Veritas Task Force on Climate-Related Financial Disclosures Report 2023

Governance

The Audit Committee of the Veritas Board of Directors oversees the company's environmental, social, and governance (ESG) issues. Its charter includes identifying and evaluating relevant risks, including those related to climate. The committee reviews and discusses material ESG issues and priorities for the upcoming year. Meeting at least quarterly, it provides a formal update to the Board annually and may deliver interim updates on relevant topics.

Veritas established the ESG Leadership Council and ESG Action Committee in 2023. The ESG Leadership Council brings together senior leaders from across the company, including Human Resources, Legal, Appliances, Finance, Sales, Customer Management, Operations, Strategy, Technology, Procurement, Supply Chain, and Marketing. In its meetings, the Leadership Council gathered feedback about ESG governance; discussed material issues, trends, risks, and KPIs; and approved the members of the ESG Action Committee. The ESG Action Committee comprises cross-functional leaders tasked with driving ESG awareness across the company. It meets quarterly and ensures that teams consider ESG concepts during everyday decisions.

The Leadership Council and the Action Committee reviewed and approved the company's ESG strategy in FY2023. The strategy defines what ESG means for Veritas, how it helps create value, and the governance approach. It also outlines KPIs, goals, and standard operating procedures.

Strategy

Veritas has acted to better understand climate-related risks so it can evaluate and implement adequate risk management strategies. The company evaluated and prioritized physical and transition risks:

- Physical risks stem from the effects of climate change and can include short-term events such as extreme weather, as well as longer-term changes in weather patterns.
- Transition risks relate to the shift to a low-carbon global economy, including current and emerging regulatory, technological, legal, market, and reputational risks.

Veritas considers climate risks and opportunities over short- (0–1 year), medium- (1–5 years), and long-term (5+ years) horizons. Table 1 outlines our current understanding of relevant climate-related physical and transition risks, as well as their potential impacts to business operations.

Table 1. Climate-Related Risks and Potential Impact

Risk Type	Risk	Description	Time Horizon	Potential Business Impact
Physical – Chronic	Extreme temperatures	Climate change will cause mean temperatures to rise globally as well as increase temperature volatility, temperature extremes, and frequency of days with unusually high temperatures.	Medium	Increasing swings in temperature extremes threaten employee health, safety, and productivity through heat-related stress and rolling blackouts. Veritas has backup generators at some of its office locations. Extreme temperatures may affect remote employees more strongly if they lack adequate temperature controls or backup power supplies. Temperature swings also stress data centers, which rely on temperature control for optimal performance. Functionality such as production of on-premises code could be affected if a data center becomes temporarily inoperable due to temperature stress. Veritas is working with co-located data center vendors to increase air flow and automate response to temperature changes for more effective internal temperature management.
Physical – Acute	Extreme weather events	Weather-related storm events such as hurricanes and cyclones are often short-lived but will increase in frequency and severity.	Medium	An increase in extreme weather events threatens employee health and safety. For example, damage to transportation infrastructure can affect the ability of employees to travel to and from work. Extreme weather events may also result in power outages, limiting the ability to conduct day-to-day activities. Many employees can work from home in the case of storm damage or safety concerns.
Physical – Chronic	Water stress and drought	Climate change will increase seasonal and interannual precipitation variability, including more frequent and severe droughts — and thus, wildfire risk.	Medium	Veritas hasn't yet experienced the effects of water stress, but its data centers are highly reliant on a reliable water source. Data centers have backup power generation to support short-term needs.
Transition – Market	Increased cost of raw materials	The availability of raw and synthetic materials is affected by physical and transition risks, such as natural disasters and shifting growing seasons, as well as mandates and regulations. These issues may affect Veritas and its suppliers.	Medium	Emerging climate-related regulations may increase costs to collect and refine raw materials. Veritas mitigates this risk through partnerships and diversified sourcing.
Transition – Market	Changing customer behavior	Public awareness and concern about climate change is increasing. This trend may impact customer purchasing behavior, and thus, demand for certain commodities, assets, and products, as organizations factor carbon footprint into their buying strategies.	Medium	Veritas could experience reduced revenue if its products and services don't meet evolving customer expectations related to sustainable and low-carbon offerings. RFP opportunities increasingly include sustainability practices, driving competition and expectations for sustainable product and service development.

Transition – Technology	Substitution of existing products and services for low-emission options	Remaining competitive in a rapidly changing business landscape may require additional innovation to improve the environmental performance of existing services and procure new technology to enhance climate action.	Medium	Adapting to meet market demands for lower-emission options will require integrating new requirements into product roadmaps and planning. This could incur additional development costs. Veritas is currently prioritizing low power consumption and energy efficiency in products and appliances.
Transition – Policy and Legal	Mandates on and regulation of existing products and services	Government- and customer-mandated energy or material efficiency standards accelerate product obsolescence, as well as increase production and development costs.	Medium	Costs to develop or adapt products and services to comply with new regulatory requirements will increase. Veritas has begun integrating mandatory requirements into product development.

Table 2. Climate-Related Opportunities — Our Response

Opportunity Type	Opportunity	Description	Potential Business Impact
Products and Services	Development of new low-emission products or services through research, development, and innovation	Expand low-emission products and services to achieve climate mitigation strategies while meeting emerging market demand for sustainable products and services.	Increased revenue, higher R&D costs
Products and Services	Shifting consumer preferences	Meet demand for low-emission hardware and software solutions from customers increasingly looking to reduce their own carbon footprint.	Increased revenue, higher R&D costs
Resiliency	Renewable energy programs and adoption of energy efficiency measures	Participate in renewable energy programs to take advantage of tax credits and reduce emissions from direct operations. Implement energy efficiency measures in products and services to reduce emissions in the product lifecycle.	Short-term increase in operating expenses for product development and energy efficiency standardization. Long-term cost savings from reduced energy consumption and increased revenue from sales of energy efficient products.

Our Response

Having previously experienced the effects of physical climate risks, Veritas has established risk management and business continuity measures to address future events. Our employees can work remotely in the event of severe storms that might damage roads and make commuting unsafe, or if extreme temperatures threaten employee health and safety or trigger rolling blackouts. The Santa Clara headquarters has a backup generator to help maintain business continuity. With increasing temperature variability and extremes worldwide, Veritas works with its data center co-location partners and Workplace Services team to implement automated solutions to control internal temperatures and mitigate related risk.

Veritas works with its suppliers to develop business continuity plans in the case of effects from events such as extreme weather. Likewise, supply chain redundancy mitigates sourcing risk if extreme weather conditions affect a supplier.

Customers are increasingly expressing interest in low carbon and sustainable cloud and hardware solutions. Veritas is taking preemptive action to respond by prioritizing lower power consumption and energy efficiency in its appliances and products. Veritas is targeting a 30% reduction in hardware transport emissions by 2030 by partnering with DB Schenker to offer carbon-neutral product shipping.

Low-carbon cloud solutions from Veritas can help customers reduce their overall carbon footprint. Veritas is achieving efficiencies in data center consolidation, data compression, deduplication, and bandwidth consumption. For example:

- Veritas Snapshot Manager enables accurate management of backups from snapshots to scale down computer resources when they aren't needed, and reduce storage footprint.
- Elastic data deduplication technology lowers the carbon footprint of storage by combining cloud-native snapshots with automated snapshot lifecycle management.
- Veritas Cloud Scale Technology provides elastic services to autonomously create and remove nodes and pods to optimize cloud resources.
- Running NetBackup™-powered appliances with NetBackup Flex, Flex Scale, or Access software reduces power, wattage, and overall energy consumption. The native deduplication of NetBackup-powered appliances reduces the storage footprint and data, resulting in up to a 90% reduction in storage and network infrastructure footprint.

Veritas works with its major direct suppliers to embed ecodesign principles into its appliances. The new appliances launching in FY2024 will include several major ecodesign features.

In the fast-evolving regulatory environment, Veritas monitors and tracks policy action that could impact product compliance in the markets in which we operate. Veritas is preparing for EU regulations that will affect products and services, including the European Union's Ecodesign Directive — which requires environmental performance and information on products, and Digital Product Passport — which is intended to increase supply chain traceability and monitoring. The Veritas Global Regulatory Committee is chartered to ensure that it meets all regulatory sustainability requirements for placing products in market. In FY2023, Veritas had no incidents of noncompliance with applicable regulations.

Risk Management

On a periodic basis, the Veritas internal audit team conducts a company global risk assessment exercise, including senior leader interviews to understand the risks within their functions and Veritas overall. The team then populates a risk register. The Audit Committee uses the information to determine whether any action is required. Actions may include performing audits and process reviews, or conducting more in-depth risk discussions with stakeholders and senior leadership.

In FY2023, Veritas worked with a sustainability consulting firm to conduct a Climate Risk and Opportunity Assessment to evaluate and prioritize climate-related risks and opportunities. The assessment gathered qualitative and quantitative input from key stakeholders across business functions including Workplace Services, IT, Supply Chain, Product, Procurement, Sales Engineering, Legal, Human Resources, Marketing, and Communications to better understand past impacts of climate-related risks, likelihood, and risk management strategies. The team evaluated risks using a five-point scale that considered potential financial, reputational, and operational impact. Using the ratings, the team identified inherent and residual risk scores, then prioritized risks accordingly.

Metrics and Targets

Veritas tracks and monitors key climate and environmental metrics to work toward established goals and reduce its greenhouse gas (GHG) emissions. Veritas has set and received approval from the Science Based Targets initiative (SBTi) for Scope 1, 2, and 3 emissions reduction targets and supplier engagement. For example:

- Scope 1 includes emissions from direct energy use in offices, labs, and data centers.
- Scope 2 addresses emissions from purchased electricity used in offices, labs, and third-party co-located data centers.
- Scope 3 refers to indirect emissions from upstream and downstream activities, excluding boxed software.

Veritas continues to implement strategies to reduce operational and supply chain emissions, and has successfully achieved reductions across its operations. Specifically, Veritas tracks:

- Scope 1, 2, and 3 GHG emissions
- Percentage of suppliers with set science-based targets
- Total facilities and data center energy consumption
- Tons of e-waste disposed
- Air emissions per ton of freight
- Packaging used for appliances
- Use of sold products emissions

2025 Targets

Using FY2019 as a baseline, Veritas has set the following goals:

- Reduce absolute Scope 1 and Scope 2 GHG emissions by 25%.
- Reduce absolute Scope 3 GHG emissions from business travel by 19%.
- Reduce Scope 3 GHG emissions from use of sold products by 17%.
- Reach 50% of top suppliers by spend that have science-based targets.

2023 GHG Emissions (MTCO2e)

	2023	2022	2019 (base year)
Scope 1	1,012	1,562	2,383
Scope 2 (market-based)	5,847	11,963	41,035
Scope 3	183,162	173,650	240,341

GHG emissions calculations have been determined in accordance with the GHG Protocol.

About Veritas

Veritas Technologies is the leader in secure multi-cloud data management. Over 80,000 customers—including 91% of the Fortune 100—rely on Veritas to help ensure the protection, recoverability and compliance of their data. Veritas has a reputation for reliability at scale, which delivers the resilience its customers need against the disruptions threatened by cyberattacks, like ransomware. No other vendor is able to match the ability of Veritas to execute, with support for 800+ data sources, 100+ operating systems and 1,400+ storage targets through a single, unified approach. Powered by Cloud Scale Technology, Veritas is delivering today on its strategy for Autonomous Data Management that reduces operational overhead while delivering greater value. Learn more at www.veritas.com. Follow us on X at @veritastechllc.

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