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# Supplier Responsibility Report 2023

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## Our Vision: Operating A Responsible and Circular Value Chain

At Oracle, we believe that sustainability needs to be embedded throughout the entire lifecycle of the products we design, manufacture, deploy in our datacenters, and sell. It is not enough to source the right materials and get them into customers' hands as efficiently as possible. We aim to reduce or eliminate resource inefficiencies across the lifecycle, by reusing and repurposing materials and components, and keeping assets in circulation for as long as possible. Our goal is to create a circular supply chain by keeping Oracle products active throughout all or most of their useful life, minimizing waste and optimizing the flow of materials in the logistics process.

### Building A Greener Cloud

Oracle has pledged to match energy usage in all Oracle Cloud regions worldwide with 100 percent renewable and zero carbon sources by 2025. Several Oracle Cloud regions, including regions in North America, South America, and Europe are already powered by 100 percent renewable energy, and all Oracle Cloud regions use state-of-the-art energy management and cooling technologies to minimize their impact on the environment.

Oracle operated 42 cloud regions at calendar year-end 2022, continuing one of the fastest expansions of any major cloud provider. For this, we need hardware that is sourced, manufactured, and disposed of responsibly.

### About Our Supply Chain

Oracle partners with suppliers around the world to deliver a broad selection of hardware and software products to customers directly as well as through our Cloud service offerings. This includes Oracle Engineered Systems, servers, storage, industry-specific hardware offerings, operating systems, virtualization, management, hardware support and other hardware-related software. Oracle relies on both internal manufacturing operations as well as third-party manufacturing partners to build the hardware products that we market and sell to customers, as well as those used internally for Oracle Cloud operations. Our partners are located across the United States, Canada, Mexico, Europe, and South Asia including China, South Korea, Thailand, Malaysia, Singapore, Taiwan, and Japan.

Our internal manufacturing operations consist primarily of materials procurement, assembly, testing and quality control of Oracle Engineered Systems, certain enterprise and datacenter servers, and storage products. For all other manufacturing, we generally rely on manufacturing partners to produce our hardware-related components and hardware products. We may involve internal manufacturing operations, testing and quality control processes for these components and products in the final assembly. Production of hardware products requires that Oracle source materials, supplies, product subassemblies and full assemblies from multiple vendors.

Oracle's procurement team manages our indirect suppliers of goods and services. This team works with indirect suppliers that provide everything from advertising services to office supplies.

Table 1: Hardware Put on Market (POM) per fiscal year (pounds)

|  | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| **Global Total Put on Market (POM) (pounds)** | 23,842,922 | 17,089,878 | 17,698,775 | 24,341,494 | 30,184,907 |
| **Global Total Take Back Weight (pounds)** | 2,748,580 | 2,844,185 | 3,032,285 | 2,810,981 | 4,044,734 |

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## Supplier Engagement and Governance

We understand that our purchasing decisions have a social and environmental impact, and we choose to do business in a responsible and sustainable way. Oracle partners closely with direct hardware manufacturing suppliers and indirect procurement suppliers to understand and evaluate our supply chain as well as our environmental and social practices. We are committed to ethical business conduct and the responsible sourcing of materials throughout our global supply chain.

Oracle requires that all suppliers and partners follow the Oracle Supplier Code of Ethics and Business Conduct (SCEBC) and Partner Code of Ethics and Business Conduct (PCEBC) respectively.

- **Oracle Supplier Code of Ethics and Conduct (SCEBC)**

  The Supplier Code of Ethics and Business Conduct defines Oracle's core business values and the responsibilities of our suppliers. The Code outlines our commitment to observing applicable laws, regulations, and policies in all countries and jurisdictions. We expect our suppliers to act with ethics and integrity, and commit to protecting the environment, promoting the health and safety of employees, and upholding human rights for all workers.

- **Oracle Partner Code of Ethics and Business Conduct (PCEBC)**

  The Partner Code of Ethics and Business Conduct defines Oracle's core business values and the responsibilities of our partners. The Code outlines our commitment to observing applicable laws, regulations, and policies in all countries and jurisdictions. Partners are expected to conduct their business in a manner which maintains high ethical standards and seeks to promote fair business practices.

The Codes set standards designed to protect the health, safety, and treatment of workers, including the prohibition of any form of modern slavery, including forced, bonded, or indentured labor, involuntary prison labor, sex trafficking, and human slavery or trafficking.

## Responsible Business Alliance Code of Conduct

As a member of the Responsible Business Alliance (RBA), Oracle's Supply Chain Operations (SCO) manages and monitors the Environmental, Social and Governance (ESG) program for our direct hardware supply chain in accordance with the RBA Code of Conduct (RBA Code), which is incorporated into the standard supplier agreements. The RBA code of conduct is designed to promote worker safety and fairness, environmental responsibility, and ethical business. The Code aligns with the Universal Declaration of Human Rights, ILO International Labor Standards, ISO and SA Standards, and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. Oracle's direct suppliers are required to comply with the RBA Code of Conduct.

## Statement against Modern Slavery

Oracle Corporation is committed to treating all workers with respect and dignity, providing safe working conditions, and conducting environmentally responsible and ethical operations. Oracle's Statement Against Modern Slavery outlines actions taken to prevent modern slavery and human trafficking in our business and supply chain and in any part of our business. We continue to regularly assess modern-slavery risks in our operations and supply chains, and of those entities we own or control.

## Policy against Trafficking in Persons and Slavery

Oracle is committed to a work environment that is free from human trafficking and slavery, which for purposes of this policy, includes forced labor and unlawful child labor. Oracle will not tolerate or condone human trafficking or slavery in any part of our global organization. The Policy against Trafficking in Persons and Slavery is consistent with Oracle's Code of Ethics and Business Conduct and our core values to protect and advance human dignity and

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human rights in our global business practices. Oracle employees, contractors, subcontractors, vendors, suppliers, partners and others through whom Oracle conducts business must avoid complicity in any practice that constitutes trafficking in persons or slavery.

These codes, combined with Oracle's supply chain due diligence efforts and supplier capacity building programs, provide the key mechanisms used to prevent and mitigate risks of modern slavery and human trafficking in the supply chain. The Codes set standards designed to protect the health, safety, and treatment of workers, including the prohibition of any form of modern slavery, including forced, bonded, or indentured labor, involuntary prison labor, sex trafficking, and human slavery or trafficking.

### Responsible Sourcing

Oracle gathers and evaluates key suppliers' environmental performance data during the qualification process to make informed choices, assess options that have a lower environmental impact and compare offerings from existing suppliers. We also look at our own hardware supply chain and across our industry to advance responsible practices in issues such as factory labor, health and safety, environment, ethics, management systems and conflict minerals. Suppliers are assessed annually after onboarding.

### Conflict Minerals

Oracle conducts a reasonable country of origin inquiry of our direct hardware supply chain using a prioritized, risk-based approach, and collects and evaluates supplier responses using the Responsible Minerals Initiative's Conflict Minerals Reporting Template. Our Conflict Minerals report is available on our website.

### Supplier Diversity

Oracle's commitment to working with small, diverse, high-quality suppliers is an important aspect of our procurement vision.  Supplier diversity programs offer companies the chance to not only put their social responsibility goals into action by promoting a more inclusive approach to procurement, but it also provides tangible economic benefits.  Supplier diversity enables a company to widen their pool of suppliers, which gives them more choices during the procurement process, drives competition and provides potential links to new perspectives and ideas.

The Oracle Supplier Diversity team endeavors, on a good-faith effort basis, to work with small, minority-owned, women-owned, disability-owned, and veteran-owned businesses. The team is always looking for small and diverse suppliers that can deliver creative, high-quality products and services. Ultimately, our goal is to diversify our supplier base by encouraging these small and diverse suppliers to compete for business opportunities.

Oracle is a member of the National Minority Supplier Development Council (NMSDC), Women's Business Enterprise National Council (WBENC), and Disability:IN. These memberships provide access to a database of certified suppliers Oracle can invite to compete in upcoming sourcing events and provide opportunities to network and learn from other program managers.

### Suppliers Environmental Responsibility

Our supplier qualification program requires suppliers to demonstrate and disclose environmentally responsible business practices. Each year, we engage with our largest direct manufacturing and indirect procurement suppliers (accounting for 80 percent of spend) to report data on their carbon, water, and waste footprints. As part of our supply chain, Oracle requires its direct suppliers to disclose their environmental sustainability performance metrics using assessment tools in accordance with the Responsible Business Alliance's (RBA) commitment to accountability.

- **Key direct suppliers** are defined as Oracle managed suppliers under contract with substantial spending that Oracle actively engages with for goods and services. Excluded from the targets below are supplier managed or low spend suppliers. Direct suppliers are those we partner with for manufacturing our

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branded hardware, both for internal use and external distribution. Collectively, these suppliers represent no less than 80% of the total direct supplier spend. In CY22, this value accounted for an impressive 91% of our total direct spend.

- **Key indirect suppliers** are defined as suppliers with substantial spending that Oracle actively engages with for goods and services used internally. Excluded from this definition are landlords, utilities, one-time suppliers, and direct suppliers defined above. Collectively, these key suppliers represent approximately 80% of the total indirect supplier spend.

In fiscal 2023, 88 percent of our key direct suppliers in hardware manufacturing responding to our annual survey confirmed that they have an environmental program in place and 82 percent have established emission reduction targets. In fiscal 2023, 88 percent of key indirect suppliers responding to our annual survey confirmed that they have an environmental program in place and 79 percent have established emission reduction targets.

At Oracle, we continue to integrate sustainability criteria into our supplier sourcing. This includes assessing our suppliers' reporting, management, and emission reduction processes. We use this data to set goals and priorities for our sustainability program by supplier, commodity, and region. This enables us to continually improve our analyses of our supply chain greenhouse gas emissions.

Oracle has set the following supplier engagement goals as part of our sustainability program, including direct and indirect procurement suppliers:

- 100 percent of key suppliers will have an environmental program in place by 2025,
- 80 percent of key suppliers will have emission reduction targets in place by 2025

Table 2: Key Suppliers with environmental and emissions targets in place by year

|  | FY2020 | FY2021 | FY2022 | FY2023 |
|---|---|---|---|---|
| **Key direct suppliers with an environmental program in place [percentage]** | 88 | 89 | 93 | 88 |
| **Key direct suppliers with an emission reduction target in place [percentage]** | 21 | 72 | 79 | 82 |
| **Key indirect suppliers with an environmental program in place [percentage]** | 70 | 70 | 82 | 88 |
| **Key indirect suppliers with an emission reduction target in place [percentage]** | 59 | 63 | 63 | 79 |

## Risk Management and Oversight

A core group of members manage responsible sourcing across Oracle and its supply chains, including experts representing the ESG team in Oracle's Supply Chain Operations organization; the Global Sustainability team led by Oracle's Chief Sustainability Officer; the Indirect Procurement team reporting to the VP of Procurement; the Compliance and Ethics team reporting to the Chief Compliance and Ethics Officer; and representatives from Government Affairs. Oracle's Chief Sustainability officer regularly briefs the board of directors on material environmental, social, and governance risks—including supply chain risks.

This group develops cross-company strategies, shares best practices, and builds awareness to facilitate continuous improvement of Oracle's environmental and social programs across the company and its supply chains.

Oracle Supply Chain has instituted a supplier assessment program where Oracle provides a set of requirements and requires the supplier to complete and provide Oracle with the results along with the action plans to address any improvement opportunities. Third party sources are used to assess supplier ownership and background.

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We assess suppliers on environmental and social performance. In our review and analysis, we aim to:

- Identify strategic suppliers within the supply chain
- Identify and rate the risk factors related to those suppliers and their supply chains

These factors include but are not limited to:

- Country and sector risk profiles
- External reports and standards
- Publicly available risk assessment ratings
- Membership of organizations where codes of conduct form part of the membership criteria
- Supplier self-assessment findings
- Third party or Oracle audit results
- Trade restrictions
- Company ownership and control

**Supplier Audits**

Audits are based on the results of hardware suppliers' facility risk assessments which are performed by Oracle or RBA's 3$^{rd}$ party auditors.

Audits may include:

- On-site factory assessments
- Inventory hub locations
- Compliance audits
- Meetings with management
- On-site interviews
- Document reviews
- Recruiting contractors
- Assessments of related areas such as dormitories, cafeterias, wastewater treatment facilities, and warehouses

The bi-annual audits are designed to assess high-risk suppliers' performance in areas covered by the Codes, including environmental performance, health and safety measures, labor practices and risks of modern slavery. Any problematic issues identified are investigated during the audit, so experts can pinpoint root causes and develop corrective action plans (CAPs) to remediate and prevent reoccurrence. The supplier auditors are trained to report any concerns observed.

## Audit Performance

In fiscal 2023, 62 audits based on the RBA Code of Conduct were completed at direct hardware supplier factory locations following the Validated Assessment Program (VAP); the leading standard for onsite compliance verification.

Audits carried out on RBA member facilities and their suppliers' facilities are completed by independent third-party auditors specially trained in social and environmental auditing and the VAP protocol. Where VAP audits uncover issues that do not comply with the protocol, the findings are rated by severity as 'minor', 'major' or a 'priority'.

A minor non-conformance is not a systemic problem, but usually an isolated finding from an internal audit or a procedure that has not been revised to reflect a change in the RBA Code of Conduct. This could include, for

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example, an out-of-date record or an overdue procedure that has not been updated. Suppliers must provide a detailed corrective action plan addressing all identified minor non-conformances within 30 days of receipt of the site audit report. They then have up to 360 days to address the issues. We review these plans and request quarterly reports to monitor progress. We also conduct follow-up reviews or audits to ensure all non-conformances are closed. When progress is inadequate, we escalate to the supplier management to create a more effective plan.

In contrast, a priority or major non-conformance is a significant failure in the management system that affects a company's ability to ensure that conditions conform to the RBA Code. Suppliers have 30 days to address priority or major non-conformances.

Regulatory compliance findings are marked as a priority non-conformance, as they are the most serious type of priority or major non-conformance. Examples include child labor, forced labor, health and safety issues posing immediate life-threatening danger or risk of serious injury, and non-compliance evidence of environmental laws posing serious and immediate harm to the workers or community. Auditors highlight these non-conformance findings in their report, and we escalate to supplier management to quickly remediate within 30 days or before the closure audit.

If non-conformances are detected, ESG, Sourcing, and Manufacturing teams work closely with the supplier to develop corrective action plans to resolve detected issues, including providing links to education and training. The supplier is required to identify the root cause of the non-conformance, establish a corrective course of action, and implement preventive actions for all issues found. The supplier must correct issues within specific deadlines based on the severity of the non-conformance or risk termination of its business relationship with Oracle. Suppliers have 365 days to address minor non-conformances and 30 days to address priority or major non-conformances.

In fiscal 2019, 2020, 2021, 2022 there were no priority non-conformances identified. During fiscal 2023, Oracle identified 7 priority issues, 6 were mitigated and 1 is pending mitigation. During these assessments and audits, improvement opportunities were identified in the areas of labor management practices, labor recruiting, policies, procedures, contingency planning, health, safety, and environmental compliance or management systems. In these cases, corrective actions were developed and validated by the ESG and SCO teams with continuous monitoring for effectiveness.

Table 3: RBA audits completed per fiscal year

| SER AUDITS AND ASSESSMENT | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|---|---|---|---|---|
| Responsible Business Alliance (RBA) audits | 10 | 15 | 20 | 57 | 62 |

## Designing for the Environment

Oracle's Design for the Environment (DfE) program enables engineers to take environmental impacts into consideration during the design stage. The program strives to identify opportunities to achieve circular economy goals while meeting functional requirements. We believe that sustainability efforts should begin early in the design process.
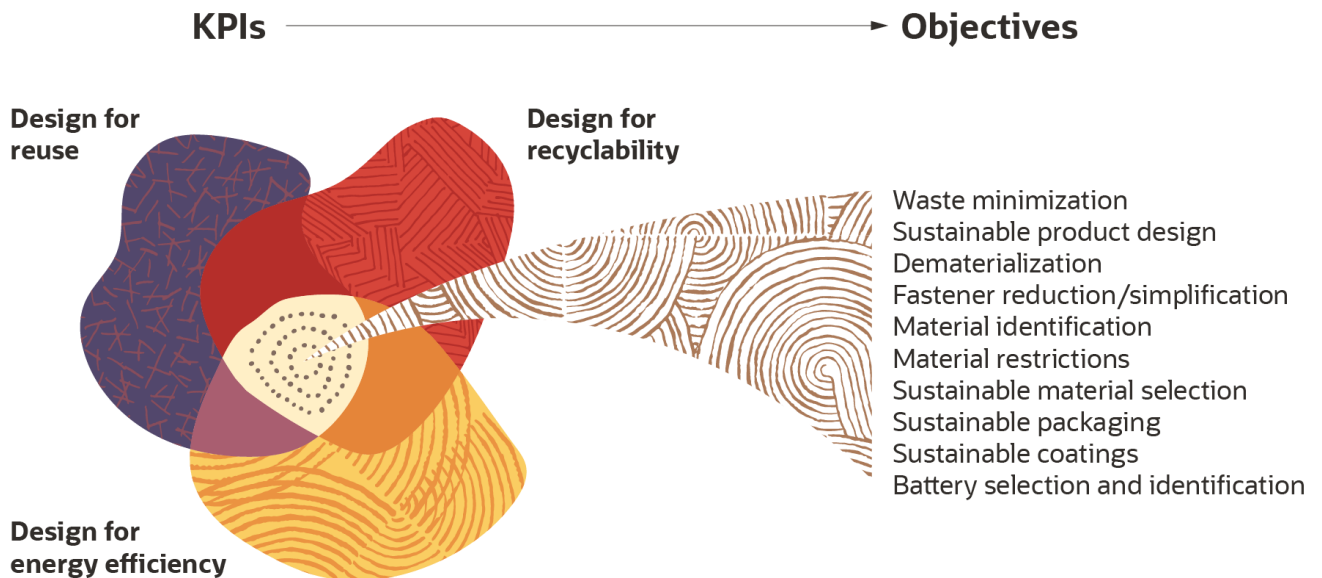
DfE KPIs are centered on:

- **Design for recyclability:** Minimizing waste by assuring that all by-products, materials, components, and packaging can be recovered and recycled at the end of their useful life is a key part of designing products that are better for the environment. All newly designed products should contain as many easily recyclable and cost-effective materials and components as possible, while minimizing the use of raw materials.

- **Design for reuse**: The design for reuse method involves recovering value from products once they are no longer of use. Entire systems can be refurbished and resold through secondary markets. If the system is either not operable or not marketable as is, the next priority is to disassemble the product and recover valuable components that can then

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be sold separately. Oracle DfE guidelines advocate designing components that can be reused in closed loop remanufacturing; designing components that can be reused in secondary applications; designing reusable packaging; facilitating non-destructive removal of components; and designing components in a way that speeds diagnosis and refurbishment.

- **Design for energy efficiency:** Reducing data center energy and cost footprint of servers can make a substantial contribution to reducing power consumption in data centers. Research[1] has shown the greenhouse gas (GHG) emissions from a typical high-volume rack server account for over 90 percent of its total life-cycle impact.

There are ten objectives, each of which represent an area of the DfE guidelines that can be considered during the design process.

## KPIs ⟶ Objectives

**Design for reuse**

**Design for recyclability**



**Design for energy efficiency**

Waste minimization
Sustainable product design
Dematerialization
Fastener reduction/simplification
Material identification
Material restrictions
Sustainable material selection
Sustainable packaging
Sustainable coatings
Battery selection and identification

## Closing The Loops

Oracle continues to expand our cloud region footprint to support strong customer demand. At calendar year-end 2022, we had 42 cloud regions, continuing one of the fastest expansions of any major cloud provider. Oracle has pledged to power all Oracle Cloud regions worldwide with 100 percent renewable energy by 2025 and had already achieved this target in 16 regions worldwide, including all EMEA cloud regions. Of course, new data centers require new hardware, but we are using new technologies, coupled with strong recycling and remanufacturing programs to grow responsibly.

We aim to keep Oracle products active for as long as possible, by retaining full control of the lifecycle of the equipment designed and used in our own datacenters. This not only includes the design and manufacture of products, but also improving their lifespan with state-of-the-art energy management and cooling technologies and remanufactured spares when possible.

Oracle already recycles and remanufactures hardware at the end of its useful lifespan. In fiscal 2023, we collected 4 million pounds of electronic equipment to manage in an environmentally responsible way; up from 2.8 million pounds in fiscal 2022. Our Cloud Environments enable us to recover 100 percent of the hardware we use and sell and extract the most value from it to create a circular supply chain.

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[1] Stutz, Markus, Scott O'Connell, and John C. Pflueger. "Carbon footprint of a dell rack server." *2012 Electronics Goes Green 2012+* (2012): 1-5.

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In fiscal 2023, 99.7 percent of returned hardware was reused or recycled. Currently, retired equipment is shipped to Oracle's remanufacturing facility or to Oracle ISO 14001 certified recycling partners through various recovery channels.

Wherever possible, products are remanufactured into rack solutions, servers or storage assemblies that can be used by customers and data centers. When equipment reaches the remanufacturing facility, an assessment including data security controls, quality inspections and product compliance checks is performed. Any new parts needed for upgrades are sourced. Hardware such as racks are disassembled and upgraded or reconfigured into different solutions. New racks are built and put through a battery of tests and checks according to their vintage.

If there is no need for a whole reconfigured unit, we harvest refurbished spares such as memory, CPUs, and hard drives, which are used by Oracle's Hardware Support Services. These spare parts play a key role in extending the lifespan of hardware, by enabling us to help customers run their equipment for 8 to12 years, instead of upgrading every 4 or 6 years.
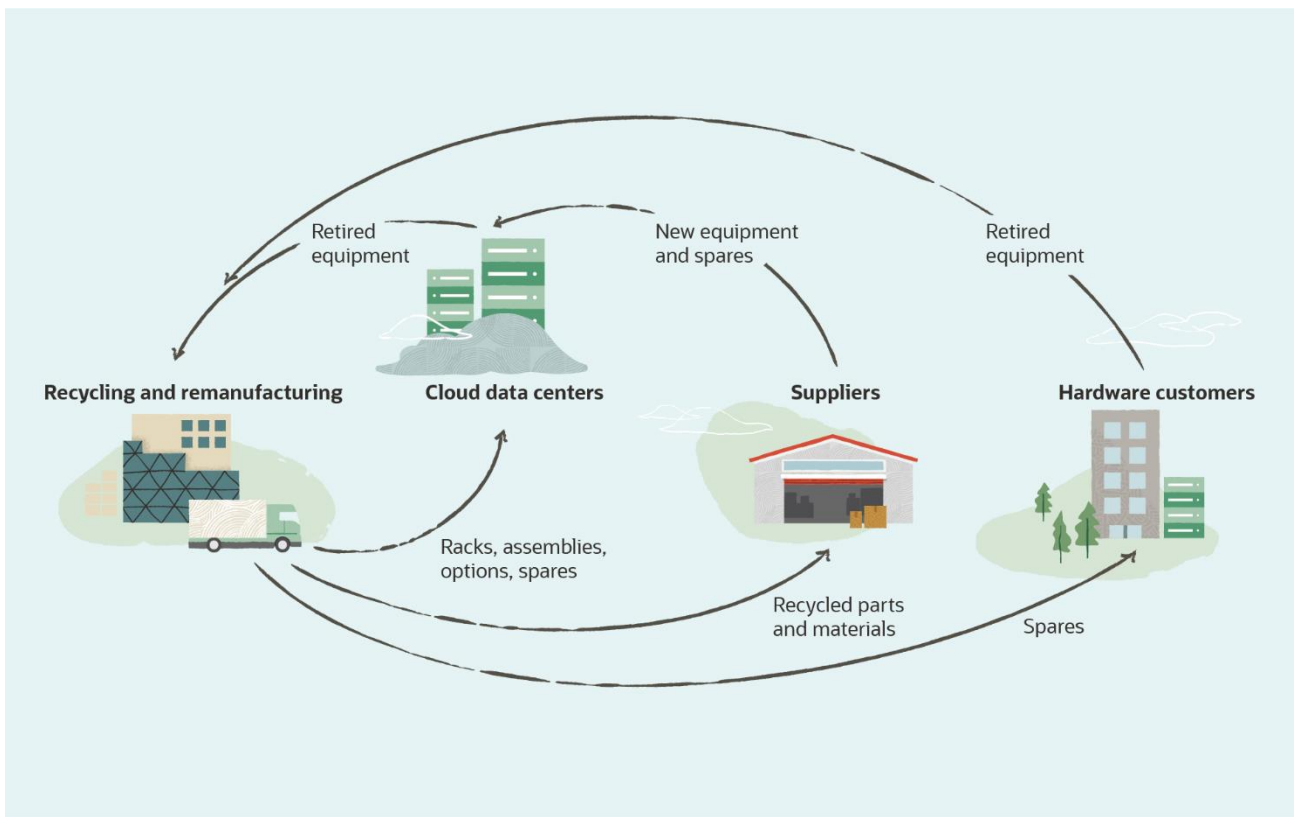


Figure 1: Circular Cloud Value Chain

Parts that cannot be reused are handled by our recycling partners. Oracle's Electronic Recycler Audit Program defines the minimum requirements to become an approved electronic recycler for Oracle's Take-Back and Recycling Programs. Our contracted recyclers are required to adhere to the Oracle Electronic Recycler Audit Standard, which aligns with elements of the R2 Responsible Recycling Standard.

Our recycling partners process as much material as possible so that it can be fed back into the supply chain. The process involves disassembling equipment to remove batteries and hazardous materials before it is shredded into fragments, which are mechanically separated and then sent downstream to more recycling partners, each of whom are specialists in processing specific parts and materials, such as circuit boards, plastic, and packaging.
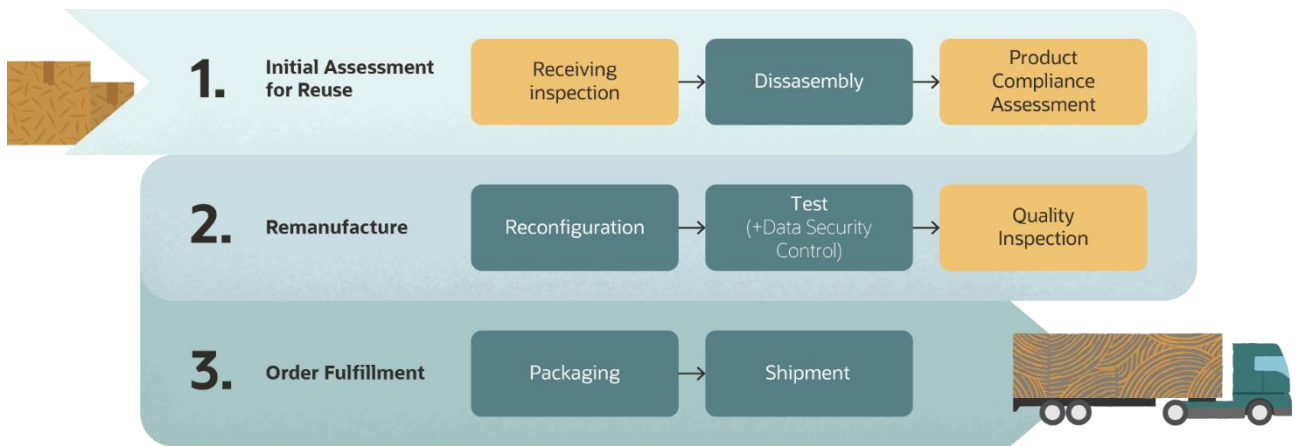
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Figure 2: Remanufacturing Process

Engaging with our recycling partners has enabled Oracle to identify ways to improve the recyclability of products, such as not using labels on certain plastic parts, which can create impurities in the plastic melt and limit their reuse.

Oracle aims to send less than 0.8 percent of the electronic equipment (by weight) that we take back to landfill. We have met this goal annually since 2012 and continue to exceed it. In fiscal 2023, our recycling partners reported that on average, just 0.3 percent of equipment processed by weight went to landfill.

Oracle's remanufacturing and recycling schemes play a key role in reducing the environmental impact of our hardware. These measures saved 22,836 MT $CO_2$e in fiscal 2023. While recycling alone is important, the emissions we were able to offset in fiscal 2023 were 4.7 times higher with the incorporation of remanufacturing, which is now a central part of our circular supply chain.

Reclaiming and shipping remanufactured parts and products to our data centers necessitates packaging and transportation. Oracle has efficient packaging solutions that are reused to reduce packaging waste and natural resource consumption, while we endeavor to move parts via roads, to minimize carbon emissions.

Table 4: Collection Efforts (Data from Oracle's Fiscal Year 2023: June 1, 2022– May 31, 2023)

|  | COLLECTED (POUNDS) | REUSED (POUNDS) | REUSED (%) | RECYCLED (POUNDS) | RECYCLED (%) | LANDFILLED (POUNDS) | LANDFILLED (%) [GOAL < 0,8%] |
|---|---|---|---|---|---|---|---|
| **Total** | 4,044,734 | 747,165 | 18.5 | 3,174,004 | 78.5 | 11,769 | 0.3 |

Table 5: Collection Efforts (Data from Oracle's Fiscal Year 2022: June 1, 2021– May 31, 2022)

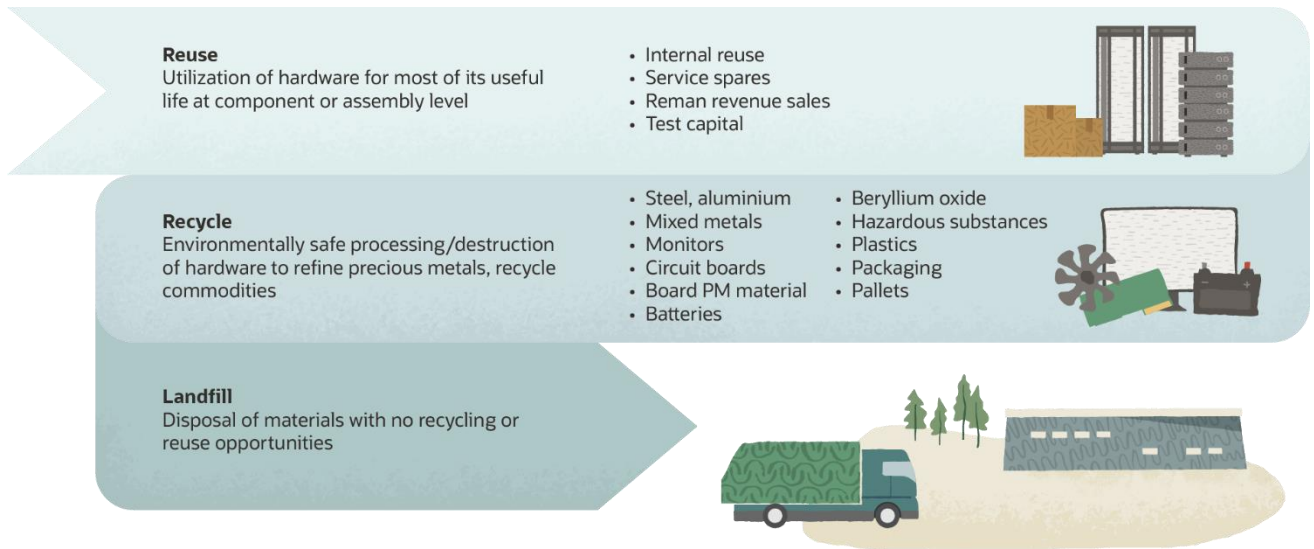|  | COLLECTED (POUNDS) | REUSED (POUNDS) | REUSED (%) | RECYCLED (POUNDS) | RECYCLED (%) | LANDFILLED (POUNDS) | LANDFILLED (%) [GOAL < 0,8%] |
|---|---|---|---|---|---|---|---|
| **Total** | 2,810,981 | 550,503 | 19.6 | 2,439,921 | 86.8 | 2,353 | 0.1 |

Note: FY2022 data did not include Repaired Spares.

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Table 6: Collection Efforts by total weight (Fiscal Years 2018 – 2023)

| COLLECTION EFFORTS BY TOTAL WEIGHT (POUNDS) | | | | | | | |
|---|---|---|---|---|---|---|---|
| | COLLECTED (POUNDS) | REUSED (POUNDS) | REUSED (%) | RECYCLED (POUNDS) | RECYCLED (%) | LANDFILLED (POUNDS) | LANDFILLED (%) |
| FY2018 | 3,250,266 | - | | 3,275,169 | 100 | 14,107 | 0.4 |
| FY2019 | 2,748,580 | - | | 2,072,869 | 75.4 | 16,685 | 0.6 |
| FY2020 | 2,844,185 | - | | 2,324,485 | 81.7 | 10,453 | 0.4 |
| FY2021 | 3,032,285 | - | | 2,768,975 | 91.3 | 12,059 | 0.4 |
| FY2022 | 2,810,981 | 550,503 | 19.6 | 2,439,921 | 86.8 | 2,353 | 0.1 |
| FY2023 | 4,044,734 | 747,165 | 18.5 | 3,174,004 | 78.5 | 11,769 | 0.3 |

Note: The totals for 2018-2021 do not include remanufactured reuse or repaired spares.

Table 7:  Take Back Data – Customers and Oracle Datacenters Returns in FY23

| CUSTOMER RETURNS | | |
|---|---|---|
| Region | Weight (pounds) | Percentage |
| EMEA | 244,536 | 26% |
| JAPAC | 91,991 | 10% |
| Americas | 604,808 | 64% |
| **Total customer returns** | **941,335** | |
| INTERNAL RETURNS | | |
| Region | Weight (pounds) | Percentage |
| EMEA | 463,009 | 16% |
| JAPAC | 299,473 | 11% |
| Americas | 2,083,301 | 73% |
| **Total Internal Returns** | **2,845,783** | **100%** |
| **Grand Total** | **3,787,118** | |

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**Reuse**
Utilization of hardware for most of its useful life at component or assembly level

- Internal reuse
- Service spares
- Reman revenue sales
- Test capital

**Recycle**
Environmentally safe processing/destruction of hardware to refine precious metals, recycle commodities

- Steel, aluminium
- Mixed metals
- Monitors
- Circuit boards
- Board PM material
- Batteries

- Beryllium oxide
- Hazardous substances
- Plastics
- Packaging
- Pallets

**Landfill**
Disposal of materials with no recycling or reuse opportunities

Oracle is dedicated to working with our logistics partners to drive down emissions, including more efficient freight routings and low carbon road freight solutions.

During the last year, our team has developed an online emission dashboard to track and analyze our Scope 3 emissions by lane, transport mode and geography providing an ability to identify alternative carriers and direct routings to reduce emissions. During the last year, we also conducted a road freight carrier survey which identified savings from Expeditors, a global logistics company, utilizing cleaner Euro 6 diesel vehicles as well as electric vehicles for Oracle fulfilment in the Benelux area. We expect the shift towards cloud will increasingly streamline the manufacturing and logistics flow of equipment and parts.

Table 6: Logistic Carbon Footprint 2022

| CO2 EMISSIONS BY MODE – CY2022 | | | | | |
|---|---|---|---|---|---|
| **Mode** | TtW (in t) | TtW (%) | WtW (in t) | WtW (%) | TtW (YoY) |
| **Air** | 47,983 | 91% | 57,760 | 91% | 10% |
| **Road** | 4,433 | 8% | 5,353 | 8% | 32% |
| **Ocean/Rail** | 8 | 0% | 9 | 0% | –31% |
| **WHS** | 110 | 0% | 126 | 0% | –45% |
| **Total** | **52,534** | **100%** | **63,248** | **100%** | **11%** |

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Table 9a: Logistics Carbon Footprint TtW (CY2017 – CY2021)

| TtW – tCO2e | 2017* | | 2018 | | 2019 | | 2020 | | 2021 | | Yr vs Yr (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **HISTORICAL CO2 EMISSIONS BY MODE – (TtW in t) – 2017 -2021** | | | | | | | | | | | |
| **Mode** | TtW (in t) | TtW (%) | TtW (in t) | TtW (%) | TtW (in t) | TtW (%) | TtW (in t) | TtW (%) | TtW (in t) | TtW (%) | |
| **Air** | 58,914 | 88% | 40,852 | 86% | 40,468 | 90% | 37,503 | 90% | 43,631 | 90% | 16% |
| **Road** | - | - | 5,730 | 12% | 4,071 | 9% | 3,526 | 9% | 3,358 | 9% | |
| **Ocean/Rail** | 369 | 1% | 15 | 0% | 263 | 1% | 53 | 1% | 12 | 1% | -77% |
| **WHS** | 7,257 | 11% | 744 | 2% | 385 | 1% | 127 | 1% | 199 | 1% | -3% |
| **Total** | 66,540 | 100% | 47,342 | 100% | 45,187 | 100% | 41,208 | 100% | 47,200 | 100% | 15% |

Note: *WHS and Road emissions were aggregated for years 2012-2017.

Table 9b: Logistics Carbon Footprint TtW (CY2012 – CY2016)

| **HISTORICAL CO2 EMISSIONS BY MODE – (TtW in t) – 2012 -2016** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | | 2013 | | 2014 | | 2015 | | 2016 | |
| **Mode** | TtW (in t) | TtW (%) | TtW (in t) | TtW (%) | TtW (in t) | TtW (%) | TtW (in t) | TtW (%) | TtW (in t) | TtW (%) |
| **Air** | 58,797 | 52% | 54,981 | 60% | 69,590 | 92% | 75,354 | 90% | 62,292 | 89% |
| **Ocean** | 7 | 0% | 70 | 0% | 435 | 1% | 1096 | 1% | 950 | 1% |
| **Truck** | 53,426 | 48% | 37,034 | 40% | 5543 | 7% | 7561 | 9% | 6,964 | 10% |
| **Total** | 112,230 | 100% | 92,085 | 100% | 75,568 | 100% | 84,011 | 100% | 70,206 | 100% |

Note: WHS and Road/Truck emissions were aggregated for years 2012-2017.

Table 10: Logistics Carbon Footprint WtW (CY2018-2022)

| TtW – tCO2e | 2018 | | 2019 | | 2020 | | 2021 | | 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **HISTORICAL CO2 EMISSIONS BY MODE – (WtW in t) – 2018 -2022** | | | | | | | | | | |
| **Mode** | WtW (in t) | WtW (%) | WtW (in t) | WtW (%) | WtW (in t) | WtW (%) | WtW (in t) | WtW (%) | WtW (in t) | WtW (%) |
| **Air** | 48,286 | 86% | 48,374 | 90% | 45,223 | 91% | 52,512 | 91% | 57,760 | 91% |
| **Road** | 6,955 | 12% | 4,611 | 9% | 4,253 | 9% | 4,060 | 9% | 5,353 | 8% |
| **Ocean/Rail** | 19 | <1% | 303 | <1% | 63 | 0% | 14 | 0% | 9 | 0% |
| **WHS** | 647 | 1% | 348 | <1% | 146 | 0% | 233 | 0% | 126 | 0% |
| **Total** | 55,907 | 100% | 53,635 | 100% | 49,685 | 100% | 56,819 | 100% | 63,248 | 100% |

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## Take Back Program for Customers

The proper disposal of old or decommissioned IT equipment is a concern for all businesses. Improper disposal can harm the environment, while incorrect handling of data on retired systems can pose security risks. As our customers move to the Oracle Cloud, upgrade to new technology, and/or simply want to dispose of retired hardware, Oracle offers cost-effective, secure, and environmentally responsible options that allow our customers and suppliers to return excess used products or materials. These programs help protect the environment and provide valuable services to our customers. Oracle currently offers its eWaste, Used EE or SRC program (or equivalent programs or services) for all hardware products, and all product returns are at no cost to the customer (except for any applicable credits under the SRC Program) wherever possible. Oracle's take back programs include:

### System Return Credit (SRC) Program

- As customers move to the Cloud or next generation Oracle hardware, retired products may qualify for Oracle's System Return Credit program. This program pays for select decommissioned hardware at competitive rates, with the dollar value applied as a credit towards the customer's current obligation with Oracle.

### Used EE (Electronic Equipment) Program

- If Oracle determines reuse potential for retired products, Oracle's Used EE program offers customers in eligible countries a convenient and economical option for disposing of retired and decommissioned hardware. Although there is no financial credit available, customers can access Oracle's onsite services, transportation, and recycling free of charge.

### Electronic Waste (eWaste) Program

- Regardless of product age and condition, Oracle's eWaste program offers customers a convenient and economical option for disposing of retired and decommissioned Oracle branded hardware, and in some cases also third party branded systems. For this self-service model, simply de-install, pack, and stage the old hardware, submit a pick-up request on-line and Oracle will collect, transport, and recycle the equipment at no charge. These include:

- **Onsite data erasure (disk wipe):** Oracle will sanitize all eligible disks (HD/SSD) and generate an erasure report. The software and process followed complies with the NIST 800-88 guideline for media sanitization. For devices where data erasure is not complete, the customer may choose to keep the device or return to Oracle for physical destruction. To perform this service, the systems containing the disks must be connected to power and be operational.

- **De-installation:** Oracle will de-install and pack the retired systems. The customer is responsible for staging the product and providing access to Oracle's carrier for pick up.

- **Certification of ownership transfer:** Transfer of ownership is complete when decommissioned systems are loaded on to the certified Oracle carrier's truck. The customer may print out the legal transfer document, or signed copies are available upon request.

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## Memberships and Associations

In addition to being a member of the Responsible Business Alliance (RBA), Oracle engages with numerous industry and trade groups, as well as government associations to define standards and best practices for supply chain management and sustainable IT solutions including:

- Responsible Minerals Initiative
- Responsible Labor Initiative
- Responsible Purchasing Practices
- BSA | The Software Alliance
- Electronic Product Environmental Assessment Tool (EPEAT)
- International Standards Organization (ISO)
- IPC Association Connecting Electronics Industries
- Joint Electronic Device Engineering Councils (JEDEC)
- PCI Industrial Computer Manufacturers Group, Inc.
- United States Information Technology Office (USITO)
- Product Attributes to Impact Algorithm (PAIA)

## Awards and Recognitions

Oracle has been recognized as a leader on the CDP's (formerly the Carbon Disclosure Project) Climate List for the last 6 years, acknowledging our leadership in fighting climate change. The CDP assigns a Supplier Engagement Rating (SER) to all the companies that respond to its climate change questionnaire. The CDP assesses performance on supplier engagement based upon a company's answers to questions about governance, targets, scope 3 emissions, and value chain engagement. The top 7 percent of companies each year to respond to the full questionnaire with the best SER are celebrated as Supplier Engagement Leaders, and Oracle is one of them.

Oracle was also named to Forbes' 2023 Top 100 Net Zero Leaders list, and Oracle's *Take Back Program* was a finalist for the Circular Transition Award at the 2023 Reuters Responsible Business Awards.

Oracle Cloud Infrastructure (OCI) was honored with the SEAL Sustainable Product Award for 2022 for making clear progress on its ambitious sustainability goals which are to reduce not only its own carbon liability and impact on the planet but also that of its partners and customers.

Oracle has also been recognized by Sims Lifecycle Services (SLS) for its contributions towards creating a circular economy for electronics, as well as supporting sustainable processes and business models. SLS provides electronic reuse and recycling options to companies of all sizes, across most industries. The company honors only a select few clients with this accolade and appreciates Oracle's commitment to responsible management of our IT and electronic assets.

Sustainability Magazine ranked Oracle #20 out of 100 top sustainable companies in 2023.

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