities, and implement program enhancements.

These policies and more serve as VMware's North Star, guiding our path toward best-in-class responsible business practices.

Published Policies and Privacy Notices

VMware develops ethical guidelines to govern how we operate as a responsible business, including but not limited to the following policies and notices that have been published externally:

- Business Conduct Guidelines
- Corporate Governance Guidelines
- Partner Code of Conduct
- Supplier Code of Conduct
- VMware Commitment Against Slavery and Human Trafficking
- VMware Environmental Policy
- VMware Tax Strategy

Learn more at the [VMware Investor Relations webpage](#)

- California Rights Privacy Notice
- China Privacy Notice
- Cookie Privacy Notice
- Global Privacy Notice
- Job Applicant Privacy Notice
- Products and Services Privacy Notice
- Workspace ONE Privacy Disclosure

Learn more at the [VMware Privacy Program webpage](#)

Public Policy and Political Engagement

Our Government Relations and Public Policy team partners with governments and public officials to champion our technologies, products and services, customers, employees and global communities. We work with all levels of government on public policies relevant to our core business and values, and we partner with trade associations and industry organizations that share our vision and policy objectives.

The VMware Government Relations team collaborates with POD employee resource groups to manage the VMware Power of Difference Government Engagement Program, which provides employees with opportunities to discuss DEI issues with government officials. Among other efforts, the VMware Political Action Committee (PAC) supports select members of Congress solely based on their leadership and activism on ESG and DEI. We have identified several Congressional champions to correspond to our PODs and environmental sustainability advocacy.



Public Policy Highlights | FY23

VMware participates in public policy engagements around the world to co-innovate with stakeholders as we build a more sustainable, equitable and secure world:



Joined the [European Green Digital Coalition](#) in collaboration with the European Commission and European Parliament to harness the emission-reducing potential of digital solutions



Advocated for sustainability by design to become the foundation of software development and to rid the IT industry of wasteful systems that needlessly result in higher energy consumption at the clean-IT Conference with the [Hasso-Plattner Institute](#) in Germany



Leaders from the Black@VMware POD attended several events hosted by the [U.S. Congressional Black Caucus Institute](#) (CBCI) and participated in an event hosted by Congresswoman Alma Adams from the [Congressional Bipartisan HBCU Caucus](#) to support workforce development in the technology industry



Responded to a request for information (RFI) from the [Office of the National Cyber Director](#) (ONCD) at the White House on how to build a diverse and inclusive cybersecurity workforce in the United States

Building Trust Through Partnerships

VMware collaborates and co-innovates with an expansive ecosystem of partners to foster a more sustainable, equitable and secure world. By working with others to solve our collective challenges, VMware builds trust and enhances our ability to drive smart impact. Here are a few of the many organizations that we partner with around the world:



1t.org

Pledging to accelerate nature-based solutions with a commitment to plant and protect 1 million trees by 2030



European Green Digital Coalition

Harnessing the emission-reducing potential of digital solutions alongside nearly 40 IT companies supported by the European Commission and the European Parliament



RE100

Signing on early to this global initiative representing businesses committed to using 100 percent renewable electricity in partnership with the Climate Group and CDP



Accounting for Sustainability (A4S)

Serving as an active member, inspiring action by finance leaders to drive a fundamental shift towards resilient business models and a sustainable economy



EV100

Supporting the adoption of electric vehicles by our employees and at our office locations over the next decade



Stanford VMware Women's Leadership Innovation Lab

Sponsoring research and developing solutions to advance women's leadership and gender equality



Clean Energy Buyers Association

Serving as an active board member and a proud signatory of the Energy Buyer Federal Clean Energy Policy statement



Green Software Foundation

Contributing to a trusted ecosystem of people, standards, tooling, and best practices for environmentally sustainable software



The Valuable 500

Serving as a member to unlock the business, social and economic value of more than 1 billion people with disabilities around the world



The Climate Pledge

Committing to solve the challenges of decarbonizing our economy and achieving net zero emissions



National Science Foundation

Supporting multiple projects with a goal of fostering transformative research that changes how we work tomorrow



World Economic Forum

Serving as an active member with WEF, a non-partisan, nonprofit organization that engages prominent, political, business and other leaders

Impact Spotlight: Breaking the Bias in Cybersecurity

International Women's Day in March is a global acknowledgement of the social, economic, cultural, and political achievements of women. As a proud champion of women, VMware is committed to advancing gender equality and accelerating female leadership in the technology industry—especially in cybersecurity where women are underrepresented compared to male peers. [13](#)

With such gender imbalance in the security industry, it is critical for female security professionals to advocate for career development, support each other through allyship and push to “break the bias” together—the theme of International Women's Day in 2022.

This past fiscal year, VMware helped raised awareness on these systemic challenges by shining a spotlight on our own female security professionals and asking their advice on how to overcome biases and establish their careers.

Learn more about [VMware women in cybersecurity](#)



“My role as an engineering leader gives me the chance to **hire deserving diverse talent** and mentor them. I make a conscious effort not to allow the world's (or my own) biases to limit me in realizing my potential. That is the example I hope to set for the next generation of women to help break the bias.

DHARMA SRINIVASAN
DIRECTOR OF ENGINEERING, VMWARE



“As an engineering manager for the VMware Security Business Unit, I feel that it is my responsibility to foster an environment where everyone feels that their voice can be heard and their input is valued. When we have a **diverse set of perspectives**, we can build a better picture of the problem at hand and deliver well-rounded solutions to our customers.

CAROL HOLMSTEDT
ENGINEERING MANAGER, VMWARE

Future Impact in Trust

Emerging international regulations, the rise of generative AI and bad actors taking advantage of security vulnerabilities make accountable corporate governance and responsible business practices more crucial than ever before. Enterprises need to better protect stakeholder data, achieve compliance, and effectively defend against the increasing cyberattacks threatening our digital world.

While trust is largely about providing protection, VMware uses our smart impact approach to advance cutting-edge solutions that address emerging trends. Looking ahead, VMware plans to continue to strengthen our ESG reporting and audit practices as regulatory requirements evolve around the world.

In addition, as we explore the opportunities of AI, we are also addressing privacy, security and ethical considerations for our shared digital future. This includes the publication of VMware's Ethical Principles for AI to help drive fairness, accountability, sustainability, and responsibility.

We recognize that building trust is a constant practice essential to both our long-term business health and our customer relationships. Our customers expect our technology solutions to focus on security and resilience, while also expecting us to act responsibly and transparently. Through our collective ESG efforts VMware protects the trust we've built with stakeholders and advances our impact with them as we move forward together.

Read VMware's [blog post about ethical AI](#)

Beyond Zero Trust

Delivering trusted, more secure capabilities to our customers is crucial in a future that will see ever-increasing, more complex cyberattacks. Beyond Zero Trust is a company-wide effort to use cross-functional teams and our technology to further protect our products, systems and people by better detecting and limiting impact from insider threats. These efforts range from implementing new policies and security protocols to a more robust authentication framework. The Beyond Zero Trust initiative is designed so we continue to earn our customer's trust by supporting the following goals:



Quality software

Enable teams to produce products and services that serve our customers in terms of reliability, integrity and usability



Colleague security

Continually work to secure our environment and platforms while replacing legacy environments as we accelerate transformation



Detect and defend

Expand our security services to be able to better detect or defend against malicious activity

ESG Performance

ESG Performance

Data transparency is a cornerstone to keeping ourselves accountable in achieving our 2030 Agenda outcomes of Sustainability, Equity and Trust. Besides keeping our stakeholders informed, we also leverage data to improve our decision-making and capacity for innovation when implementing our smart impact approach to ESG. In addition to our annual data disclosures, we share qualitative progress updates on each of our 30 cross-company goals within the 2030 Agenda.

Over time, we have deepened our alignment to leading frameworks that guide the structure of this report as well as standards that prescribe specific, replicable and detailed requirements for what topics should be disclosed based on our industry. These frameworks and standards include the TCFD, GHG Protocol, GRI, SASB, and the Principles of the UNGC.



2030 Agenda Progress | Sustainability

GOAL	DESCRIPTION	PROGRESS UPDATE
Carbon Transparency	We will empower our customers by enabling transparency into the carbon reduction impact of VMware solutions.	In FY23, we released the Green Score feature in VMware Aria Operations to track sustainability progress and provide actionable recommendations for customers. In addition, we are improving the accuracy of VM power metrics in vSphere.
Workload Carbon Efficiency	We will prioritize radical efficiency innovations that accelerate productivity and carbon efficiency of customers' digital operations.	We act as customer zero for our products to achieve workload carbon-efficiency gains. Through these efforts, we defined qualification criteria for carbon-efficient customers and enhanced power management features for energy-efficiency gains.
Zero Carbon Clouds	We will collaborate with our enterprise public cloud partners to catalyze the transition to zero carbon clouds through the adoption of 100 percent renewable energy.	As of May 2023, 56 partners have joined the VMware Zero Carbon Committed program.
Net Zero Emissions	We will achieve net zero carbon emissions for our operations and supply chain and reduce our emissions 50 percent from FY19 baseline by 2030.	As of FY23, we achieved 82 percent of our Scope 1 and 2 emissions reduction target relative to the FY19 base year, 44 percent of our Scope 3 emissions reduction target for fuel-and-energy-related activities relative to the FY19 base year, and 50 percent of Scope 3 emissions reduction target for employee commuting relative to the FY19 base year. In addition, 52 percent of our suppliers (by spend) have at least committed to setting science-based targets.
Business Resilience	We will ensure business resilience from our physical infrastructure to our distributed workforce.	We continue to enhance manager preparedness through people manager resiliency plans and improve our emergency notification systems after applying lessons learned from the COVID-19 pandemic and recent natural disasters.
Distributed Energy	We will invest in renewable energy technology to accelerate the transition to workplace distributed energy.	In FY23, the Technical Building Operations team at VMware began monitoring operating conditions relating to energy efficiency of our community microgrid. This ensures that the microgrid can provide clean, reliable energy even as demand increases due to rising temperatures.
E-Waste Responsibility	We will process 100 percent of our e-waste in the most socially and environmentally responsible manner.	To avoid carbon emissions from e-waste, we expanded our preferred end-of-life vendor base, which enables increased asset disposition options across our global facilities. We also increased the resale of end-of-life equipment to extend the usefulness of hardware.
Impact Investments	We will invest in innovations at the intersection of social, environmental and financial impact.	VMware has made two impact investments aligned with our technology roadmap in the following areas: 1) geospatial data capture, processing and analytics that enable enterprise customers to detect, prioritize, and monitor for environmental and social impacts; 2) software focused on accelerating clean energy transition by enabling secure AI and data analytics across energy companies.
Water Resilience	We will institute aggressive water conservation in the water-stressed regions within our workplace portfolio.	To reduce water consumption by 20 percent by 2025, we have installed water meters, low flow fixtures, aerators, and sensor-based taps in restrooms within many of our offices. In FY23, we reduced consumption by 12.5 percent as compared to the FY21 baseline year.
Sustainable Cloud Advocacy	We will collaborate with global governments to drive IT policy that makes IT infrastructure more reliable, scalable, flexible, secure, cost-effective and sustainable.	In FY23, VMware advocated in favor of sustainability legislation, including the U.S. federal 2023 Appropriations Act that includes provisions on multi-cloud that can lead to reducing the energy consumption of IT infrastructure. VMware also joined the European Green Digital Coalition to support increasing the use of emission-reducing digital solutions.

2030 Agenda Progress | Equity

GOAL	DESCRIPTION	PROGRESS UPDATE
Anywhere Workspace	We will support our customers' distributed workforces to be productive, wherever they are, with an integrated Zero Trust-based intelligent platform that combines security with an exceptional end-user experience.	Within the VMware Anywhere Workspace solutions, mobile platforms were enhanced with Workspace ONE Mobile Threat Defense to provide customers with added security for their distributed workforces. Authentication options were also added to improve end-user experience while still enabling secure access to enterprise resources regardless of end-user location.
Diversity, Equity and Inclusion	We will drive equity by focusing on diverse hiring and practicing inclusive leadership.	In FY23, women represented 29.8 percent of our global employees, underrepresented minorities represented 13 percent of our U.S. workforce, 33.3 percent of our global hires self-identified as a woman, and 16.3 percent of U.S. hires self-identified as an underrepresented minority. To stay accountable, corporate DEI goals were tied to bonus compensation.
Distributed Workforce	We will enable a diverse, global workforce built on choice and flexibility by empowering our employees with the right collaboration capabilities, technology and work practices as they grow their career without limitations or boundaries.	In FY23, 92 percent of respondents to our employee survey agreed that VMware is delivering on its commitment to give employees choice and flexibility in where they work. To address the needs of a distributed workforce, VMware transformed 70 percent of our office portfolio to meet collaboration-first design principles.
Equitable Pay	We will drive equity and retention of women and under-represented communities through our commitment to equitable pay.	We analyze compensation globally, accounting for factors that influence pay such as job, grade, tenure, time in job, location and performance. Our most recent analysis shows that women at VMware earn 99 percent of their male counterparts' salary globally, and racial and ethnic minority employees earn 100 percent of their white counterparts in the United States.
Technology Accessibility	We will enable the technology that we develop and sell to be accessible for all.	VMware conducts accessibility audits and provides consulting, education, and support to Product and Marketing teams through our Embedded Accessibility Strategist program.
Supplier Diversity	We will support diverse-owned suppliers including small businesses, women-owned and other underrepresented minorities by increasing our spend with these suppliers.	In FY23, we matured our data collection to better evaluate supplier diversity among third-party vendors, engaged top suppliers to do an assessment through EcoVadis, and began leveraging contractual language to require supplier action on sustainability, diversity and accessibility. Since FY21, we've invested a cumulative more than \$300 million with diverse suppliers.
Culture of Service	We will continue to foster a culture of service by amplifying the personal contributions of our people's time, talents and resources to their nonprofits of choice in our global communities.	In FY23, more than 33,000 VMware Citizen Philanthropists supported more than 15,000 nonprofits in 98 countries through programs such as Matching Gifts, Service Learning, Milestone Awards, a year-end global giving initiative, and other employee-directed donations. We also initiated our first-ever Humanitarian Relief donation this past year.
Digital Skills	We will grow a diverse talent pool that understands VMware solutions through digital skills education.	In FY23, VMware IT Academy upskilled more than 100,000 learners on VMware technology solutions, granted more than 1,300 VMware certifications and reached more than 15,000 learners through a learn-a-thon event in India.
Nonprofit Digital Transformation	We will help to accelerate nonprofits' impact globally by supporting nonprofits in their digital transformation journeys.	We served 1,135 nonprofits in FY23 through VMware initiatives such as Good Gigs Projects and Nonprofit Pricing, as well as through our support of TechSoup's Digital Assessment Tool for nonprofits.
Wellbeing	We will build on the foundation of our EPIC ₂ values through wellbeing and people empowerment programs that are accessible, inclusive, and innovative.	VMware continued to improve our comprehensive benefits program, designed to assist employees in taking care of themselves and achieving wellbeing. This includes our employee wellbeing allowance that offers employees funds for activities that align with one of four wellbeing pillars: physical, emotional, financial and community.

2030 Agenda Progress | Trust

GOAL	DESCRIPTION	PROGRESS UPDATE
Security	We will enable our customers to protect their applications and data with up-to-date security technology that embeds security throughout their digital infrastructure.	In FY23, we initiated a program to actively scan internet-exposed systems for known vulnerabilities and proactively reached out to our customers to help improve the security posture of their VMware product installations. In addition, VMware continues to make regular disclosures of exploitable identified vulnerabilities at VMware Security Advisories .
Privacy by Design	We will inspire customer and employee trust by embedding privacy by design into the DNA of how we design, build and deploy products, services and applicable business operations.	In FY23, we added new customer resources in the VMware Cloud Trust Center to increase transparency, including datasheets that help explain how our service offerings help customers process personal data. Recent regulatory compliance additions include the HIPAA BAA form, BCR-P FAQs, and U.S. state law references.
Fair and Ethical Practices	We will drive fair and ethical business practices across our value chain by leveraging predictive technology capabilities and through greater collaboration around the globe.	In FY23, VMware created technological monitoring capabilities to identify high-risk transactions and launched the Ethics & Compliance Ambassadors program globally to increase awareness of fair and ethical practices.
Transparency	We will champion operational excellence and transparency across our organization, through our governance, reporting and communications, including engagement and oversight at the management and Board of Directors levels.	VMware has implemented an ESG governance structure to ensure oversight and transparency. Our Governance Committee oversees our ESG progress our Audit Committee oversees cybersecurity and data privacy matters, and our Compensation Committee reviews ESG in the context of executive compensation.
VMware on VMware	We will operate our infrastructure to the highest level of security, reliability and efficiency through the deployment of VMware on VMware solutions.	As customer zero and first adopters of VMware technology, we provide practical steps for our customers to deploy VMware products globally at scale. Our 2023 VMware IT Performance Annual Report helps customers build a resilient, future-ready organization inspired by VMware's own digital transformation journey.
Workforce Development	We will enable our people to advance from every chair and grow throughout their career.	In FY23, we focused on curating content and driving employee consumption of technical, product, leadership and business skill training resources. On average, VMware employees received more than 25 hours of training annually, which equates to more than 900,000 hours of training in total for the year.
Impact Advocacy	We will support policy that drives climate-positive IT solutions and social impact policy that supports equity and inclusion.	The VMware PAC supports certain members of Congress solely based on their activism on ESG and DEI issues. It hosts impact public policy events for VMware employee resource group leaders to meet with their political representatives as well as employee resource group leaders from other corporations.
Digital Ethics	We will empower our engineers and organization to develop, build and release products in alignment with our code of digital ethics and stewardship.	We created ethical principles for AI to ensure we operate responsibly, leveraging best practices from the NIST, the Association for the Advancement of Artificial Intelligence (AAAI), and the European Union's high-level expert group on AI.
Integrated Reporting	We will transition to integrated reporting, combining financial and nonfinancial data in alignment with SASB and TCFD.	We expanded ESG and DEI disclosures in our FY23 Form 10-K and 2023 Proxy Statement filings in preparation for emerging regulations.
Sustainable Finance	We will develop and incorporate sustainable metrics to embed sustainability into our financial decision-making process.	VMware continued our participation in Accounting for Sustainability, including the CFO Leadership Network, and further integrated sustainability into VMware's financial processes by aligning our annual operating plan and resource allocation with our ESG strategy and priorities.

TCFD Disclosure

CATEGORY	SUB-CATEGORY	RESPONSE
GOVERNANCE		
Disclose the company's governance around climate-related risks and opportunities	Describe board oversight of climate-related risks and opportunities	VMware has implemented an ESG governance structure that includes annual oversight by the full Board of Directors (Board) over ESG topics, including climate-related risks. Our Nominating, Governance and Related Persons Transactions Committee of the Board (Governance Committee) is responsible for primary oversight of our ESG progress, including with respect to climate-related risk mitigation and opportunities. The Governance Committee reviews ESG strategy and program progress three times per year. The Governance Committee also oversees VMware's corporate governance practices, which provide a company-wide framework for operating in the best interests of all our stakeholders, including employees, customers, partners, suppliers, stockholders and communities in which VMware operates, and in compliance with applicable legal requirements as we manage risks and benefit from opportunities related to climate change. Our ESG governance structure is further detailed on page 40 of the 2023 ESG Report and in the company's 2023 Proxy Statement , available at ir.vmware.com .
	Describe management's role in assessing and managing climate-related risks and opportunities	VMware's ESG Executive Sponsors, comprised of C-suite leaders, meet quarterly to provide ESG strategy direction, review the latest macro-trends to assess emerging climate-related risks and opportunities, and ensure a program is in place to identify, assess, manage and monitor climate risks. Our ESG Leadership Council, made up of senior functional and business unit leaders, meets quarterly to monitor progress against our goals and to craft short- and medium-term roadmaps. Operationally, VMware's ESG Office drives cross-company alignment and integration of our 2030 Agenda, implements initiatives and measures the progress made toward our targets. The ESG Office is led by our VP, ESG and chief sustainability officer.
RISK MANAGEMENT		
Disclose how the company identifies, assesses, and manages climate-related risks	Describe the company's processes for identifying and assessing climate-related risks	The Audit Committee of the Board has oversight of the Internal Audit function, which identifies and assesses enterprise-wide risks, including climate-related risks that are considered equally in relation to other enterprise risks. Internal Audit is responsible for assurance and risk advisory services (such as maturity assessments, risk profiling, raising awareness) and performs annual compliance risk assessments for identified/emerging risks; company-wide; across the value chain; and across short-, medium- and long-term horizons. Risk scenarios are evaluated for financial, reputational or other risks, and then the VP of Internal Audit determines if the risk scenario rises to the level of a corporate risk focus or if it should be reevaluated later. The resulting list of corporate risk focus areas is reviewed with the Audit Committee on a quarterly basis. The operational risk assessment process is ongoing; pertinent risks arise and are flagged by the Risk Management, Physical Security, Emergency Response, and Crisis Management teams, including any risks or issues identified by Internal Audit in the course of their audits. In addition, VMware's VP, ESG and chief sustainability officer collaborates with the VP of Internal Audit to integrate climate risks and opportunities from direct operations into the risk assessment process. This allows the ESG Office to provide expertise on the latest climate science and ensure the unique and dynamic characteristics of climate risks are considered.
	Describe the company's processes for managing climate-related risks, and how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management	To manage risks, Enterprise Resiliency focuses on risk mitigation strategies for those key business interruption risks identified by management self-assessments, incorporating input from Internal Audit, including climate-related risks such as natural disasters. Enterprise Resiliency works to improve disaster preparedness and unites business continuity, technology recovery, emergency response, and crisis management programs under a collaborative governance framework to effectively manage risks to VMware's people and business. Ultimately, climate-related risks are mitigated by relevant teams, including Workplace, Crisis Management, Physical Security, and Enterprise Resiliency, through the implementation of disaster recovery, crisis management, and business continuity planning.

TCFD Disclosure (Continued)

CATEGORY	SUB-CATEGORY	RESPONSE
Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning	Describe the climate-related risks and opportunities the company has identified, their impact on the company's businesses, strategy, and financial planning, and the resilience of the company's strategy	STRATEGY
		To lead in the global transition to a low-carbon economy, VMware developed our 2030 Agenda, which is a call to action with measurable goals integrated throughout the company and serves as a framework to operationalize our ESG strategy, spark innovation, and ensure accountability. VMware's collective efforts to drive net zero emissions in our operations and embed sustainability in our product solutions will help us mitigate climate-related risks and capture related opportunities in the face of climate change. Our 2030 Agenda will enable us to continue to improve resource efficiency, invest in the transition to a low-carbon economy, and build enterprise resiliency at VMware. In addition to the 2030 Agenda and our ongoing internal risk assessment processes, a climate screening was conducted in fiscal year 2022 to identify and assess VMware's climate-related transition to a low-carbon economy and physical risks, as well as corresponding opportunities. Operational leaders across key functional business areas were enlisted to establish a detailed understanding of how VMware currently addresses climate risks to successfully execute business objectives. In conducting this screening, we engaged a global sustainability consulting leader to help us better understand our risk exposure, so that we will be able to create a formal roadmap for scenario analysis and resiliency planning and better develop strategies for leveraging opportunities. The assessment sought to identify risks and opportunities by way of interviews with VMware's internal stakeholders. Physical and transition risks: • Physical – Acute: Increasing frequency and severity of event-driven extreme weather events • Physical – Chronic: • Rising mean temperatures and increased temperature variability • Rising sea levels • Changes in precipitation patterns • Transitional – Technology: Uncertainty in cost of the technological innovations which support the energy transition to a low-carbon economy • Transitional – Reputation: Uncertain and changing perceptions of VMware's contribution to the transition to a low carbon economy. • Transitional – Legal & Policy: Policies that act to constrain adverse effects of climate change or promote adaptation to climate change. • Transitional – Market: Uncertain shifts in supply and demand for VMware services. Opportunities VMware can further pursue: • Resource Efficiency: Efficiency of VMware's offices and operations (data centers and cloud partners) • Energy Source: VMware's use of lower-emission sources of energy and participation in the carbon market • Products and Services: The shift of consumer preferences toward VMware's products which accelerate productivity and carbon efficiency of customers' digital operations • Markets: VMware's access to new customers • Resilience: VMware's ability to continue to do business in the midst of climate-related risks through resilience planning and reliability of products and services We believe our approach to analyzing climate-related risks and opportunities will help VMware establish a resilient path forward in the face of climate change. The above-described climate-related risk assessment, conducted cross-functionally with our internal stakeholders, provides the qualitative data necessary to understand VMware's position in the climate-related risk landscape. More information on VMware's disclosed climate-related risks can be found in our SEC filings, including Forms 10-K and 10-Q, available at ir.vmware.com and in our annual CDP disclosure.

TCFD Disclosure (Continued)

CATEGORY	SUB-CATEGORY	RESPONSE
METRICS AND TARGETS		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process	VMware uses a variety of metrics to understand our exposure to climate-related risks and opportunities. This data enables us to measure our progress toward goals and provides actionable insights to help inform strategic prioritization. These include, but are not limited to, transition risk metrics, such as workload carbon efficiency, energy consumption and distribution, and our GHG emissions. Physical risk metrics highlighted include our ability to minimize e-waste, conserve water, increase sustainable sourcing, and build business resilience globally in our physical infrastructure. Internally, ESG progress metrics, which track specific initiatives being implemented across business units and functions, are assessed and integrated into a quarterly CEO review. Externally, VMware voluntarily provides transparent quantitative and qualitative updates on our ESG performance annually in our ESG Report, CDP disclosure, and Form 10-K and Proxy Statement filings. We believe this reporting is a crucial component in earning the trust of our stakeholders, which is why we work to align with leading ESG frameworks and standards: • Sustainable Accounting Standards Board (SASB) • Global Reporting Initiative (GRI) • Task Force on Climate-related Financial Disclosures (TCFD) • United Nations Sustainable Development Goals (UN SDGs) • Principles of the United Nations Global Compact (UNGC) VMware's emissions are calculated in line with the universally recognized Greenhouse Gas Protocol, which enables VMware to respond to emerging regulations and expectations from stakeholders for increasing disclosure of emissions metrics.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Please see the ESG Data section on page 63 for our FY23 ESG data, including our Scope 1, Scope 2 and Scope 3 GHG emissions.
	Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets	As part of VMware's journey to net zero, VMware set targets for our operations and supply chain that can also help mitigate risks and capture opportunities related to climate change. In addition to a 100 percent renewable energy commitment, VMware is committed to the following 1.5°C-aligned targets validated by the SBTi: • 50 percent reduction in Scope 1 and Scope 2 emissions by 2030 (base year fiscal year 2019) • 50 percent reduction in Scope 3 employee commute emissions by 2030 (base year fiscal year 2019) • 50 percent reduction in Scope 3 fuel-and-energy-related emissions by 2030 (base year fiscal year 2019) • 75 percent engagement of our suppliers (by spend) in committing to set their own science-based targets by end of fiscal year 2025

ESG Data

DESCRIPTION	FY23	GRI	SASB	UNGC
COMPANY OVERVIEW				
Organization name	VMware, Inc.	GRI102-1		
Total revenue (in millions)	\$13,350			
Primary brands, products, and services	VMware Form 10-K FY23	GRI102-2		
Worldwide patents and applications	10,000+			
Location of headquarters	3401 Hillview Avenue, Palo Alto, California 94304 USA	GRI102-3		
Location of operations	VMware office locations	GRI102-4		
Ownership and legal form	VMware Form 10-K FY23	GRI102-5		
Markets served	VMware Form 10-K FY23	GRI102-6		
Scale of the organization	VMware Form 10-K FY23	GRI102-7		
Reporting period	January 29, 2022 - February 3, 2023	GRI102-50		
Report cycle	Annual	GRI102-52		
Report contact	ESG@vmware.com	GRI102-53		
Direct economic value generated and distributed	VMware Form 10-K FY23	GRI201-1		
Membership of associations	VMware 2023 CDP Climate Change disclosure	GRI102-13		
List of stakeholder groups	Shareholders, customers, partners, employees, communities, the environment	GRI102-40		
Statement from senior decision-maker	VMware 2023 ESG Report, Executive Perspectives	GRI102-14		
Information on employees and other workers	VMware 2023 DEI Report	GRI102-8		
External initiatives	We are involved in many external initiatives and partnerships, including: RE100, CEBA, UNGC, Valuable 500, 1t.org, The Climate Pledge, World Economic Forum and more. The low carbon sustainable development projects that we support address numerous Sustainable Development Goals (SDGs), including: SDG 3, SDG 4, SDG 5, SDG 6, SDG 7, SDG 8, SDG 9, SDG 12, SDG 13, SDG 15, SDG 16 and SDG 17. Details of these projects can be found in VMware's 2023 CDP Climate Change response.		GRI102-12	

ESG Data (Continued)

DESCRIPTION	FY23	GRI	SASB	UNGC
GOVERNANCE				
CORPORATE GOVERNANCE				
Governance structure	Corporate Governance Guidelines	GRI102-18		
Executive-level responsibility for economic, environmental, and social topics	VMware's Environmental, Social and Governance strategy is led by the VP, ESG and chief sustainability officer and is overseen by the following ESG Executive Sponsors: chief executive officer, chief financial officer, chief people officer, general counsel, president and chief technology officer	GRI102-20		
Total executive and non-executive board members	10	GRI102-22		
Board gender diversity	30%	GRI102-22, 405-1		
Composition of the highest governance body and its committees	Corporate Governance Guidelines	GRI102-22		
Chair of the highest governance body	Corporate Governance Guidelines	GRI102-23		
Nominating and selecting the highest governance body	Corporate Governance Guidelines	GRI102-24		
Conflicts of interest	Corporate Governance Guidelines	GRI102-25		
Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Guidelines	GRI102-26		
Evaluating the highest governance body's performance	Corporate Governance Guidelines	GRI102-28		
Communicating critical concerns	Corporate Governance Guidelines	GRI102-33		
List of ESG material topics ¹⁴	Data privacy and security, digital ethics, product stewardship and design, climate resilience and adaptation, energy and GHG emissions, civic engagement and public policy, community engagement, digital skills and training, human capital, inclusion and equal opportunity, supply chain responsibility, business oversight and transparency	GRI102-47		

ESG Data (Continued)

DESCRIPTION	FY23	GRI	SASB	UNGC
GOVERNANCE (CONTINUED)				
CORPORATE GOVERNANCE (CONTINUED)				
External assurance	VMware engaged Apex Companies LLC (Apex) as an independent third party to review our FY23 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, employee commuting and fuel- and energy-related activities. The rest of this report has not been externally assured by an independent third party. Please see our third-party assurance letter by Apex for more details.	GRI102-56		
Code of conduct	Business Conduct Guidelines	GRI102-16		Principle10
Percentage of employees who completed Business Conduct Guidelines training	100%	GRI102-16		Principle10
Mechanisms for advice and concerns about ethics	ETICA is the VMware Ethics Helpline, which is a reporting service that permits employees to ask questions, report concerns or follow up on matters they have already reported. It helps our company address fraud, abuse, and misconduct in the workplace, all while cultivating a positive work environment.	GRI102-17		
PUBLIC POLICY				
Company political contributions	\$0	GRI 415-1		
VMware PAC contributions ¹⁵	\$109,000	GRI 415-1		
DATA PRIVACY AND SECURITY				
System performance and security	VMware Cloud Trust Center	GRI 418-1	TC-SI-220a.1	Principle1
Description of policies and practices relating to behavioral advertising and user privacy	VMware believes that protecting personal data is critical to building trusted relationships with both customers and employees, as well as for promoting innovation. VMware's dedicated Global Privacy team works across the organization to deliver pragmatic, creative, and scalable privacy solutions to protect our customers and their infrastructures as well as our own. To help proactively identify and mitigate privacy-related issues, the Global Privacy team has implemented a Privacy Review process that is completed when teams are implementing or updating business processes, applications or services that will process personal data. In addition, we regularly review our privacy strategy against emerging legal requirements and regulatory guidance to define and embed privacy controls that meet both our customers' and internal stakeholders' expectations, and to implement best-in-class, cross-border data transfer mechanisms. Please view our Privacy Notice and VMware Privacy Program webpage to learn more.	GRI 418-1	TC-SI-220a.1	

ESG Data (Continued)

DESCRIPTION	FY23	GRI	SASB	UNGC
GOVERNANCE (CONTINUED)				
DATA PRIVACY AND SECURITY (CONTINUED)				
Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	VMware promptly and regularly discloses publicly known vulnerabilities that are exploitable in one or more supported products and are critical and important in severity. We have a rigorous program in place that actively identifies and addresses security threats. Once a vulnerability is identified in any of the products of our product portfolio, our teams will see to its remediation. In addition to our internal security operations, VMware collaborates closely with the security research community to track security issues. VMware makes regular disclosure of exploitable identified vulnerabilities at VMware Security Advisories (VMSA). VMware is active in the broader software industry security community, becoming an early member of the Building Security In Maturity Model (BSIMM) in 2009 and a member of SAFECode in 2014, an organization driving security and integrity in software products and solutions. VMware is deeply invested in open source software (OSS) security. Not only do we contribute to some of the world's most important OSS projects, but we also make contributions in many ways, including our participation in organizations such as the Open Source Security Foundation (OpenSSF) and Cloud Native Computing Foundation (CNCF) from the Linux Foundation.			
	Risks related to rapid climate change, such as extreme weather conditions, sea-level rise, drought, flooding and wildfires, may have an increasingly adverse impact on our business and those of our customers, partners and vendors in the longer term. Access to clean water and reliable energy in the communities where we conduct our business, whether for our offices, data centers, vendors, customers or other stakeholders, is a priority. Any of our primary locations may be vulnerable to the adverse effects of climate change and the impacts of extreme weather events, which have caused regional short-term systemic failures in the U.S. and elsewhere. For example, our California headquarters is projected to be vulnerable to future water scarcity due to climate change, and unanticipated extreme cold weather has resulted in electrical grid outages in Texas where many of our U.S. employees are located. While this danger currently has a low-assessed risk of disrupting normal business operations in the near term, it has the potential to impact employees' abilities to commute to work or to work from home and stay connected effectively. Climate-related events and their potential to increase political instability in regions where we, our customers, partners and our vendors do business, have the potential to disrupt our business, our third-party suppliers, or the business of our customers and partners and may cause us to experience higher attrition and additional costs to maintain or resume operations.			TC-SI-230a.2
Description of business continuity risks related to disruption of operations				TC-SI-550a.2

ESG Data (Continued)

DESCRIPTION	FY23	GRI	SASB	UNGC
SOCIAL				
WORKFORCE INDICATORS				
Number of employees ¹⁶	38,300	GRI 102-7		
Benefits provided to full-time employees that are not provided to temporary or part-time employees	VMware Benefits	GRI 401-2		
Commitment to Diversity and Inclusion	VMware Diversity, Equity and Inclusion			Principle 1,6
Regional employees (AMER %)	45.1%	GRI 102-7		
Regional employees (APAC %)	35.2%	GRI 102-7		
Regional employees (EMEA %)	19.8%	GRI 102-7		
Global gender diversity	70.2% Men; 29.8% Women	GRI 102-8	TC-SI-330a.3	
Regional gender diversity, AMER	70.2% Men; 29.8% Women	GRI 102-8	TC-SI-330a.3	
Regional gender diversity, APJ	69.5% Men; 30.5% Women	GRI 102-8	TC-SI-330a.3	
Regional gender diversity, EMEA	71.3% Men; 28.7% Women	GRI 102-8	TC-SI-330a.3	
Regular employees under 31 years old	21.7%	GRI 405-1		
Regular employees 31-50 years old	64.0%	GRI 405-1		
Regular employees over 50 years old	14.2%	GRI 405-1		
Total New Hires - under 31 years old	38.4%	GRI 401-1		
Total New Hires - 31-50 years old	53.9%	GRI 401-1		
Total New Hires - over 50 years old	7.7%	GRI 401-1		
U.S. – African-American/Black	4.8%	GRI 405-1	TC-SI-330a.3	
U.S. – Asian	31.3%	GRI 405-1	TC-SI-330a.3	
U.S. – Caucasian/White	53.6%	GRI 405-1	TC-SI-330a.3	

ESG Data (Continued)

DESCRIPTION	FY23	GRI	SASB	UNGC
SOCIAL (CONTINUED)				
WORKFORCE INDICATORS (CONTINUED)				
U.S. - Hispanic/Latinx	7.6%	GRI 405-1	TC-SI-330a.3	
U.S. – Multiracial	2.1%	GRI 405-1	TC-SI-330a.3	
U.S. – Other ¹⁷	0.6%	GRI 405-1	TC-SI-330a.3	
Differently Abled ¹⁸	3.4%			
LGBTQ+ ¹⁹	10.4%			
Veterans ²⁰	6.7%			
Percentage of gender and racial/ethnic group representation for management, technical staff, and all other employees	The percentages of gender and racial/ethnic group representation by employee type, including metrics reflecting intersectionality, are provided on pages 29-32 of our 2023 DEI Report .		TC-SI-330a.3	
Ratio of basic salary and remuneration of women to men	At VMware, women earn 99% of their male counterparts' salary globally.		GRI 405-2	
Process for determining remuneration	VMware is committed to looking at our data across key demographic groups and closing the gaps between majority and underrepresented groups. We have set specific and measurable annual goals to increase the diversity of our workforce and improve the representation of underrepresented groups in the U.S. We also innovate to create new experiences to identify, expand and support the pool of underrepresented talent across the technology industry. More information about our relevant policies and programs to foster equitable employee representation can be found in our 2023 DEI Report .		GRI 405-2	

ESG Data (Continued)

DESCRIPTION	FY23	GRI	SASB	UNGC
SOCIAL (CONTINUED)				
TALENT DEVELOPMENT				
Total number of employees who attended a Professional Development program	18,281	GRI 404-2		Principle 6
Total number of employees who attended a Research and Development training	14,278	GRI 404-2		Principle 6
Employees receiving regular performance and career development reviews	VMware believes that by innovating new performance norms, we not only build stronger human relationships and improve communication between employees and managers, but we also ensure we stay agile and responsive to the changes that naturally occur in the business environment. To this end, we encourage career development goal setting and conversations throughout the year.		GRI 404-3	
Employee engagement ²¹	58%		TC-SI-330a.2	
Employee Net Promoter Score (NPS)	25			
COMMUNITY ENGAGEMENT				
Total VMware Foundation grants	\$17,956,000			
VMware matching gifts	\$7,511,000			
Employee service learning hours	110,500			
Number of employees who participated in charitable activities	33,137			
Percentage of employees who participated in charitable activities	85%			
Number of global nonprofits supported	15,166			
Total VMware University Research Fund (VMURF) grants	\$10,868,250			

ESG Data (Continued)

DESCRIPTION	FY23	GRI	SASB	UNGC
SOCIAL (CONTINUED)				
HUMAN RIGHTS				
Commitment to ethical conduct	Business Conduct Guidelines	GRI 412-1		Principle 1,4,5,6
Commitment to supplier diversity	VMware Responsible Sourcing	GRI 414-1		Principle 6
Diverse supplier spend (U.S.) ²²	\$67,800,000			
Supplier code of conduct	VMware Supplier Code of Conduct	GRI 414-1		Principle 1,3,4,5,6
Partner code of conduct	VMware Partner Code of Conduct	GRI 414-1		Principle 1,3,4,5,6

ESG Data (Continued)

DESCRIPTION	FY23	GRI	SASB	UNGC
ENVIRONMENTAL				
GHG EMISSIONS				
Total GHG emissions ²³	397,008 MT CO ₂ e	GRI 305		
Scope 1: Direct emissions from owned/controlled operations ²⁴	3,650 MT CO ₂ e	GRI 305-1		
Scope 2: Indirect emissions from the use of purchased electricity (market-based) ²⁵	0 MT CO ₂ e	GRI 305-2		
Scope 2: Indirect emissions from the use of purchased electricity (location-based) ²⁶	60,380 MT CO ₂ e	GRI 305-2		
Scope 2: Indirect emissions from the use of purchased cooling (market-based)	844 MT CO ₂ e	GRI 305-2		
Total Scope 3 emissions	392,515 MT CO ₂ e			
- Scope 3: Business travel ²⁷	44,210 MT CO ₂ e	GRI 305-3		
- Scope 3: Employee commuting ²⁸	25,815 MT CO ₂ e	GRI 305-3		
- Scope 3: Purchased goods and services	190,576 MT CO ₂ e	GRI 305-3		
- Scope 3: Capital goods	62,933 MT CO ₂ e	GRI 305-3		
- Scope 3: Other ²⁹	68,981 MT CO ₂ e	GRI 305-3		
GHG emissions intensity revenue metric ³⁰	0.06 MT CO ₂ e/million USD revenue	GRI 305-4		
GHG emissions intensity employee metric ³¹	1.58 MT CO ₂ e/employee	GRI 305-4		
GHG emissions intensity square footage metric ³²	0.63 MT CO ₂ e/1,000 sq ft	GRI 305-4		
Progress against our science-based emission reduction targets. By 2030, VMware is committed: ³³		GRI 305-5		Principle 8
To reduce our scope 1 and 2 emissions by 50% from a fiscal year 2019 (FY19) baseline	82 percent reduction achieved			
To reduce absolute scope 3 GHG emissions from fuel-and-energy-related activities 50% from a FY19 baseline	44 percent reduction achieved			
To reduce absolute scope 3 GHG emissions from employee commuting 50% from a FY19 baseline	50 percent reduction achieved			

ESG Data (Continued)

DESCRIPTION	FY23	GRI	SASB	UNGC
ENVIRONMENTAL (CONTINUED)				
STRATEGY AND MANAGEMENT				
Environmental impact of VMware products	Discussion of low-carbon products in VMware's CDP Climate Change Questionnaire 2022 (Module 4 - Targets and Performance)			Principle 8, 9
Climate strategy, management, risks and opportunities	VMware CDP Climate Change Questionnaire 2022 (Module 1 - Governance, Module 2 - Risks and Opportunities & Module 3 - Business Strategy)	GRI 102-15, 201-2		Principle 7
Discussion of the integration of environmental considerations into strategic planning for data center needs	Sustainability criteria covering clean energy, water and e-waste are included in the evaluation matrix of our colocation data center location strategy. In addition, our RE100 commitment includes our colocation footprint.		TC-SI-130a.3	
ELECTRICITY				
Electricity purchased ³⁴	179,537 MWh	GRI 302-1	TC-SI-130a.1	
Total renewable energy purchased	179,537 MWh	GRI 302-1		Principle 8
• Total Energy Attribute Credits (EACs) purchased	93,271 MT CO ₂ e	GRI 302-1		Principle 8
• Renewable energy purchased (excluding EACs)	86,266 MT CO ₂ e	GRI 302-1		Principle 8
Percentage of renewable energy globally	100.00%	GRI 302-1	TC-SI-130a.1	Principle 8
Electricity intensity square footage metric	29 kWh/sq ft	GRI 302-3		
Reduction of energy consumption	VMware 2023 CDP Climate Change response: Section C4.3	GRI 302-4		Principle 8
Percentage of grid electricity ³⁵	29.06%	GRI 302-1	TC-SI-130a.1	Principle 8

ESG Data (Continued)

DESCRIPTION	FY23	GRI	SASB	UNGC
ENVIRONMENTAL (CONTINUED)				
WASTE				
Waste generation (tons)	498	GRI 306-2		
Recycling(tons)	377	GRI 306-2		
Compost (tons)	31	GRI 306-2		
Landfill (tons)	89	GRI 306-2		
Landfill diversion rate	82%			Principle 8
Waste programs coverage (percentage of global square footage)	44%			
E-WASTE				
Total e-waste generated globally (MT)	45 MT	GRI 306-2		
Total e-waste processed at R2 certified facilities (percentage of total e-waste generated)	100%	GRI 306-2		Principle 8
E-waste disposal by region (%)				
AMER	32%			
APJ including India	46%			
EMEA	22%			
WATER				
Water consumed	138,876,047 gallons	GRI 303-5	TC-SI-130a.2	
Water consumption coverage (percentage of global square footage)	66%			
Total water withdrawn in m ³	VMware does not have significant withdrawals from freshwater sources.		TC-SI-130a.2	

ESG Data (Continued)

DESCRIPTION	FY23	GRI	SASB	UNGC
ENVIRONMENTAL (CONTINUED)				
BUILT ENVIRONMENT				
LEED certifications	20			
Percentage of square footage in green building certified space ³⁶	45%			Principle 8
Wenatchee data center power usage effectiveness (PUE) ³⁷	1.29	GRI 302-3	TC-SI-130a.1	
Portfolio Square Footage	6,144 (in thousands)			
SUPPLY CHAIN				
Engagement with supply chain on climate issues	VMware engages all suppliers with addressable spend of more than \$1 million as part of our supplier engagement program, as this number typically makes up between 85 percent and 90 percent of our spend coverage. We have a goal to reach 75 percent of suppliers (by spend) with science-based targets by end of fiscal year 2025, and we target a larger supplier group knowing that we will not achieve 100 percent compliance.		GRI 102-9, 308-1	Principle 8
Science-Based Target: 75 percent of VMware's suppliers (by spend) will set or commit to set science-based targets by the end of FY25	52%	GRI 102-9, 308-1		Principle 8

Endnotes

¹ AV-Comparatives. "[Business Security Test 2022 \(March–June\)](#)." July 10, 2022.

² This percentage takes into account renewable energy instruments purchased by VMware.

³ [RE100](#) is a global initiative bringing together the world's most influential businesses committed to 100 percent renewable electricity.

⁴ Ministry of Transport and Communications of Finland. "[The two faces of the ICT sector: consuming energy and materials while also paving the way to a carbon-neutral society](#)." June 15, 2020.

⁵ "[On Global Electricity Usage of Communication Technology: Trends to 2030](#)." Anders S.G. Andrae and Tomas Edler. 2015.

⁶ Bloomberg. "[Artificial Intelligence Is Booming—So Is Its Carbon Footprint](#)." Josh Saul and Dina Bass. March 9, 2023.

⁷ Underrepresented groups (URG) include LGBTQ+, gender nonbinary, people with disabilities, and veteran/military veteran status.

⁸ Underrepresented minorities (URM) include U.S. African Americans/Blacks, U.S. American Indians/Alaska Natives, U.S. Hispanics/Latinos, and U.S. Native Hawaiians/Pacific Islanders.

⁹ 2021 "LGBTQ+" Self ID data is global data collected through an annual employee engagement survey that was discontinued after 2021. 2022 Self ID data is U.S.-only data and collected in our human capital management system (HCMS) since late FY21. 2023 data includes all countries with the ability to identify their LGBTQ+ status.

¹⁰ 2021 and 2022 "veteran" Self ID data is U.S.-only data collected in our HCMS. 2023 data includes all countries with the ability to identify their military status in our HCMS (U.S., Australia, India, Japan, Singapore, Ireland and UK).

¹¹ 2021 and 2022 "differently abled" Self ID data is U.S.-only data collected in our HCMS; 2023 data includes all countries with the ability to identify their disability status (U.S., Canada, Brazil, Japan, China, Korea, Taiwan, India, Hong Kong, Australia, Singapore, Ireland and UK).

¹² Ministry of Corporate Affairs, Government of India. "[Compendium on Corporate Social Responsibility in India](#)."

¹³ International Information System Security Certification Consortium. "[\(ISC\)2 Cybersecurity Workforce Study 2022](#)" October 2022.

¹⁴ Our most recent ESG materiality assessment was completed in fiscal year 2020, consistent with current double-materiality assessment practices. We assessed topics based on their impact on the environment, society and to enterprise value, with consideration for ESG reporting frameworks and ESG topics identified by our industry peers. The assessment involved several of our key internal and external stakeholders, including executives, employees and customers.

¹⁵ VMware PAC contribution data is for calendar year 2022 and does not include bank fees or miscellaneous refunds.

¹⁶ As of February 3, 2023, we employed approximately 38,300 employees located in 59 countries, approximately 15,000 of whom work in the U.S.

¹⁷ "U.S.—Other" includes American Indian, Alaska Native, Native Hawaiian, and Pacific Islander.

¹⁸ 2021 and 2022 "differently abled" Self ID data was U.S. only data collected in our HCMS. 2023 data includes all countries with the ability to identify their disability status (U.S., Canada, Brazil, Japan, China, Korea, Taiwan, India, Hong Kong, Australia, Singapore, Ireland and U.K.).

¹⁹ 2021 "LGBTQ+" Self ID data was globally collected through an annual Employee Engagement Survey that was discontinued after 2021. 2022 data was U.S. only and collected in our HCMS since late FY21. 2023 data includes all countries with the ability to identify their LGBTQ+ status (U.S., Australia, India, Japan, Singapore, Ireland and U.K.).

²⁰ 2021 and 2022 "Veterans" data was U.S.-only and collected in our HCMS; 2023 data includes all countries with the ability to identify their military status in our HCMS (U.S., Australia, India, Japan, Singapore, Ireland and UK).

²¹ Employee engagement at VMware is measured during an employee survey with the question "How likely are you to recommend VMware as an employer to a friend or associate?" and scored using employee Net Promoter Score (eNPS) on a scale from 0-10: 0-6 = Detractors; 7-8 = Passives; 9-10 = Promoters. The final eNPS is calculated by subtracting Detractors from Promoters. VMware achieved a 25 eNPS on our latest Employee Engagement survey from FY23 in October 2022, where 100% of eligible employees were invited and 58% participated. The Employee Engagement survey model was adapted in calendar year 2022 from a quarterly pulse of a sample of employees (25%, 25%, 50%, respectively), to a company-wide survey twice per FY (Q1 & Q3) and pulses with a sample of employees twice per FY (25% in Q2 & Q4). Each survey includes core engagement questions (static), as well as additional metrics (dynamic) based on business priorities (e.g., strategic priorities, top challenges to teams, adapting our mindset etc.).

²² As of the end of FY23, VMware spent a cumulative more than \$300 million with diverse businesses since fiscal year 2021.

²³ Total GHG emissions calculation includes Scope 1 and Scope 2 market-based emissions for our operations and Scope 3 emissions for our value chain.

²⁴ Scope 1 emissions includes natural gas, diesel, vehicle, and corporate jet fuel combustion plus refrigerant emissions.

²⁵ These Scope 2 emissions from purchased electricity include VMware offices and IT equipment used in our colocation data centers; both of which are covered under our RE100 commitment. This was done in accordance with the [Future of Internet Power best practices](#).

²⁶ These Scope 2 emissions include electricity consumed in global operations sourced from local grids prior to the redemption of purchased contractual instruments.

²⁷ A 60 percent uplift aviation impact factor is considered this year to account for radiative forcing - a measure of the additional environmental impact of air travel, including things like emissions of nitrous oxides and water vapor when emitted at high altitude. Emissions from rail, car rental, corporate jet, personal mileage, hotel, and taxi/cab were considered in addition to air travel.

²⁸ Employee commute calculation includes emissions from remote working, but excludes commuting and remote working emissions for contingent workers.

²⁹ Other categories include Fuel- and Energy- Related Activities, Upstream Transportation and Distribution, Waste Generated in Operations, Upstream Leased Assets and Use of Sold Product (added in FY23).

³⁰ Revenue intensity = Scope 2 (market-based)/revenue (in millions).

³¹ Employee intensity = Scope 2 (location-based)/employee count.

³² Floorspace intensity = Scopes 1 & 2 (market-based)/square footage (in thousands).

³³ Reporting of our science-based targets progress reflects the absolute percentage reduction to date from our fiscal year 2019 baseline.

³⁴ Includes VMware facilities and colocation data centers.

³⁵ The transfer of the Wenatchee data center from VMware control to a colocated facility in April 2022 increased the percentage of FY23 grid electricity from the previous fiscal year.

³⁶ Includes VMware leased office space within buildings that have been LEED/BREEAM certified by another party. Total square footage of real estate portfolio is 6,144,807 square feet.

³⁷ The Wenatchee data center is no longer under VMware control as of April 1, 2022.

Additional Information

Online Content

VMware ESG webpage:
[vmware.com/company/esg](https://www.vmware.com/company/esg)

VMware's journey to net zero:
[vmware.com/company/net-zero](https://www.vmware.com/company/net-zero)

VMware DEI webpage:
[vmware.com/company/diversity](https://www.vmware.com/company/diversity)

VMware Investor Relations:
ir.vmware.com

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 ESG Office at ESG@vmware.com

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Definitive Agreement to Be Acquired by Broadcom

VMware has entered into a definitive agreement to be acquired by Broadcom Inc. (Broadcom). The transaction, which is expected to be completed in Broadcom's fiscal year 2023, is subject to the receipt of regulatory approvals and other customary closing conditions. Please refer to the May 26, 2022 announcement entitled, "Broadcom to Acquire VMware for Approximately \$61 Billion in Cash and Stock," available on news.vmware.com.

Forward-looking Statements

This report contains forward-looking statements. All statements other than statements of historical fact could be deemed forward-looking statements and words such as "expect," "anticipate," "target," "goal," "project," "intend," "plan," "believe," "seek," "estimate," "continue," "potential," "future," "will," "may," "should," "could," "depend," "predict," and variations or the negative expression of such words and similar expressions are intended to identify forward-looking statements. Forward-looking statements made in this report reflect the current views of VMware management regarding its operations as an independent public company and do not take into account potential changes in VMware's business and operations following completion of the pending acquisition by Broadcom. Forward-looking statements, including, but not limited to, statements regarding the objectives of our 2030 Agenda, our programs to further diversity, equity and inclusion, and our ESG-related plans, goals, efforts, investments and similar, and the benefits of the same to VMware and its stakeholders, in this report involve risks and uncertainties that are outside VMware's control and may cause actual results to differ materially from those projected by forward-looking statements, including but not limited to: the ability to consummate the pending acquisition, on a timely basis or at all; business disruption following the announcement of the pending acquisition; the ability to implement plans, forecasts and other expectations with respect to

the business prior to and after the completion of the pending acquisition and realize synergies; VMware's ability to enter into, maintain and extend strategically effective partnerships, collaborations and alliances, maintain and establish new relationships with customers, partners and suppliers, and maintain VMware's business generally; difficulties in retaining and hiring key personnel and employees; disruptions resulting from key management changes; the impact of the COVID-19 pandemic, and other public health crisis, on VMware, customers, the business environment, and global and regional economies; the ability of VMware to transition its business model and adapt its offerings, business operations and go-to-market activities to changes in how customers consume information technology resources; the continued risk of on-going and new litigation and regulatory actions; rapid technological changes in the industries in which VMware competes, the uncertainty of VMware's customers' acceptance of and ability to transition to emerging technologies and new offerings and computing strategies, as well as other competitive factors including new product and marketing initiatives by VMware's competitors; VMware's ability to protect its proprietary technology; changes to product and services development timelines; risks associated with cyber-attacks, information security and data privacy; adverse changes in general economic or market conditions; risks associated with international sales; changes in VMware's financial condition; other events and trends on a national, regional and global scale, and other impacts to VMware's business, including those related to industry, market, economic, political, regulatory and global health conditions. These forward-looking statements are made as of the date of the publication of this report, are based on current expectations and are subject to uncertainties and changes in condition, significance, value and effect as well as other factors and risks detailed in documents filed with the SEC, including VMware's most recent reports on Form 10-K and Form 10-Q and current reports on Form 8-K that VMware may file from time to time, which could cause actual results to vary from expectations. VMware assumes no obligation, and does not currently intend, to update any such forward-looking statements after the date of this report's release.



Making the Impossible Possible

In the late 1990s, VMware commissioned a collection of art by Paul D. Gibson to represent “making the impossible possible” through virtualization technology. This innovation sentiment still holds true today as a multi-cloud company, and we celebrate that it’s VMware people that make it possible, including building a more sustainable, equitable and secure future.

vmware.com/company/esg



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