# Environmental, Social and Governance at Splunk

**2020 Update**

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# Our Commitment

As the Data-to-Everything Platform, we understand the urgent need to positively contribute to our global communities. This includes conducting our business in ways that are principled, transparent and accountable to our stakeholders.

We focus our efforts where we believe we can have the most positive impact on our business stakeholders and communities. We are committed to effectively govern and manage the environmental and social risks and opportunities that arise from our core business strategy.

We know the journey to tackle some of the world's most complex problems will not be short and it will not be easy. We are in this for the long haul, and are committed to meaningfully contribute to sustainable and equitable solutions. This year marks a milestone in our journey to provide more transparency into our environmental, social and governance (ESG) work at Splunk. We are excited to share our progress with you.

**Scott Morgan**
Senior Vice President, Chief Legal Officer,
Global Affairs and Secretary
Splunk Inc.

# Our Priorities

As the Data-to-Everything Platform, we strive to help our customers bring data to every question, decision and action. This approach drives our ESG efforts too.

We partnered with qb. consulting to lead a comprehensive process to assess the ESG issues that are most material to Splunk's stakeholders and core business strategy. This assessment took place from October 2019 through February 2020. As part of this work, qb. conducted interviews with internal and external stakeholder groups, including our employees, Board of Directors (Board), customers, investors, NGOs, business trade groups and ESG thought leaders.

To fulfill Splunk's commitment to ongoing, thoughtful engagement on ESG topics with key stakeholders, our materiality assessment has been used to provide this ESG update and will be used to inform the content of a full report, which we plan to publish in fiscal 2022.

Our fiscal year ends on January 31. References to fiscal 2020, for example, refer to the fiscal year ended January 31, 2020. Data throughout this report is as of January 31, 2020, unless otherwise noted. Narrative content may cover material through October 2020.

**STEP 1**
We performed extensive research within and outside of our industry to understand what ESG leadership looks like and where there are opportunities for innovation.

**STEP 2**
Leveraging results from Step 1 to define the scope of our stakeholder interviews, qb. conducted confidential interviews across seven stakeholder groups to better understand our ESG priorities and expectations.

**STEP 3**
Informed by these interviews, the Sustainability Accounting Standards Board (SASB) framework and a comprehensive review of internal documents, we developed an initial list of material issues across SASB's five dimensions.

**STEP 4**
These issues were refined, weighted, prioritized and plotted on an initial materiality matrix according to their relative degree of importance to our stakeholders and our business.

**STEP 5**
We engaged senior leaders from across Splunk to refine and approve the matrix. The final materiality matrix was presented to the Board's Nominating and Corporate Governance Committee.

**STEP 6**
Results of the inaugural materiality assessment (Steps 1 through 5) have been used to provide this ESG update. The assessment will be used to guide our ESG strategy and reporting and to increase focus and disclosure in the areas identified as most important and relevant.

**STEP 7**
We plan to publish a full ESG report in fiscal 2022, and conduct our second materiality assessment in fiscal 2023.

# Materiality Matrix

**Importance to Stakeholders** →

Investment in Underrepresented Talent
Pay Equity
Talent Relations

Data & AI Ethics
Data Privacy
Data Security
Ethics
Impact Focused Technology
Inclusive Workplace
Management Accountability
Operational Resilience
Performance & Career Development
Talent Attraction
Workforce Diversity

Board Diversity & Oversight
Climate Change
Energy Management
Local Community Impact

Public Policy Engagement
Responsible Procurement
User Access to Products & Services

**Influence on Business Success** →

This materiality matrix illustrates the 21 ESG issues that are the most relevant, or material, to our stakeholders and Splunk, regardless of where they fall. While conducting a materiality assessment helped us identify relevant topics included in this ESG update, it is not the only factor influencing our action or programs related to a particular topic. Within boxes, issues are depicted in alphabetical order.

# Our ESG Pillars

Informed by our materiality assessment, we mapped Splunk's 21 ESG issues to three core areas: Data Privacy and Security, Inclusive and Ethical Growth, and Societal Impact. Our stakeholders expressed significant interest in these topics, and they also represent the areas where we believe we have the ability to drive the most change.

The foundation of our ESG pillars is our strong corporate governance practices. We believe that good corporate governance promotes the long-term interests of our stockholders, strengthens our Board and management accountability and leads to better business performance.

For these reasons, we are committed to sound corporate governance that is rooted in high standards of honest and ethical business conduct and compliance with applicable laws, rules and regulations.

We will continue to build our ESG strategy leading up to Splunk's full ESG report in fiscal 2022. This inaugural report will highlight how we are working to address Splunk's most material issues and better meet the needs of all our stakeholders for the long term. Ultimately, the goal of this work is to bring our corporate mission to life: remove the barriers between data and action, so that everyone thrives in the Data Age.

## Data Privacy and Security

We know how important robust data privacy and security practices are to any successful business. That's why we invest in governance and technology to protect the data entrusted to us.

## Inclusive and Ethical Growth

We understand our responsibility extends to all our stakeholders. Business today requires going beyond compliance. As we continue to grow, we're committed to building and sustaining a culture of inclusion and ethical responsibility.

## Societal Impact

We remain more convinced than ever that data is a key component of addressing the world's most complex and pressing social and environmental challenges. We will continue to leverage our technology and talent to find solutions to these challenges.

## Data Privacy and Security

### Where We Are Now

- Our Data Protection Officer is responsible for overseeing compliance with the legal requirements related to our collection and use of data entrusted to us.

- Our Chief Information and Security Officer is responsible for overseeing Splunk's information security practices and programs.

- We provide annual data protection and security training to our employees, supplemented with periodic, targeted data protection and security training as needed.

- While we remain self-certified to the EU-U.S. and Swiss-U.S. Privacy Shield Frameworks with the U.S. Department of Commerce and continue to abide by their foundational privacy principles, we are carefully evaluating the impact of the European Court of Justice's July 16, 2020 decision invalidating the EU-U.S. Privacy Shield Framework and are determining appropriate next steps, including increasing reliance on the Standard Contractual Clauses to support international transfers of data from the EU to the U.S.

- We offer contractual terms designed to meet the privacy protections required by the European Union's General Data Protection Regulation and the California Consumer Privacy Act.

- We maintain industry standard certifications for cloud security and periodically are assessed by third-party auditors to verify compliance with our cloud security certifications.

For more information, visit Splunk Protects.

### Our Path Forward

"Cloud-first" is our mindset for both business model and product strategy. Our cloud business continues to accelerate, and we expect significant growth in the next few years.

- With cloud driving our next phase of growth, we intend to continue investing in security, compliance and monitoring to ensure the protection of data entrusted to us. We expect these to include continued implementation of incremental security, process and data controls across our technology infrastructure and deployment of additional security tools and security layers.

- We will continue to evolve the mindset, skill sets and expertise of our employees in line with the privacy, security and strategic needs of Splunk as we transition to the cloud.

- We will remain active in public policy discussions surrounding privacy, security and ethics in order to protect our ability to innovate while advocating for our customers.

- As privacy and related regulations evolve globally, we will continue to provide data privacy and sector-specific compliance programs across our product suite as appropriate.

## Inclusive and Ethical Growth

### Where We Are Now

- We focus on hiring, retaining and promoting diverse talent through the organization at all levels and have published our results in our first in-depth Diversity & Inclusion Annual Report.

- We documented our Commitment to Racial Equity and Social Justice for All, signed by our executive staff, reinforcing that racism and social injustice have no place at Splunk.

- Our benefits programs include 20 weeks of U.S. paid parental leave and provides comprehensive fertility and family-forming support.

- We published our first LGBTQ+ Trans and Non-Binary Inclusion Guidance and Support statement.

- Our Employee Resource Groups (ERGs) grew from six to nine, adding Pilipinx, Natives and NeuroDiversity to Pride@Splunk, Womxn+@Splunk, Veterans@Splunk, Somos@Splunk, BEAMS@Splunk (Black Employees & Mentors) and Disabled=True@Splunk.

- In fiscal 2021, we were included in Fortune's Best Workplaces for Women and Millennials and Best Workplaces in Technology. In fiscal 2020, we were named among the Best Workplaces for Women, Parents, Millennials and Diversity.

- Our culture of integrity starts with our Code of Business Conduct and Ethics ("Code"), related policies and compliance programs. We review our Code on an annual basis. All new employees are required to complete training on the Code, and all employees are required to complete supplemental training and certify compliance annually.

### Our Path Forward

Today, a company's ethics takes on a broad view, including issues ranging from Board diversity, carbon emissions, employee health and well-being to political lobbying and human rights.

- Our materiality assessment is a pivotal step in our journey to define and elevate our increasingly broad ethical responsibilities internally and externally.

- We are developing a learning journey for all Splunkers to better understand racial injustice and work collectively towards equity within our organization and beyond.

- We are actively enhancing our procurement program with a focus on inclusive and environmentally conscious suppliers.

- We will hire a leader who will be focused on accelerating leadership and management excellence and further enhancing the promotion and career development path for Splunkers.

- A working group has been established to develop recommendations, guidelines and procedures to identify and replace biased language and build our products with inclusivity and diversity in mind. To learn more about our ongoing commitment to removing biased language in tech, visit our blog.

### Our COVID-19 Response

We launched additional global benefits and resources to support our employees' health and well-being, including reimbursement for certain expenses related to remote working as well as 30 days of pay that can be used for any absence related to the pandemic or a natural disaster.

## Societal Impact

### Where We Are Now

- We launched a $50 million Splunk Social Impact Venture fund focused on accelerating the growth of companies that are using data to improve society, solve problems and promote positive change.

- In fiscal 2017, we created the Splunk Pledge, committing to donate a minimum of $100 million over a 10-year period in software licenses, training, support, education and volunteerism to further academic research and generate social impact. To date:

  » Over 1,000 free licenses and training have been provided to nonprofit, academic and research institutions and we are on track to meet the Splunk Pledge based on the current rate of donations.

  » As part of our commitment to provide access to veterans and under-represented populations, over 13,000 individuals have registered for free training programs, positioning them for promising technology career opportunities with our growing ecosystem of partners and customers.

- Over 60% of employees participated in charitable giving and volunteer activities around the world, benefiting over 2,000 nonprofits globally.

- We began calculating our greenhouse gas emissions and water footprint to understand the most significant impact of our operations in fiscal 2020.

- We hired our first Chief of Social Impact to lead Splunk for Good and advance our social impact related engagement, programs and solutions.

### Our Path Forward

We are currently reassessing our social impact strategy with the goal of ensuring that we are improving and growing our social impact programs and offerings to align with our business and meet the changing needs of stakeholders and communities.

- Looking forward, we will continue to take a holistic approach to our work and ensure that our programs and services are driven through collaboration across sectors and bridge the gap to help close the data divide.

- We understand the urgency to address the detrimental impact of a changing climate. We will work to identify opportunities to reduce our carbon footprint in our physical and digital operations as well as to promote internal day-to-day sustainable practices.

### Our COVID-19 Response

Recognizing the need for better, and more accessible data during a global pandemic, we built a publicly available interactive Splunk COVID-19 Dashboard and application in March of this year.

Our products and teams are helping public officials in their efforts to save lives, reopen public spaces and restore damaged economies through COVID-19 testing. In May, Tarrant County, Texas, rolled out the new COVID-19 Testing and Data Response Platform, developed by a coalition of private, public and non-profit partners, including Splunk. The platform helps government organizations address key challenges associated with large-scale testing, free of charge, to public health officials in communities across the United States.

Our goal is to help leaders bring data to every potential response to best ensure public safety. To learn more about our COVID-19 Response and Resources, visit our website.

# Oversight of ESG at Splunk

We believe that the ESG issues identified in our materiality assessment are important to the long-term success of our business and are overseen by Splunk's Board both directly and through its three standing committees.

General oversight of ESG strategy and reporting is the responsibility of the Nominating and Corporate Governance Committee. The other Board committees, as well as the full Board, oversee ESG issues associated with their respective areas of responsibility. For example, oversight of Splunk's enterprise risk management framework and cybersecurity and other information technology risks is the responsibility

of the Audit Committee. Oversight of a range of human management activities, including talent management and development, talent acquisition, employee engagement and diversity, equity and inclusion, is the responsibility of the Compensation Committee.

Day-to-day program management and resources are key ingredients for meaningful ESG outcomes and impact. We are determined to build out systems and processes to enhance our ESG management accountability, transparency and reporting moving forward. We will share updates with you as we advance.
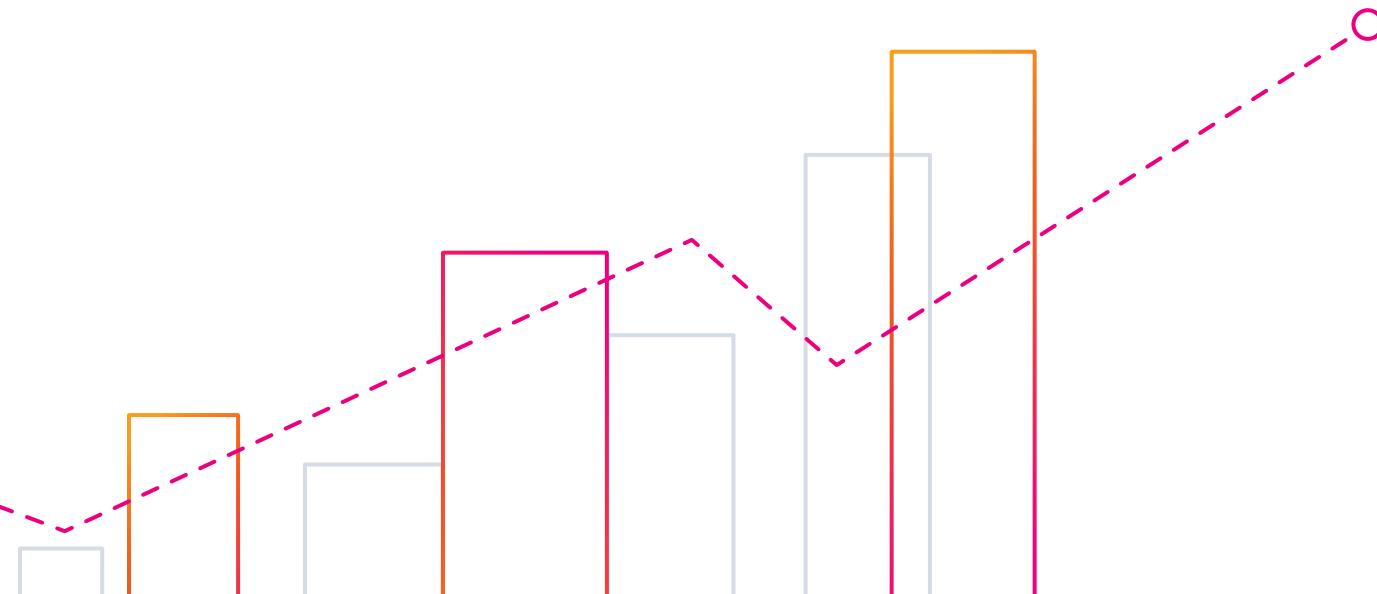
# Our Approach to Disclosure

As a company that is deeply passionate about the transformative power of data, we know that we can't change what we don't measure. This document is intended to measure our progress and demonstrate our concerted effort to enhance our ESG-related disclosures. While not an official report, it is a preview of the type of reporting we intend to put forward soon.

This document was reviewed by our Legal and Internal Audit teams to ensure that data contained in the document can be traced back to internal or external records. The non-financial data contained in this document was not independently assured by a third party.

To set the bar and inform our disclosure, we have used SASB and the Global Reporting Initiative (GRI) frameworks as references. We will continue to assess opportunities to evolve our ESG reporting approach. We welcome your comments and feedback to this inaugural pre-report update and look forward to sharing a more robust iteration in the near future. Thank you for your engagement.

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# SASB and GRI Indexes

## Governance

| Governance | FY20[1] | SASB | GRI |
|---|---|---|---|
| **Company Overview** | | | |
| Primary Brand, Products, Services | Splunk Form 10-K | — | GRI 102-2 |
| Location of HQ | San Francisco, CA | — | GRI 102-3 |
| Countries of Operations | Office Locations | — | GRI 102-4 |
| Ownership and Legal Form | Splunk Form 10-K | — | GRI 102-5 |
| Markets Served | Splunk Form 10-K | — | GRI 102-6 |
| Total Revenue (in thousands) | Splunk Form 10-K | — | GRI 102-7 |
| Total Revenue | Splunk Form 10-K | — | GRI 102-7 |

1    FY20 covers our impacts from February 1, 2019, to January 31, 2020.

## Governance (contd.)

| | FY20[1] | SASB | GRI |
|---|---|---|---|
| **Company Overview** (contd.) | | | |
| Patents Held | 493 | — | GRI 102-23 |
| **Stakeholder Engagement** | | | |
| List of Stakeholder Groups | Our Priorities, Page 3 | — | GRI 102-40 |
| Identifying and Selecting Stakeholders | Our Priorities, Page 3 | — | GRI 102-42 |
| Approach to Stakeholder Engagement | Our Priorities, Page 3 | — | GRI 102-43 |
| Key Topics and Concerns Raised | Materiality Matrix, Page 4 | — | GRI 102-44 |
| **Board Diversity & Oversight** | | | |
| Corporate Governance | Corporate Governance Guidelines | — | GRI 102-18 |
| Board Average Tenure | 6 years | — | GRI 102-22 |
| Independent Board Members | 8 | — | GRI 102-22 |
| Total Executive and Non-Executive Board Members | 9 | — | GRI 102-22 |
| Board Gender Diversity | 33.3% | — | GRI 102-22, 405-1 |
| Board Nominating Practices | Nominating and Corporate Governance Committee Charter | — | GRI 102-29 |
| Board Committee Responsible for Reviewing | Nominating and Corporate Governance Committee Charter | — | GRI 102-29 |
| Board Compensation Practices | Compensation Committee Charter | — | GRI 102-35, 102-36 |

1    FY20 covers our impacts from February 1, 2019, to January 31, 2020.
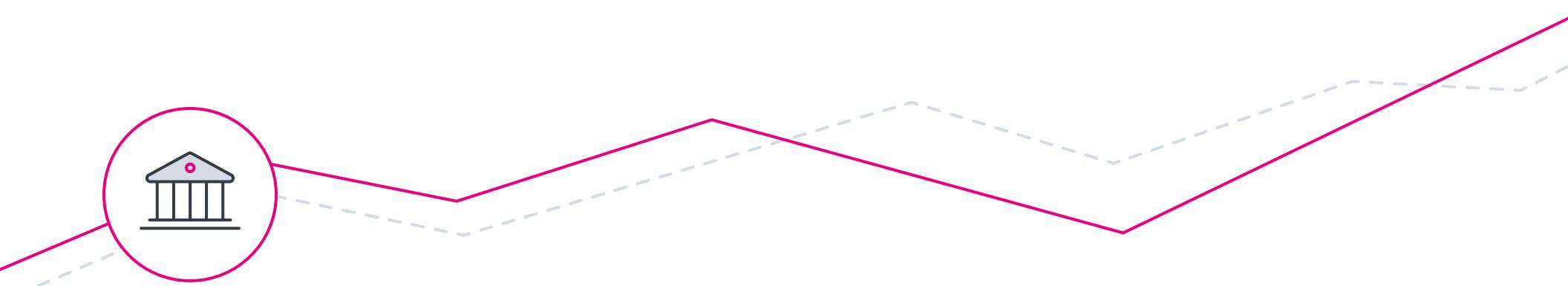
## Governance (contd.)

| | FY20[1] | SASB | GRI |
|---|---|---|---|
| **Ethics** | | | |
| Code of Conduct | Code of Conduct and Business Ethics | — | GRI 102-16 |
| Code of Business Conduct and Ethics Training Completion Rate | 100% | — | GRI 102-17 |
| **Operational Resilience** | | | |
| Business Continuity Risks | Splunk Form 10-K | TC-SI-550a.2 | — |

1    FY20 covers our impacts from February 1, 2019, to January 31, 2020.
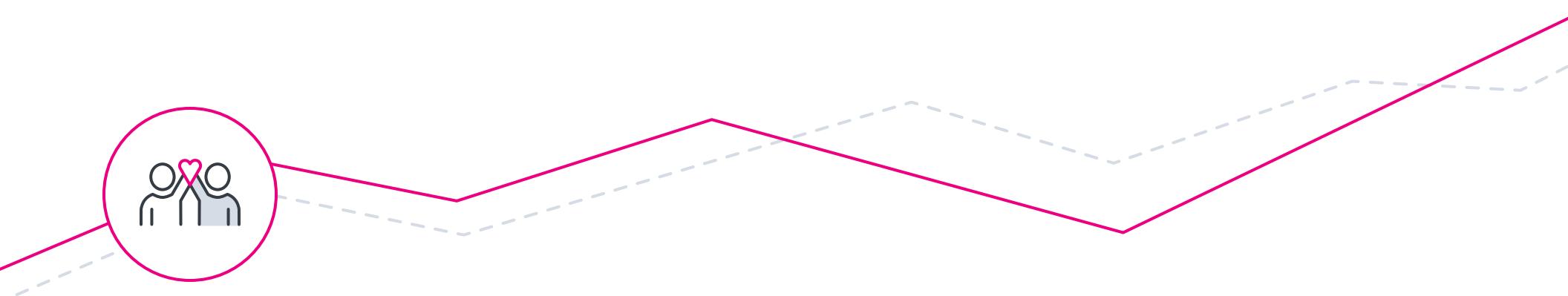
## Social

| | FY20[1] | SASB | GRI |
|---|---|---|---|
| **Data Security & Privacy** | | | |
| Customer Privacy | Privacy Policy | TC-SI-220a.1 | GRI 418-1 |
| **Workforce Diversity[2]** | | | |
| Global Employees | over 5,800 | — | GRI 102-7 |
| Employees in U.S. | 71.4% | TC-SI-330a.1 | GRI 102-8 |
| Employees outside U.S. | 28.6% | TC-SI-330a.1 | GRI 102-8 |
| Total Employees | | TC-SI-330a.3 | GRI 102-8 |
| Women | 27.7% | | |
| Men | 72.3% | | |
| People Managers | | TC-SI-330a.3 | GRI 102-8 |
| Women | 28.6% | | |
| Men | 71.4% | | |
| White | 67.8% | | |
| Asian | 21.7% | | |
| Black | 1.8% | | |
| Multiracial | 4.0% | | |
| LatinX | 4.3% | | |
| Native American or Pacific Islander | 0.3% | | |

1    FY20 covers our impacts from February 1, 2019, to January 31, 2020.
2    Workforce gender data is global, and racial/ethnic data is for the U.S. only.
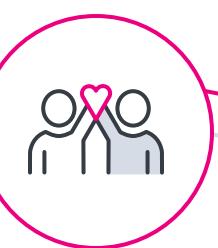
## Social (contd.)

| | FY20[1] | SASB | GRI |
|---|---|---|---|
| **Workforce Diversity[2]** (contd.) | | | |
| Leadership (Director+) | | TC-SI-330a.3 | GRI 102-8 |
| Women | 26.9% | | |
| Men | 73.1% | | |
| White | 63.0% | | |
| Asian | 27.1% | | |
| Black | 1.6% | | |
| Multiracial | 4.3% | | |
| LatinX | 3.8% | | |
| Native American or Pacific Islander | 0.2% | | |
| Technical Staff | | TC-SI-330a.3 | GRI 102-8 |
| Women | 19.6% | | |
| Men | 80.4% | | |
| White | 44.2% | | |
| Asian | 48.1% | | |
| Black | 1.9% | | |
| Multiracial | 2.5% | | |
| LatinX | 3.1% | | |
| Native American or Pacific Islander | 0.2% | | |
| Non-Technical Staff | | TC-SI-330a.3 | GRI 102-8 |
| Women | 31.3% | | |
| Men | 68.7% | | |
| White | 69.3% | | |
| Asian | 16.3% | | |
| Black | 4.4% | | |
| Multiracial | 3.5% | | |
| LatinX | 5.6% | | |
| Native American or Pacific Islander | 0.8% | | |
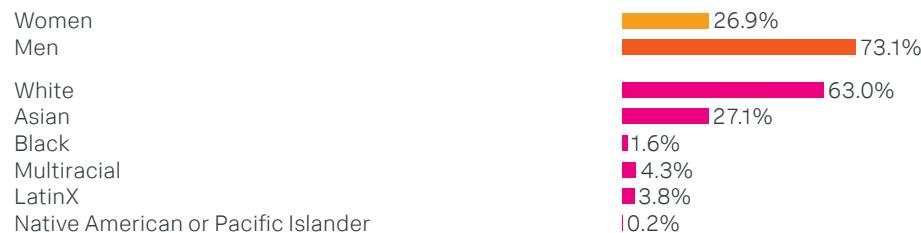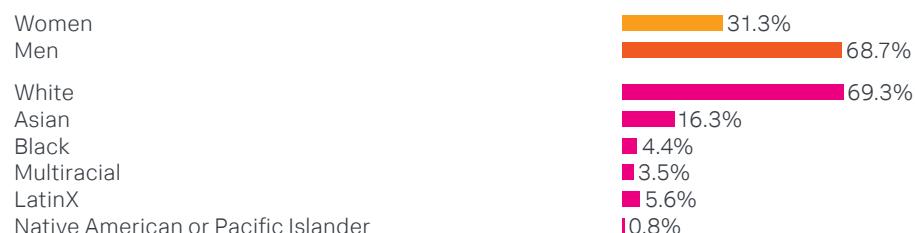
1   FY20 covers our impacts from February 1, 2019, to January 31, 2020.
2   Workforce gender data is global, and racial/ethnic data is for the U.S. only.

## Social (contd.)

| | FY20[1] | SASB | GRI |
|---|---|---|---|
| **Employee Engagement** | | | |
| Satisfaction Level of Employees | 85%[3] | TC-SI-330a.2 | — |
| Benefits Program | Splunk Careers Page | — | GRI 401-2 |

1   FY20 covers our impacts from February 1, 2019, to January 31, 2020.

3   Survey data captures overall employee sentiment towards Splunk as of March 31, 2019 for 85% of our employees (3,777 responses). Questions asked include: Splunk motivates me to go beyond what I would in a similar role elsewhere and I am proud to work for Splunk.
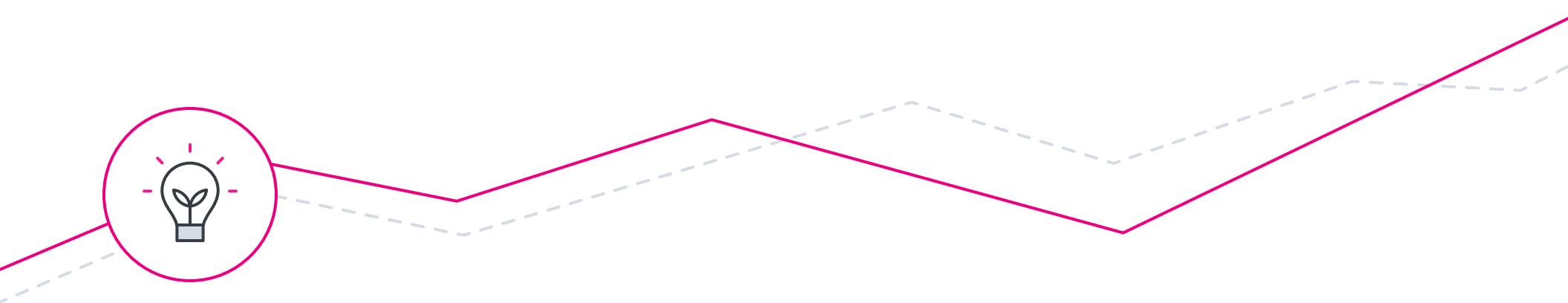
## Environmental

| | FY20[1] | SASB | GRI |
|---|---|---|---|
| **Energy** | | | |
| Total Electricity Consumption: Offices and Data Centers | 13,418 MWh | TC-SI-130a.1 | GRI 302-1, GRI 302-2 |
| Energy Mix Location-Based: All Office | | TC-SI-130a.1 | GRI 302-1 |
|     Coal | 18.29% | | |
|     Natural Gas | 33.10% | | |
|     Geothermal, Solar, Wind | 16.68% | | |
|     Hydro | 12.35% | | |
|     Nuclear | 16.76% | | |
|     Biofuels | 1.41% | | |
|     Other Fossil Fuels | 1.41 % | | |
| Average Power Usage Effectiveness (PUE): Data Centers | 1.39 | TC-SI-130a.1 | GRI 302-3 |
| **Greenhouse Gas (GHG) Emissions by Scope** (metric tons $CO_2e$) | | | |
| Scope 1 Emissions[4] | 25 | — | GRI 305-1 |
| Scope 2 Emissions Location-Based[5] | | — | GRI 305-2 |
|     Offices | 1,784 | | |
|     Data Center | 2,007 | | |
| Scope 2 Emissions Market-Based[6] | | — | GRI 305-2 |
|     Offices | 1,784 | | |
|     Data Center | 0 | | |

1    FY20 covers our impacts from February 1, 2019, to January 31, 2020.

4    Scope 1 includes estimations on emissions from the use of refrigerants in AC equipment in offices.

5    Scope 2 emissions calculated using location-based methodology of annual estimates. Includes Splunk's offices and IT assets in Data Centers under its operational control.

6    Scope 2 emissions (market-based methodology) used RECs and I-RECs from electricity consumption by third-party-operated data centers.
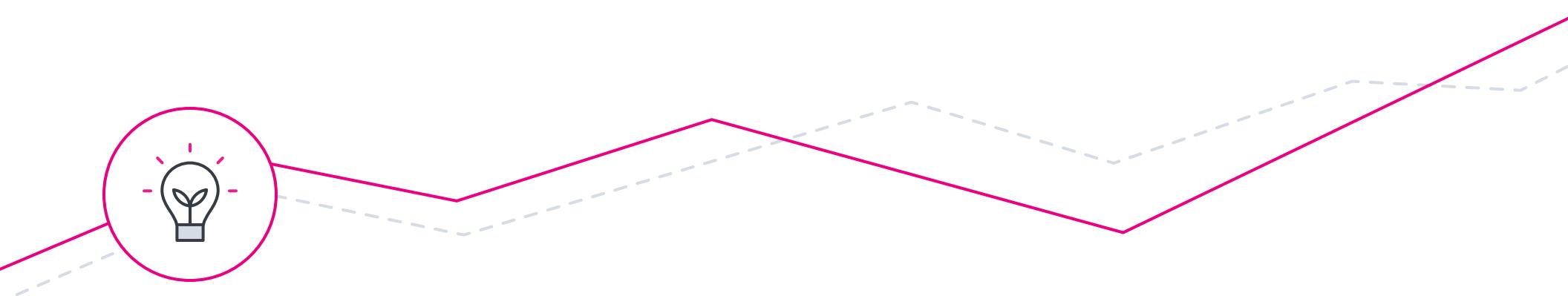
## Environmental (contd.)

| | FY20[1] | SASB | GRI |
|---|---|---|---|
| **Greenhouse Gas (GHG) Emissions by Scope** (contd.) (metric tons $CO_2e$) | | | |
| Scope 3 Emissions | | — | GRI 305-3 |
|     Business Travels[7] | 36,970 | | |
|     Employee Commute[8] | 12,071 | | |
|     DC Non-IT Electricity[9] | 865 | | |
| **Greenhouse Gas (GHG) Emissions by Source** (metric tons $CO_2e$) | | | |
| Offices (Scope 1 and 2) | 1,809 | — | GRI 305-1, GRI 305-2 |
| Data Centers (Scope 2 and 3)[10] | 2,872 | — | GRI 305-2, GRI 305-3 |
| Business Travels (Scope 3) | 36,970 | — | GRI 305-3 |
| Employee Commute (Scope 3) | 12,071 | — | GRI 305-3 |
| **Greenhouse Gas (GHG) Emissions Intensity** (metric tons $CO_2e$) | | | |
| Scope 1 and 2 per Employee (Offices) | 0.54 | — | GRI 305-4 |
| Scope 1 and 2 per Square Foot Space (Offices) | 0.002 | — | GRI 305-4 |
| Scope 3 Commute Emissions per Employee[11] | 3.21 | — | GRI 305-4 |

1   FY20 covers our impacts from February 1, 2019, to January 31, 2020.

7   Scope 3 Business Travels include emissions from air and rail travels, car rentals, and hotel stays booked directly through the company's agency platform. Flight emissions were calculated considering RF factors.

8   Scope 3 Employee commuting from Splunk's worldwide offices.

9   Scope 3 non-IT electricity consumed by third-party-operated Data Center (location-based).

10   Comprised location-based and market-based for Scope 2 electricity and Scope 3 non-IT electricity consumed by third-party-operated Data Center.

11   Accounts for employees commuting to worldwide offices.
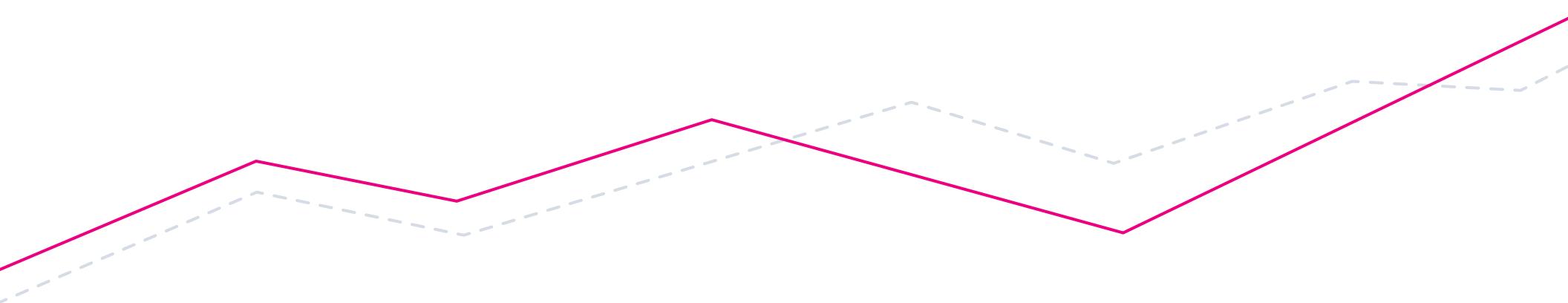
## Forward-Looking Statements

This report may contain forward-looking statements regarding our future business expectations, which involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. Forward-looking statements include all statements that are not purely historical and are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "predict," "intend," "may," "might," "plan," "project," "potential," "seek," "should," "target," "will," "would" and similar expressions or variations intended to identify forward-looking statements. Such statements include, but are not limited to, statements regarding our business plans and objectives, our strategies and systems for implementing our goals, our commitments to programs and policies, and our expectations and priorities for ESG initiatives. These statements reflect management's current expectations, estimates and assumptions based on the information currently available to us. These forward-looking statements are not guarantees of future performance and involve significant risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from results, performance or achievements expressed or implied by the forward-looking statements contained in this report.

A discussion of factors that may affect future results is contained in our most recent SEC Form 10-Q filing available at www.sec.gov, including descriptions of the risk factors that may impact us and the forward-looking statements made in this report. The forward-looking statements made in this report are made as of November 17, 2020. If this report is reviewed after November 17, 2020, even if made available by us, on our website or otherwise, it may not contain current or accurate information. We disclaim any obligation to update or revise any forward-looking statement based on new information, future events or otherwise, except as required by applicable law.

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