

# Sustainability at Micro Focus



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## Executive Summary

# Environmental, Social and Governance (ESG) at Micro Focus

At Micro Focus, our purpose is to deliver mission-critical enterprise software that powers the digital economy. Our continued aim is to put sustainability and responsibility at the core of the way we operate. We continue to make progress in this area, however there is always more to do. Our new Environmental, Social, and Governance (“ESG”) governance model and committee were launched in 2021 with the goal of ensuring we continue to embed ESG into the core of our operations.

We recognise that ESG is an area of growing importance to our customers, partners, shareholders, governments, employees, communities, and society more broadly. As a company, we are seeking to ensure we respond to these changes in a responsible and representative approach. Micro Focus creates and contributes value through transparency and a consideration of the impact of our business decisions.

Our ESG framework contributes to economic development while improving the quality of life for our workforce and their families, local communities, and society. We seek to align the success of these groups to build a successful and sustainable business for our stakeholders, ultimately leading to value creation for all groups we impact.



**Susan Ferguson**  
Chief Human Resources  
Officer and SVP Business  
Operations



Our Environmental, Social & Governance Framework

Since Micro Focus INSPIRE was launched in December 2019, progress has been made in developing the Group’s ESG programme. Micro Focus has improved its score with the CDP from a C- to a B and achieved an ISS QualityScore Rating of “1” in ISS ESG’s Social Category.

Further investor rating firm recognition includes being awarded the ISS Prime Status for ESG performance above the sector threshold and most recently, Micro Focus was awarded Top Rated Performer by Sustainalytics. However, ESG expectations are quickly evolving and becoming increasingly important for all stakeholders. As a company our priority is to protect and grow revenue, therefore it is vital we ensure Micro Focus remains in line with market expectations today and in the future.

With an increasing pressure on governments to meet Nationally Determined Commitments (NDCs) following the Paris Climate Agreement and COP26, there are growing regulatory demands on organisations to play their part in addressing the climate crisis. The Task Force on Climate-related Financial Disclosures (TCFD) is one example—it is the first international initiative to examine climate change in the context of a company's financial stability and resilience. The UK government is the first G20 country to make TCFD-aligned disclosures mandatory.

In addition, customers and partners are putting more emphasis on ESG criteria as part of their IT decision-making process—many adding an ESG weighting in their decision-making criteria. In addition, effective September 2021, the UK government requires suppliers bidding for major government contracts to commit to achieving Net Zero by 2050 and publish a 'Carbon Reduction Plan'. I am pleased that Micro Focus has published its plan to reach NetZero for its UK business by 2050.

Attracting talent remains a key priority for Micro Focus and sustainability is an essential part of any employer value proposition. We recognise that employees want to work for companies that put social purpose at the core of their business.

To help Micro Focus further develop its ESG program, in FY21 we commissioned an independent third party to conduct a materiality assessment and current state analysis, along with a carbon emissions review and TCFD preparedness report. The body of work included peer reviews, stakeholder interviews and examined regulatory requirements. The findings, along with additional insight from customers, partners, and investors, informs the Group's INSPIRE ESG programme.

Our ESG strategy is embedded and aligned with our business strategy to protect and grow revenue, ensure sustainable and responsible business is core to the way we operate and to deliver the innovation that customers need to run and transform simultaneously.

**Susan Ferguson**

**Chief Human Resources Officer and SVP Business Operations**



# Our ESG Ambitions

- Help customers and partners meet their ESG requirements by implementing carbon-friendly IT strategies which deliver greater efficiency and extend the life of their existing technology with low carbon solutions.
- Ensure Micro Focus complies with government legislation, as well as the expectations of competitors, investors, customers, partners, and employees to enable the Group to continue strengthening trust and building our positive reputation.

## ESG Objectives

Environmental	Social	Governance	Product/Customers
Reduce our environmental footprint and support the transition to a low carbon business	Embed a diverse, inclusive, and equitable culture for employees and communities	Act with integrity and be fully compliant	Create a positive environmental and social impact for customers through sustainable solutions

# ESG Governance

The ESG committee was set up in 2021 and currently comprises of three non-executive members—Pauline Campbell (who serves as its chair), Amanda Brown and Lawton Fitt— plus two members of the management team—Susan Ferguson (Chief Human Resources Officer & SVP Business Operations) and Suzanne Chase (Group Company Secretary and Head of Assurance).



**Pauline Campbell**  
ESG Committee Chair



**Amanda Brown**  
Independent  
non-executive director



**Lawton Fitt**  
Independent  
non-executive director



**Susan Ferguson**  
Chief Human Resources Officer  
& SVP Business Operations



**Suzanne Chase**  
Group Company Secretary and  
Head of Assurance

The committee meets at least twice during each financial year, and more frequently as required. The role of the ESG committee is to provide guidance on behalf of and to the board in relation to the Group's ESG strategy, activities, and disclosures, in the context of the Group's overall strategy and purpose. Day-to-day responsibility for and management of ESG risk and compliance matters remain with the boards and management of each Group Company, subsidiary entity and undertaking. The committee's terms of reference are available on the Group's website.

At the same time an ESG working group (ESGWG) was also established to execute and implement the Micro Focus Group's ESG strategy, activities, and disclosures. The ESGWG consists of various functional representatives from across the Environmental, Social, Risk, Investor Relations, Governance, Cyber/IT/Business Resilience, Office of the CTO, Marketing, Procurement, Finance/Reporting, and Product/Go To Market (GTM) teams, and helps embed the ESG strategy into business as usual across the Group.

To further increase our focus on environmental matters, an Environmental Sub Group was also formed to ensure there is adequate focus and attention on this important area, along with a Sub Group focused on Social.



## Stakeholder Engagement

STAKEHOLDER	FORM OF ENGAGEMENT
<b>Customers</b>	Global, regional, and local events, forums, and conferences. Our leaders actively participate in hundreds of customer meetings and events. Quarterly customer satisfaction survey (Net Promoter) and ESG customer engagement programme.
<b>Investors</b>	We strictly adhere to market regulations, and to ensure we remain compliant we consult our advisors as required. Our aim is to discuss Micro Focus with investors openly and provide as much access to our management team as is practical.
<b>Employees</b>	<p>Annual My Voice survey—in 2021, 86% of employees took part in our annual employee survey. We exchange ideas and feedback with our employees across a wide array of communications channels weekly, monthly, quarterly, and annually.</p> <p>All Employee Meetings hosted by our CEO. Employee Resource Groups, all with senior leaders as sponsors. Employee Engagement Panels create a direct connection and dialogue between our board of directors and employees, enabling the board to understand the views of our employees.</p>
<b>Community</b>	We have ongoing dialogue with community partners, non-profits and non-governmental organisations (NGOs) on charitable projects and planning for employee volunteerism through our 90 INSPIRE Ambassadors around the world.
<b>Policy groups and industry associations</b>	Membership participation across the globe with organisations such as techUK and The Open Forum to advance best practices and policy positions.



## Industry Recognition



### CDP 'Climate Change 2021'

Micro Focus improved its score with CDP from a C- to a B in 2020. We have maintained our CDP 'Climate Change 2021' score of a B for the second consecutive year.



### Corporate ESG Performance

The ISS Prime Status is only awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfil ambitious absolute performance requirements.



### ISS ESG

Micro Focus has an ISS QualityScore rating of "1" in ISS ESG's Social category, the highest social rating.



### Sustainalytics

Micro Focus was awarded Top Rated Performer by Sustainalytics, a global leader in ESG research and data.



### FTSE4Good

### FTSE4Good



FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Micro Focus International Plc has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



## Supporting the United Nations Sustainable Development Goals (UN SDGs)

To further demonstrate our commitment, Micro Focus supports the United Nations Sustainable Development Goals ("UN SDGs")—developed as a blueprint to achieve a better and more sustainable future for all. Our employee volunteering programmes align to support the UN SDGs, and all employees receive two out of their four volunteering days a year to support these.

### Delivering Sustainable Impacts

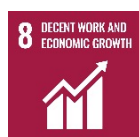
UNSDG	GOAL OUTCOME	HOW WE CONTRIBUTE POSITIVELY
	<b>Goal 1</b> End poverty in all its forms everywhere.	<p>In 2021, we introduced the Inspire a Million Lives campaign and partnered with several non-profits around the world that are working to reduce poverty. These include Feeding America, International Committee of the Red Cross (ICRC), United Way, Save the Children, and The Salvation Army Gracehaven in Singapore. In India, Micro Focus has partnerships with several non-profits, including the NASSCOM Foundation and the Samarthanam Trust to support disadvantaged communities by delivering upskilling programmes to help those living in poverty find meaningful employment.</p>
	<b>Goal 4</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<p>Employees have access to a large catalogue of virtual instructor-led and self-paced learning. In FY21, we saw a significant increase in the usage of leadership, sales, professional, and technical solutions provided by our 24x7 learning partners and our internal instructors. This included:</p> <ul style="list-style-type: none"> <li>• Over 70,500 hours of learning content consumed (FY20: 50,000 hours).</li> <li>• Over 51,000 hours of learning around specific skills and live online virtual training through our learning partners (FY20: 45,000 hours).</li> </ul> <p>Technological skills are essential to our business. For our software development communities, we provided learning opportunities and certification preparation and practice tests. These focused on leading-edge technologies such as artificial intelligence, machine learning, data science, and security. Our technologists participated in a variety of peer-to-peer knowledge sharing forums, including brown bag sessions, sandbox coding practice, and R&amp;D engineering seminars.</p> <p>Our approach to volunteering and supporting the communities in which we operate in is guided by our social purpose—to help equip communities with the skills needed to be successful in their digital futures. Micro Focus partnered with the United Nations Children's Fund ("UNICEF") to ensure that children everywhere can access their right to learn. Together we are reimagining education by strengthening national education systems, improving the quality of learning, and helping children and young people around the world to thrive in a digital future. Through our partnership with the Utah State Board of Education in the US, Micro Focus sponsors the Young Technology Program.</p>



### Goal 5

Achieve gender equality and empower all women and girls.

Diversity and Inclusion (D&I) is fundamental to our business, and at Micro Focus we are committed to creating and maintaining an inclusive culture where every employee feels a sense of belonging, has opportunities to grow, express themselves, exchange ideas and feel heard. This is underpinned by the company's [D&I Policy Statement](#), ensuring we operate as a socially responsible and sustainable organisation. Several of our volunteering programmes and charity partners are dedicated to achieving gender equality. In Singapore, Micro Focus partnered with non-profit, Daughters of Tomorrow, which supports 25,000 women from low-income families to help them gain employment and achieve a better future. In South Africa, Micro Focus employees support the Frida Hartley Shelter for abused women and children and have developed an upskilling programme to empower women supported by the charity.



### Goal 8

Promote inclusive and sustainable economic growth, employment and decent work for all.

Through our long-term partnership with the Samarthanam Trust, Micro Focus India helped hundreds of students find meaningful employment. In India, Micro Focus has partnered with the NASSCOM Foundation to sponsor its Resurgent Communities Programme – dedicated to uplifting and rebuilding communities, particularly those severely impacted by COVID-19. Micro Focus fosters diversity within our supplier base, and we proactively identify and encourage diverse suppliers to compete for our business.



### Goal 13

Take urgent action to combat climate change and its impacts.

Micro Focus is committed to reducing its environmental footprint and supporting the transition to a low carbon business. We have set renewable energy and Greenhouse Gas (GHG) reduction targets, and continue to encourage our employees to live and work sustainably. Our Employee Resource Group (ERG), PLANET, is open to all employees and facilitates the sharing of knowledge, expertise and experience for reducing the impact of humanity on the planet. Micro Focus supports The Nature Conservancy's Global Climate Programme, further highlighting our commitment to climate action.





# Environmental

## Our Goal

We are committed to reducing our environmental footprint and supporting the transition to a low carbon business.

### Reduce GHG

In FY22, our aim is to reduce our GHG emissions further by 2–5%.

### Increase Renewables

We're targeting 80% of our energy to come from renewable sources by the end of FY25 and 100% by the end of FY30.



## Climate Action

We continue to encourage our employees to live and work sustainably. In addition, we are helping our customers implement carbon-friendly IT strategies through greater efficiency and extending the life of their existing technology and equipment such as moving to public clouds that use renewable energy and optimising resource, improving operational efficiencies to reduce energy consumption, streamlining equipment usage through management, computing and storage efficiencies, prolonging software life cycles and improving production along with recycling processes.

In FY21, the Group published a new [Environmental Policy Statement](#) reaffirming its commitment to climate action.

## Our Approach

Our environmental approach is focused on:

- Achieving targets
- Energy efficiency plans
- Switching to renewable
- Educating and encouraging carbon consciousness amongst employees
- Supporting standards





## Achieving Targets

We committed to a Greenhouse Gas ("GHG") reduction target of 2-5% in FY21, compared to the previous year. Based on a like-for-like comparison of our FY20 locations to FY21 locations, we achieved a 7.8% reduction of carbon emissions and a 6.4% reduction of energy consumption.

In FY21, we increased the number of locations in scope from 64% to 68% and based on this increased FY21 global footprint compared to the FY20 footprint, our overall GHG emissions have increased by 1.5% and our energy consumption increased by 3.8%.

In FY22, our aim is to reduce our GHG emissions further by 2-5%. We also committed to source 50% of energy usage from renewable sources globally by the end of FY21. We exceeded that goal, with 52% of energy used now coming from renewable sources. This is an increase from 40% at the end of FY20. We're targeting 80% of our energy to come from renewable sources by the end of FY25 and 100% by the end of FY30.

## Energy Efficiency Plans

Micro Focus energy conservation efforts are focused on driving down total energy consumption. The importance of reducing energy consumption levels is underlined within the Group by sharing data and seeking employee guidance on how to reduce our consumption within the boundaries of our operational control.

Key strategies include further improvements to our office environments either through upgrades or moves, and the continuation of data centre consolidation.

The Micro Focus Workplace Policy ensures that when sourcing new locations, we give greater weight to LEED/ BREEAM rated properties wherever available.

- 10 of our existing properties representing 6% of global square footage now carry either a LEED or BREEAM rating.
- We increased our net footprint of sites with direct metering in place from 63% to 68% of its global square footage. Despite the pandemic impact, we can clearly see the results of our operational boundary changes in this year's reduction. Micro Focus will continue its strategy of consolidation wherever possible to ensure the minimum footprint is achieved. As we emerge from the impact of COVID-19, we will respond to the new needs of the business to optimise the way the property portfolio is shaped.

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### FY22

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## Switching to Renewable

Micro Focus has continued its strategy, wherever possible, to renew energy contracts with suppliers who provide higher ratios of renewable or cleaner energy. We increased the percentage of renewable energy sources. We are actively pursuing additional options in areas under our control, and have signed contracts in Australia, Spain, Ireland, and UK to power our entire operations in these countries by 100% renewable sources.

### Education and encouragement of carbon consciousness amongst employees

Sustainability and climate change is important for everyone to understand, so Micro Focus has introduced a new Sustainability Education Programme that is available to all employees. The programme includes a collection of engaging short courses, delivered via LinkedIn Learning, together with videos designed to enhance understanding of sustainability, and why it matters to all of us. The courses offer something for everyone, ranging from introductory to leadership level.

In January 2021, Micro Focus launched its newest employee resource group called PLANET, dedicated to sustainability awareness and advocacy. Through PLANET, colleagues have an opportunity to not only contribute to shaping the Group's approach to reducing its environmental impact, but to also further enable our customers to be more sustainable by teaching them how our solutions can help them reduce their carbon footprint.

Micro Focus also announced its support for [The Nature Conservancy's](#) (TNC) Global Climate Programmes. Our support focuses on TNC's important work to help limit the worst impacts of climate change and to help vulnerable people and places deal with its already-tangible impacts like increasingly extreme weather conditions. Through our collaboration, employees have the opportunity to learn more about climate change and understand how they can take action to make a positive difference. Read the [press release](#).

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**10**

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Micro Focus will continue its strategy of consolidation wherever possible to ensure the minimum footprint is achieved. As we emerge from the impact of COVID-19, we will respond to the new needs of the business to optimise the way the property portfolio is shaped.

## Supporting Standards

We are pleased that in the year ended 31 October 2021, we maintained our score of a B for the second consecutive year from the Carbon Disclosure Project ("CDP") and we are seeing great results from some of the measures we have implemented.

In FY21, we saw an increase in the number of sites achieving a reduction in consumption and subsequent emissions. We continued to use all audit and report findings in our energy roadmap for driving down our carbon output. Micro Focus will continue the Group's commitment to CDP in the next reporting period and continue to further raise awareness of the importance of managing emission reductions across global facilities. CDP practices continue to be deployed in order to maintain the standards that are embedded, and delivering encouraging improvements year-on-year in energy reduction.

## Greenhouse Gas Emissions (GHG)

This section includes Micro Focus' mandatory reporting of GGE pursuant to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008/2014.

### Reporting year

The Greenhouse Gas ("GHG") reporting period is the same as Micro Focus' fiscal period being 1 November 2020 to 31 October 2021.

### Organisational boundary and responsibility

In accordance with the definitional requirements of the "regulations", in respect of emissions for which Micro Focus is responsible, emissions data is reported using an Operational Control approach to define the organisational boundary.

All material emission sources over which Micro Focus deems to have operational control are in scope. These sources are defined as the purchase of electricity, heat, steam or cooling for the operation of facilities and the combustion of fuel for that operation of facilities. Processes are being established to track other sources of emissions such as commercial flights for business travel, which is not presently covered in this data.

### Methodology

The methodology used to calculate emissions is based on the most current set of regulations published by the Department for Environment, Food and Rural Affairs ("DEFRA") relating to relevant reporting periods. Scope of reporting emissions Micro Focus' operational footprint reduced over the reporting period. On a like-for-like basis, Micro Focus' energy consumption was lower than the previous reporting period -6.4%, with continued best practice across the entire real estate, further capital investment in "green" projects and targeted employee communication, staff focused on reducing emissions. GHG emissions decreased by 7.8% on a like-for-like basis.

During FY21, Micro Focus collaborated with Schneider Electric to further develop our Energy Management System to monitor and review the energy across the global estate.



## Year-on-year comparisons for energy consumed and carbon emissions

	FY21	FY20	Change %
Total energy consumption (metered) MWh	<b>51,146</b>	49,296	3.8%
Scope 1 Total energy consumption kWh	<b>6,030,482</b>	6,050,349	-0.3%
Scope 2 Total energy consumption kWh	<b>45,115,726</b>	43,245,367	4.3%
Energy consumed (metered) kWh per employee	<b>8,313</b>	8,299	0.2%
Scope 1 UK only consumption kWh	<b>1,296,857</b>	1,412,935	-8.2%
Scope 2 UK only consumption kWh	<b>2,156,324</b>	2,614,354	-17.5%
Scope 1 & 2 combined UK only consumption (6.8% of total global consumption)	<b>3,453,181</b>	4,027,289	-14.3%
GHG emissions (tCO2e)	<b>25,242</b>	24,858	1.5%
Scope 1 global GHG emissions (tCO2e)	<b>1,109</b>	1,113	-0.4%
Scope 2 global GHG emissions (tCO2e)	<b>24,133</b>	23,745	1.6%
GHG emissions per employee (tCO2e)	<b>4.10</b>	4.18	-1.9%
Scope 1 UK only emissions (tCO2e2)	<b>238</b>	260	-8.5%
Scope 2 UK only emissions (tCO2e)	<b>493</b>	600	-17.8%
Scope 1 & 2 UK only combined emissions (tCO2e) (2.9% of total global emissions)	<b>731</b>	860	-15.0%
Total estimated GHG emissions (KtCO2e)	<b>47.0</b>	50.0	-6.0%

Adjusted like-for-like basis	FY21	FY20	Change %
Total energy consumption (metered) MWh	<b>46,164</b>	49,296	-6.4%
Scope 1 Total energy consumption kWh	<b>6,030,482</b>	6,050,349	-0.3%
Scope 2 Total energy consumption kWh	<b>40,134,308</b>	43,245,367	-7.2%
Energy consumed (metered) kWh per employee	<b>8,110</b>	8,299	2.3%
GHG emissions (tCO2e)	<b>23,298</b>	24,858	-7.8%

Micro Focus reports emissions data on all locations where available, irrespective of the size of the Micro Focus facility. For smaller locations where no such data is available from managed serviced offices, or where Micro Focus is part of a multitenant occupancy building, or where staffing levels are less than 10, the mean average per head is extrapolated out from all other locations.

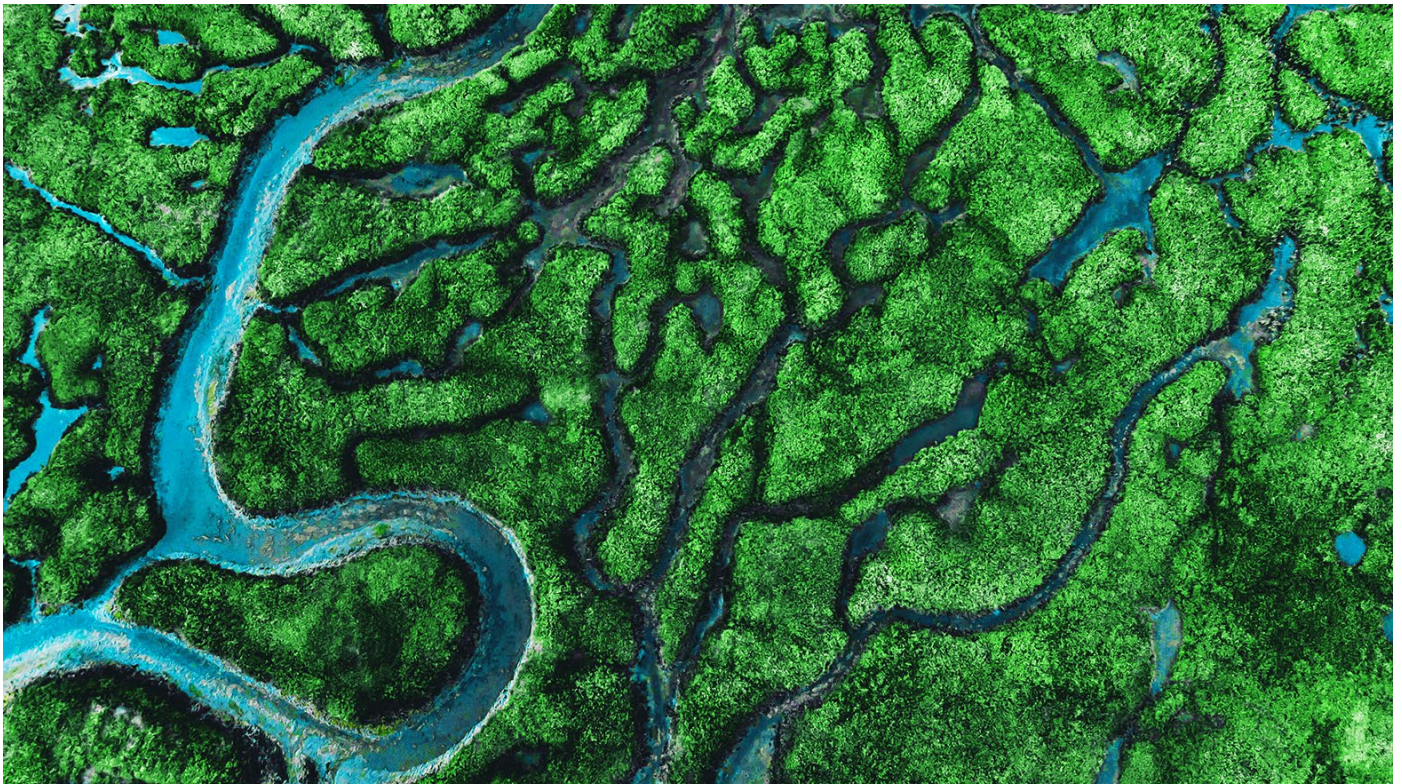
## Micro Focus Global Environmental Policy Statement

Micro Focus is one of the world's largest enterprise software providers. We deliver trusted and proven mission-critical software that keeps the digital world running. Our software products and services are delivered from physical and virtual hubs across the globe.

This policy statement applies to all our operations, offices, data centres and other facilities we manage, as well as all our employees. We also seek to ensure that our suppliers abide by the principles set out in this statement in respect of the products and/or services they provide to us.

We recognise that our business activities have impacts on the environment and that there is an urgent need for us, along with all enterprises, to take meaningful action to mitigate the effects of climate change and the related ecological and inequality crises. We are committed to understanding and addressing our impacts as well as supporting and driving change both downstream in our supply chain and upstream in our provision of software products and services to our customers.

This policy statement embraces our commitment to work to support customer requirements, including adoption of appropriate pollution controls, the continual improvement of environmental management and performance and to fulfil our legal obligations. We have established a governance structure to oversee this policy, including regular oversight by our ESG Committee and Board of Directors.







**Our environmental commitments include:**

- Monitoring our impacts, driving the reduction of our carbon footprint and examining options for how we accelerate delivery of our objectives and targets;
- Reducing our use of energy and other resources through effective management and our procurement processes;
- Designing products and services to minimise negative environmental impacts and driving positive outcomes for our stakeholders and broader society wherever possible;
- Accelerating our transition to using only low impact renewable energy for all our sites;
- Working towards reducing the environmental impact related to employee business travel;
- Applying the principles of the waste hierarchy and the circular economy; and
- Implementing a supplier selection process that aims to award business to key suppliers with equal or higher levels of environmental health management to build an environmentally conscious supply chain.

We will communicate the importance of environmental issues to our stakeholders and share environmental performance data and progress against our objectives.

View the [Micro Focus Global Environmental Policy Statement](#).



# Social

## **Our Goal**

Embed a diverse, inclusive, and equitable culture for employees and communities.





## Our Social Purpose

### Community affairs

Micro Focus strengthened its support for communities in FY21. Focused on those particularly impacted by COVID-19, we entered a series of new partnerships and launched a [global virtual volunteering programme](#). This helped to further engage employees in equipping communities with the right skills to be successful in the digital world, today and in the future.

Every employee can take four paid days a year to volunteer: one to support a charity or cause of choice, one to support our social impact goal of helping equip communities with the right skills to be successful in their digital lives, and two to support one or more of the five UN SDGs.

In FY21, over 1,992 volunteering days were contributed to causes around the world. As the COVID-19 situation begins to improve around the world, the two volunteering days introduced for employees to support communities impacted by COVID-19 will be focused on projects that support one or more of the five UN SDGs the Group is now supporting. This provides a broader selection of volunteering opportunities.

There are over 90 INSPIRE Ambassadors in place who help coordinate volunteering at an office, country, or department level. These volunteers are instrumental in driving employee engagement in social impact programmes with local non-profits and charities as well helping encourage employee attendance in virtual volunteering.



## Micro Focus introduces Virtual Volunteering for Teams

To make volunteering easy and accessible and to help employees stay connected during COVID-19, Micro Focus introduced a new global volunteering programme for teams to give back virtually.

Employees from Micro Focus sites around the world have teamed up to volunteer virtually, taking part in a variety of activities—from recording audiobooks for children in need, to inspiring children to consider future careers in science, technology, engineering and maths (STEM), to sharing messages of hope and encouragement in celebration of various global awareness days.

## Micro Focus launches Inspire A Million Lives

In June 2021, Micro Focus partnered with a variety of non-profits and charities to support people in need and help eliminate digital exclusion. Our goal is to [Inspire a Million Lives](#) by driving our focus on assisting people affected by COVID-19 and responding to digital exclusion by building long-term and sustainable partnerships that deliver measurable impact.

In FY21, Micro Focus helped numerous charities and non-profits around the world with over £1million worth of support through a combination of donations, partnerships and employee volunteering. [Read the press release.](#)



Micro Focus partnered with Goodera, a global volunteering company, that brings businesses and non-profits together to help make positive impacts. Since launching the global [Virtual Volunteering for Teams programme](#) in May 2021, over 12 months more than 3,000 employees have volunteered to support over 100 causes.





## Our Partnerships

As an indication of our commitment to Inspire a Million Lives, Micro Focus is collaborating with the following organisations:



### UNICEF, the United Nations Children's Fund ›

Micro Focus is partnering with UNICEF to ensure that children everywhere can access their right to learn. Together we are reimagining education by strengthening national education systems, improving the quality of learning and helping children and young people around the world to thrive in a digital future.



### United Way Greater Toronto ›

Micro Focus will help tackle local poverty within the organisation's greater Toronto region and support in creating communities where everyone—regardless of their background and circumstance—can thrive.



### Save the Children in Korea and Philippines ›

Micro Focus is supporting Save the Children in Korea and Philippines. Save the Children operates in over 100 countries, and makes sure children stay safe, healthy and keep learning. In the Philippines, we have established a programme of activities for employees to volunteer virtually.

### The International Committee of the Red Cross (ICRC) ›

Micro Focus will help vulnerable people by supporting ICRC in delivering economic aid, repairing or constructing water and sanitation facilities, and continuing its efforts to mitigate the immediate effects of COVID-19. We will support the ICRC's initiatives in China, Hong Kong, Taiwan and Japan.



### The Salvation Army Gracehaven in Singapore ›

Gracehaven is a residential home for children and youths who require care, protection and rehabilitation. Through our support of the Salvation Army in Singapore, Micro Focus will enable the refurbishment of two therapy rooms for children.



### Very Special Kids in Melbourne, Australia ›

Very Special Kids opened in 1996 as Australia's first children's hospice in Malvern, Victoria. It provides free of charge family support from diagnosis through to bereavement. Employees will have the choice to take part in corporate volunteering initiatives.



### Feeding America ›

As a national partner, Micro Focus is supporting Feeding America's national hunger-relief initiatives. Through our collaboration, volunteering opportunities are available for employees to get involved.



### Max Family Society Malaysia ›

Part of The Max Foundation, Micro Focus is supporting the work of the Max Family, a registered support group for Chronic Myeloid Leukaemia patients.



### Bear Cottage in Sydney, Australia ›

Bear Cottage is the only children's hospice in New South Wales, based in Manly, Sydney. As part of our support, Micro Focus employees will take part in a corporate-facilitated volunteering day and will plan fundraising activities to further help the hospice.

## Micro Focus India Partnerships

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### Helping to empower society's most vulnerable

Through our long-term partnership with the [Samarthanam Trust](#), Micro Focus India has helped hundreds of students—from primary school to those preparing for employment—complete a variety of educational programmes. Our support has enabled the charity to deliver a three-month skilling programme to 150 students aged between 18 and 35 with varying disabilities, to help them find meaningful employment. The skilling programme provides training across IT, digital literacy, English and communication. Approximately 60% of the 150 students sponsored by Micro Focus India have successfully found employment.



### Micro Focus partners with NASSCOM Foundation to rebuild communities

In 2021, Micro Focus India partnered with the [NASSCOM Foundation](#) to sponsor its Resurgent Communities Programme—dedicated to uplifting and rebuilding communities, particularly those severely impacted by COVID-19, by equipping youth with basic employability skills and nurturing micro-entrepreneurship.

Alongside upskilling opportunities, the programme provided COVID-19 awareness education, helping hundreds of people in the supported communities stay safe during the most difficult times of the pandemic. This initiative was delivered in collaboration with the Smile Foundation, which identified and distributed food and hygiene kits to 650 families in need. The kits included a month's supply of food and essential items for up to five members in a single family.

Our partnership has also enabled digital literacy for 650 individuals from disadvantaged communities in Bangalore, and provided 300 youths with training in specific focus areas followed by several work placements opportunities.



### Helping thousands in need through partnership with the Annapoorna Trust

Through our collaboration with non-profit organisation the [Annapoorna Trust](#), Micro Focus India has helped thousands of people impacted during COVID-19. Our support has enabled the distribution of over 18,000 nutrition kits to COVID-19 patients in more than 30 government hospitals, and over 7,000 hot meals to COVID-19 frontline support workers.



### Supporting the next generation of digital leaders

Since 2018, Micro Focus India has partnered with the [Nisvartha Foundation](#), a non-profit education and skills organisation to sponsor the continued higher education of 60 students, mostly females, from disadvantaged backgrounds. Employees have volunteered as mentors to guide the students during their studying, helping them stay engaged and focused so they can achieve top results.

## Making a Difference in Our Communities



### Guiding students to prepare for their future careers

A team of Micro Focus Costa Rica employees delivered an intensive six-week mentoring program to more than 260 students aged between 16 and 20 to help them prepare for the world of work. The Smart Mentors initiative is a joint programme between CINDE, a Costa Rican investments promotion agency, and the Costa Rica Ministry of Public Education, working with businesses across the country to provide a virtual mentoring programme to more than 3,600 students.



### Micro Focus Turkey trains women IT graduates

Working in partnership with the Association of Women in Technology (WTech), Micro Focus Turkey delivered a training session to a group of female software engineering graduates to support them as they embark on their technology careers. In response to the shortfall of women in science and technology jobs in Turkey, WTech aims to nurture diversity within these sectors to further support the country's digital advancement. While sharing practical guidance, the session also gave graduates insight into what it's like to work as a software engineer at Micro Focus.



### Micro Focus and Jaguar TCS Racing celebrate International Women in Engineering Day

To celebrate International Women in Engineering Day 2021, Micro Focus teamed up with Jaguar TCS Racing and several of its official partners to take part in a panel discussion with women who are driving their careers forward in science, technology, engineering and maths (STEM). The event formed part of Jaguar Racing's RE:CHARGE @ HOME series.



### Micro Focus South Africa helps women build their confidence and independence

In 2021, Micro Focus South Africa partnered with [The Frida Hartley Shelter](#) for abused women and children (FHS) to design and deliver an upskilling programme to help women at the shelter find meaningful employment. Over the last year, employees have volunteered to support 30 women from the charity by volunteering to deliver online training courses, mentoring sessions, and regular face-to-face coaching sessions.



### Micro Focus Israel delivers programme to empower women

Micro Focus Israel partnered with [Appleseeds Academy](#), a non-profit organisation that promotes digital equality, to design and introduce an online personal development and mentoring programme called One by One, which aims to empower and support women to find and develop meaningful careers in technology. Through a series of online meetings, employees mentored the women to help build their self-confidence and share practical skills, including management and leadership skills, and job interview guidance. The women who were mentored have since found employment.



### Small acts make a big difference: Earth Day 2021

In celebrating Earth Day 2021, Micro Focus invited all employees to 'Pledge to Do an Act of Green' and make a commitment to take action to help 'Restore Our Earth', the Earth Day theme. From the US to Australia, hundreds of employees around the world teamed up to volunteer and protect the planet—taking part in beach clean-ups and litter-picking walks around their villages and cities. [Read more.](#)



### Teaming to make a difference

During June 2021, employees across [North America teamed up](#) to take part in a volunteering month of service to harness team spirit while making positive impacts in their local communities. The initiative leveraged Virtual Volunteering for Teams and Inspire a Million Lives to bring our diverse talents together. The 30-day initiative saw North American colleagues from nine business units volunteer to support 53 causes.



### Supporting our charity partner Feeding America

Since the launch of our global campaign Inspire a Million Lives, the Micro Focus North America team has supported our charity partner Feeding America through a series of volunteering events—helping to provide over 1.4 million meals to people in need. Within a few months, over 60 colleagues have volunteered at their local Feeding America food banks to pack, sort and deliver food boxes to families in need.







### **Micro Focus Canada creates educational 'Kits For Kids'**

As part of our support for United Way Greater Toronto (UWGT), Micro Focus Canada colleagues in Ottawa volunteered to support the charity's Kits for Kids campaign by collecting and packaging school supplies. The kits, which included math sets and stationery, were circulated by UWGT to teenage students who are unable to afford them.



### **Micro Focus Australia and New Zealand (ANZ) makes positive impacts**

From fundraising to support [Free3DHands](#), a non-profit organisation that produces and distributes 3D printed "hands" and assistive devices to people in need around the world for free, to volunteering to support their local charity partners as part of Inspire a Million Lives, the Micro Focus Australia and New Zealand team has made a difference in the lives of many.

As part of Micro Focus ANZ's Realize Information Management & Governance Forum, the team donated the sponsorship funds of AUD\$25,000 to Free3DHands. At the ANZ team's Executive Forum, attended by customers and the region's leadership team, Micro Focus and guests raised funds for the charity. The monies helped provide a 3D printed assistive hand for Paralympian Nika Tvauri from Georgia, who went on to compete in the Tokyo Paralympic Games. Watch this [short video](#).



### **Micro Focus Singapore supports the Salvation Army Gracehaven**

Through our partnership with The Salvation Army Gracehaven, a residential home for children and youths who require care, protection and rehabilitation, Micro Focus Singapore employees volunteered to refurbish three therapy rooms to provide a calming and protective environment for the children who receive the charity's support.



### **Micro Focus Philippines volunteers virtually to support Save the Children**

The Micro Focus Philippines team has taken part in several virtual volunteering initiatives to support Save the Children Philippines in reaching its vision to make sure children stay safe, healthy and keep learning. The team created messages of hope and encouragement which were attached to packages for children supported by the charity's programmes.

## Engaging our Employees

At Micro Focus, we embrace a culture of openness where every voice and all perspectives are valued. We want to know what all our people think, feel, and have to say about what matters most. Through our My Voice all-employee survey and other opportunities, managers create targeted go-forward plans. We also conducted an Employee Engagement Panel. These 60-minute open conversations included a nominated global group of cross-level, cross-business, and mixed tenure employees facilitated by former Senior Independent non-executive director Karen Slatford and attended by board members. These sessions create a direct connection and dialogue between our board of directors and employees, enabling the board to understand the views of our employees.

An additional way we gather feedback is through Glassdoor. Both current and former employees contribute input, and we take care to respond to their comments and integrate their feedback into improvement planning.



## Labour & Working Rights/Conditions

Micro Focus's Code of Conduct states that Micro Focus is committed to protecting and respecting human rights and working with our business partners and suppliers to do the same. As we state in our Diversity & Inclusion Policy Statement, we are committed to creating and maintaining an inclusive culture where every employee feels a sense of belonging, has opportunities to grow, express themselves, exchange ideas, and feel heard. This commitment includes providing fair and equal opportunities to both employees and prospective employees throughout their career journeys. Micro Focus provides an ethical and safe workplace environment where we treat each other with dignity and respect, creating a culture free of harassment, bullying and hostility. This is underpinned by Micro Focus's Code of Conduct.

Micro Focus has a Global Human Rights Policy which states that Micro Focus will create a working environment free from discrimination and harassment, and provide access to independent grievance mechanisms in order for employees to raise concerns.

Micro Focus also has an Anti-Harassment and Anti-Bullying Policy which states that Micro Focus seeks to provide a work environment where employees are treated with respect, dignity, and consideration. Micro Focus seeks to comply with all relevant legislation as well as upholding and respecting human rights as reflected in the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Global Compact and the UN Guiding Principles on Business and Human Rights, amongst others. These standards include ensuring that the rights of women and minority groups are protected and that employees can exercise their right to freedom of expression.

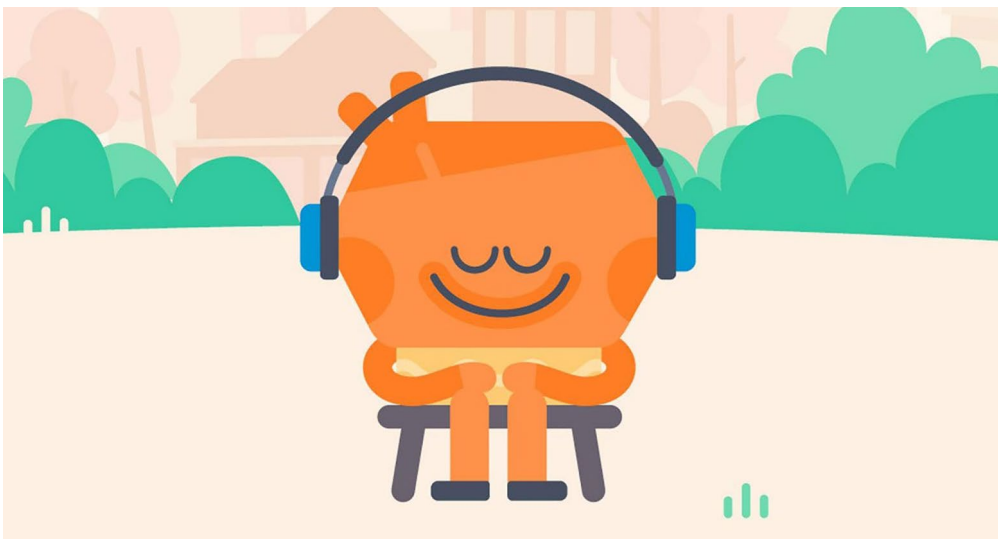
Micro Focus believes that each employee should be treated with dignity and should not suffer harassment, physical or mental punishment, or other forms of abuse. Micro Focus aims to provide a working and learning environment which will be stimulating and supportive, and free from unlawful discrimination.

View the [Micro Focus Code of Conduct](#).

## Employee Health and Safety, Wellbeing

Wellbeing continues to be a critical priority and component of employee engagement. In FY21, we have made several notable achievements to support our workforce in this area.

During COVID-19 and country lockdowns, we have seen increased interest and use of our Employee Assistance Programme. A key milestone in FY21 was our new partnership with Headspace. Available to every employee, Headspace provides 24x7 meditation, mindfulness, move and sleep health opportunities via the app.





### **World Wellbeing Week**

We expanded our Wellbeing portal that contains a library of resources for our employees and managers. During World Wellbeing Week, employees participated in daily wellbeing activities globally. Senior executives shared their personal and professional journeys aligned to the Five Ways of Wellbeing. The campaign was designed to help break down barriers, encourage employees to speak up and ask for help, when needed. We continue to highlight and share opportunities to integrate wellbeing practices throughout the year, including Mental Health Awareness Week, Mental Health Awareness Month, PTSD Awareness Month, and World Mental Health Day.

## **Creating Belonging Through Diversity and Inclusion**

### **Equality and diversity**

Micro Focus is proud to be an Equal Opportunity Employer and a place of belonging. All employees and prospective employees receive consideration without discrimination because of race, colour, religion, creed, gender, national origin, age, disability, marital or veteran status, sexual orientation, genetic information, citizenship or any other legally protected status. This is in accordance with the Group's Equal Opportunities policy, Code of Conduct and Diversity and Inclusion policy statement.



## Disability inclusion

Applicants with disabilities are given equal consideration in our application process. With regard to existing employees and those who may become disabled, the Group's policy is to examine ways and means to provide continuing employment under its existing terms and conditions and to provide training and career development, including promotion, wherever appropriate. Employees with a disability have equipment and working practices modified for them as far as possible and practicable.

We partnered with our truAbility Employee Resource Group and Disability: IN, an advocacy organisation focused on disability inclusion, to identify opportunities to be more inclusive for people with disabilities. In 2021, we participated in the Disability Equality Index (DEI) which measure the inclusivity of companies for people with disabilities. Micro Focus scored an 80 out of 100, and was recognised as a "Best Place to Work for Disability Inclusion".

## Diversity and inclusion

D&I at Micro Focus means "each of us and all of us" and is fundamental to our business success and our culture. In every regard, our best work for our customers and for each other is grounded in our differences. We are working to ensure that every employee feels valued and has a sense of belonging, with opportunities to collaborate, contribute unique perspectives, and grow professionally.

We are also committed to creating a culture that promotes equal employment opportunities, ethical and professional behaviours, and an environment free of harassment, bullying, and hostility.

This year, we have developed clear D&I commitments through to 2025 as part of our ESG strategy. We are focused on five key areas: setting clear company goals, strengthening accountability, developing a more diverse talent pipeline, driving awareness and education, and building a sense of belonging and engagement.

Across these five areas, we delivered on our 2021 commitments:

### 1. Strengthening accountability companywide

Our new ESG committee serves as an executive-level council and provides strategic oversight of and guidance for Micro Focus D&I strategy and goals. In addition, our senior executives are prioritising D&I within their organisations, aligning to our Micro Focus D&I strategy.

### 2. Created and communicated a new D&I policy statement

Our new global policy statement clearly underlines our commitment to D&I, sets expectations, and defines responsibilities to foster a diverse, inclusive, and equitable environment. This translates to acting honestly, with integrity, fostering collaboration, being free to openly participate and contribute, and recognising and mitigating conscious and unconscious bias.

Our Code of Conduct and D&I policy statement, together with our values, guide our culture and reflect our commitments to our people, our customers, and our business.

### 3. Increased Employee Resource Groups

In FY21, our Employee Resource Group (ERG) membership increased by 34%. Our ten ERGs are executive-sponsored and employee-led communities, open to anyone and everyone. Executive sponsors serve as influential advocates to support and act as catalysts for change. Each ERG has governance through specific objectives and initiatives aligned to our business priorities, and fosters belonging, diversity, and inclusion. They raise awareness, provide collaboration and allies, offer leadership, provide learning and volunteering opportunities, and elevate our Micro Focus



brand internally and externally. This year, the ERGs promoted increased synergies among the ten groups to share knowledge and increase their contributions to positive business outcomes. An example of this collaboration was hosting cross-ERG conversations during our virtual annual Sales Summit to create greater D&I awareness within the sales and marketing organisations.

#### 4. Established new advocacy partnerships

In addition to our existing relationships with Girls in Tech and Out & Equal, this year we added new partnerships with Disability:IN and the Information Technology Senior Management Forum ("ITSMF").

Highlights of key accomplishments:

- Supported development of Black professionals in technology by participating in ITSMF webinar series.
- Sponsored the Girls in Tech conference with over 200 Micro Focus employees in attendance.
- Recognised as one of the "Best Places to Work for Disability Inclusion" as part of the Disability Equality Index ("DEI") survey.
- Joined the Business Coalition for Equality Act in support of workplace fairness for lesbian, gay, bisexual, transgender, and queer ("LGBTQ") employees.

#### 5. Recognised and celebrated our diversity

As part of our D&I calendar, we highlighted over 100 events around the world. Key examples included: Black History Month, International Women's Day, Pride Month, Hispanic Heritage Month, Developmental Disabilities Month, and Earth Day. As part of these celebrations, we hear from internal and external speakers, conduct employee-led discussion panels, share resources and learning, and hear from our executives who share their insights.

### D&I policy

At Micro Focus, we are committed to actions that support D&I in everything we do. We believe in the power of a diverse and inclusive workforce that reflects the many aspects of the customers, suppliers, and communities we serve around the world, and promotes equal opportunity for all. We seek to enable the needs of our customers, drive new business, fuel innovation, and attract, engage, and retain our employees.

We are committed to creating and maintaining an inclusive culture where every employee feels a sense of belonging, has opportunities to grow, express themselves, exchange ideas, and feel heard. This commitment includes providing fair and equal opportunities to both employees and prospective employees throughout their career journeys. We are actively striving to identify and eliminate biases and barriers (seen or unseen) that could delay or prohibit full participation by any individual or group. D&I also means we provide an ethical and safe workplace environment where we treat each other with dignity and respect, creating a culture free of harassment, bullying, and hostility. This is underpinned by our Code of Conduct.

We recognise that each person brings a unique set of qualities, attributes, backgrounds, skills, and perspectives to work. We aim to not only accept but to value and harness those unique differences. Our intention is to achieve our broad business goals by increasing representation of underrepresented people groups, including at the leadership level.

### New advocacy partnerships



## Our Employee Resource Groups

At Micro Focus, our ten Employee Resource Groups (ERGs) are executive-sponsored and employee-led and are open to anyone and everyone. No matter where you are or who you are, you are welcome. ERGs build a culture of belonging and allyship, promoting our brand and helping to attract diverse talent. ERGs serve as an inclusion and diversity catalyst, ensuring their initiatives align to strategic business goals. To collectively build awareness, empathy, and positive change, members are actively involved in developing leaders and employees, volunteering, and supporting events and projects.



### SHINE

We seek to inspire women and men to reach their full potential and enrich our work environment by building awareness and thought leadership.



### dataGALS

We are dedicated to supporting women in any role in tech by promoting technical expertise, cross-company networking, and career tools for women.



### EnABLE

We connect and support Black employees and allies by building awareness, observing celebrations, sharing innovative ideas, and accomplishing goals.



### truABILITY

We help Micro Focus enhance accessibility and support experiences for our employees and customers by raising awareness and advocating for anyone with a disability.



### FAMILIA

We connect Micro Focus within and outside of the Latinx communities across the world. We are passionate about promoting events and our lifestyle.



### PRIDE

We connect LGBTQ+ members and allies to provide unconditional support, raise awareness, and ensure equality, in a safe, respectful environment.



### genNOW

We recognise early-career employees who seek empowerment and growth as they start their journey at Micro Focus.



### inspirASIAN

We are dedicated to promoting awareness of Asian cultures and enhancing development through networking opportunities and events.



### SALUTE

We are dedicated to employees who have served in any Armed Forces around the world, as well as allies to service members.



### PLANET

We care passionately about the environment and reducing the impact of humanity on the planet. This includes our own footprint both personally and professionally.



### Developing and growing careers

Helping employees build exciting and enriching careers is a key priority for us and critical to keeping them engaged, productive and challenged. In FY21, we enhanced the employee onboarding experience, including a new employee curriculum highlighting both required and orientation courses. Our My Voice sentiment survey showed our new hires are experiencing a positive onboarding experience. Beyond onboarding, employees have access to a large catalogue of virtual instructor-led and self-paced learning. In FY21, we saw a significant increase in the usage of leadership, sales, professional, and technical solutions provided by our 24x7 learning partners and our internal instructors.

Technological skills are essential to our business. For our software development communities, we provided learning opportunities and certification preparation and practice tests. These focused on leading-edge technologies such as artificial intelligence, machine learning, data science, and security. Our technologists participated in a variety of peer-to-peer knowledge sharing forums, including brown bag sessions, sandbox coding practice, and R&D engineering seminars.

Our internal mobility site posts open roles globally within Micro Focus, enabling employees to find available opportunities for career growth. Additionally, we piloted "Gigs" to facilitate temporary project assignments with broader implementation planned for next year.

### Building current and future leaders

Ensuring a strong pipeline of leaders is essential to our success at Micro Focus.

Through our Leadership Development programme, we focus on equipping managers to deepen their skills, leading to greater productivity and engagement of their teams. We continued to build our leadership with a widespread roadmap of solutions, providing easily accessible virtual training for all managers, 24x7 leadership and management content, and assessments to provide feedback and build self-awareness.

We have enhanced our LEAP programme (Lead, Energise, and Accelerate Performance ("LEAP")). It is a series of one-hour scenario-based courses to provide managers with learning focused on succinct, prioritised leadership situations in an easy-to-join facilitated workshop format featuring business-focused scenarios and problem-solving.

Quarterly, we delivered eight virtual sessions as part of our FY21 series of Raise the Bar leadership discussion sessions, with a total of 553 participants. We launched CourseClub, a new virtual offering based on a pre-packaged, agile discussion format. It combines a 30 to 60-minute self-study, and then provides a focused 60-minute team dialogue follow-up. Each CourseClub includes an application discussion to make the learning personal and actionable. To enhance leadership performance, managers and executives participated in 360-degree assessments to raise self-awareness. Each was also required to develop an action plan to ensure follow-up and changes in behaviour, where needed. We use Hogan to assess performance capabilities, challenges and core drivers that help current and future leaders excel. We have updated our Hogan offering to include an easy-to-use report format for executives, including coaching.

### Providing opportunities with 24x7 learning partners and our internal instructors

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**70,500+**

hours of learning content consumed (FY20: 50,000 hours).

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**51,000+**

51,000 hours of learning around specific skills and live online virtual training through our learning partners (FY20: 45,000 hours).

### Internal mobility opportunities

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**28%+**

of external hires came from employee referrals (FY20: 33%).

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**50%**

increase in internal hires in our requisition-based hiring activity (FY20: 2% increase).

### **Ensuring ready talent**

Through robust talent and succession planning, we continue to focus on building a diverse pipeline to ensure we have the right talent ready to fill key roles within the Group. We identify potential successors and emerging talent and implement individual development plans to prepare them for executive-level positions and critical roles throughout the Group.

### **Further education and training**

Continuing education, training and development is important to ensure the future success of the Group. The Group supports individuals who wish to obtain relevant and appropriate further education qualifications and reimburses tuition fees up to a specified level. Development needs and career objectives of all employees are also discussed during the mid-year and year-end one-on-one conversations, at which time a development plan is agreed on as part of each individual's ongoing development.





## Remuneration and Benefits

Annually, Micro Focus reviews the market pricing of our roles and the appropriateness of related salary ranges and salary structures to ensure that our jobs are fairly priced, and our structures are competitive in the technology market. Typically we target the market median for determining our salary structures.

- All employees globally participate in the Company Bonus Plan, except for those on sales commission plans. For all participants in the Micro Focus Company Bonus Plan, the same performance measures and targets apply. Bonus opportunity levels vary according to role and seniority. Financial outcomes for the FY21 bonus were the same for executive directors and all other participants in the Micro Focus Company Bonus Plan.
- Around 350 executives participate annually in the Long-Term Incentive Plan (LTIP). Awards below the board comprise a combination of performance-based awards and non-performance based Restricted Stock Units (RSUs), as well as awards which are 100% RSUs. The most senior executives below the board continue to have a portion of their award which is aligned with one or more of the performance measures applicable to the executive directors' LTIP awards. Award sizes vary according to role and seniority.
- The Company operates all-employee share plans in 45 countries, making offers twice a year and thereby giving employees the chance to become shareholders in the Company at a discount to the market share price.
- The range and level of retirement and other benefits provided to employees varies according to local market practice, role and seniority.

**Share plans**—Employees globally are able to participate in one of the Group's all-employee share plans (a Sharesave plan and an Employee Stock Purchase Plan), which are intended to encourage employee share ownership.



## Human Rights

As set out the Group's [Code of Conduct](#), Micro Focus protects and respects human rights, and works with its business partners and suppliers to do the same.

As per Micro Focus' Global Human Rights Policy, human rights are the fundamental rights, freedoms and standards of treatment to which all people are entitled. Respecting human rights is a core value at Micro Focus and is embedded in the way we do business. Micro Focus seeks to comply with all relevant legislation as well as upholding and respecting human rights as reflected in the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Global Compact and the UN Guiding Principles on Business and Human Rights, amongst others. These standards include ensuring that the rights of women and minority groups are protected and that employees are able to exercise their right to freedom of expression. We expect our employees, agents, suppliers and business partners to support and respect the protection of human rights in line with our own ethical values and apply the same high standards to all company operations, regardless of geographic location. The Human Rights Policy focuses on the areas that have been identified as priorities for our business and broadly defines how Micro Focus, employees, contractors, suppliers and business partners will respect human rights in relation to our operations.

### Anti-slavery

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms such as slavery, servitude, forced or compulsory labour, child labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

Micro Focus has an Anti-Slavery and Human Trafficking Policy which sets out Micro Focus has a zero-tolerance approach to modern slavery. Micro Focus is committed to acting ethically and with integrity in all of our business dealings and relationships. We are also committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or supply chains. Our commitment to respecting human rights is guided by the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

Micro Focus also publishes an annual [Anti-Slavery Statement](#) pursuant to our disclosure obligations under section 54(1) of the Modern Slavery Act 2015. This reiterates Micro Focus' zero-tolerance of modern slavery and states that we expect the same high standards from all of our contractors, suppliers and other business partners. As part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children. We expect that our suppliers will hold their own suppliers to the same high standards.

## Customers—How We Engage

Micro Focus offers a comprehensive portfolio of solutions that can deliver efficiency in many ways, indirectly leading to fewer GHG emissions. From migrating to the public cloud and speeding up development cycles, to modernising mainframe applications and providing actionable insights, Micro Focus helps organisations run and transform their ICT with a pragmatic, disciplined, customer-centric approach that allows customers to succeed in today's rapidly evolving marketplace.

To better understand our customers' ESG needs today and in the future, Micro Focus has introduced an ESG customer engagement programme to ensure our business operations, from product design to sales, is aligned to help deliver sustainable value to support our customers' digital transformation needs.



## Suppliers—How We Engage

Our supply chain is critical to our success. In FY22, the Global Procurement team will communicate Micro Focus' ESG strategy and goals to tier one suppliers. ESG questions have been embedded into Request for Proposal ("RFP") templates for key suppliers and will be weighted at 10% during proposal reviews. ESG assessments of tier one suppliers will be piloted and at least 70% of the procurement team are to be trained on sustainable procurement in FY22.

### **Diverse supplier programme**

Micro Focus is committed to fostering diversity within our supplier base.

We proactively identify and encourage diverse suppliers to compete for our business and build long-term relationships with them. Led by Global Procurement, a diverse supplier is defined as at least



51% owned and operated by an individual or group that is part of a traditionally under-represented or under-served group. This includes small business enterprises, minority-owned enterprises, and woman owned enterprises, and has recently expanded to include LGBTQ, veterans, and proprietors with disabilities.

### Payment practices

For small businesses defined as being certified as Minority-owned Businesses (MOB) or Small Medium Enterprise (SME), standard payment terms are 30 days. This aligns with industry standards and strengthens the financial position of our organisation.

### Value of prioritising supplier diversity

Supplier diversity is more important now than ever before. By incorporating diverse businesses into our supply chain, we gain access to innovative and cost-competitive solutions that help us stay agile and competitive in the market. In turn, helping diverse suppliers grow enables positive social impacts by fuelling job creation and helping local economies thrive.

### Harnessing diverse suppliers drives value

- **Stimulates competitiveness**—can help stimulate healthy competition amongst suppliers, resulting in a strengthened and more agile supply chain.
- **Enhances innovation**—enables access to new perspectives and ideas.
- **Attracts and retains talent**—a company culture that fosters equality helps attract and retain top talent.
- **Drives positive social impact**—diverse suppliers are often smaller business that have a positive economic impact in the communities in which they operate.

View the [Micro Focus Supplier Code of Conduct](#).

## Accessibility

Digital inclusion is key to being a socially responsible company, which is why Micro Focus aims to ensure that our solutions, products and services are accessible by everyone, including people with disabilities and age-related limitations. In our efforts to support accessibility, Micro Focus is guided by accessibility regulations and international standards, including Section 508 of the United States Workforce Rehabilitation Act, Web Content Accessibility Guidelines (WCAG) (Level A and AA), the Communication and Video Accessibility Act (CVAA) and EN 301 549 from Europe.

View [Accessibility at Micro Focus](#).

# Governance

## Our Goal

Our aspiration is to be a company with the highest level of ethics in how it treats its employees, and does business with its partners, customers, and suppliers.

Further information regarding our corporate and regulatory governance compliance can be found in our Annual Report and 20-F which are available at [www.microfocus.com](http://www.microfocus.com)

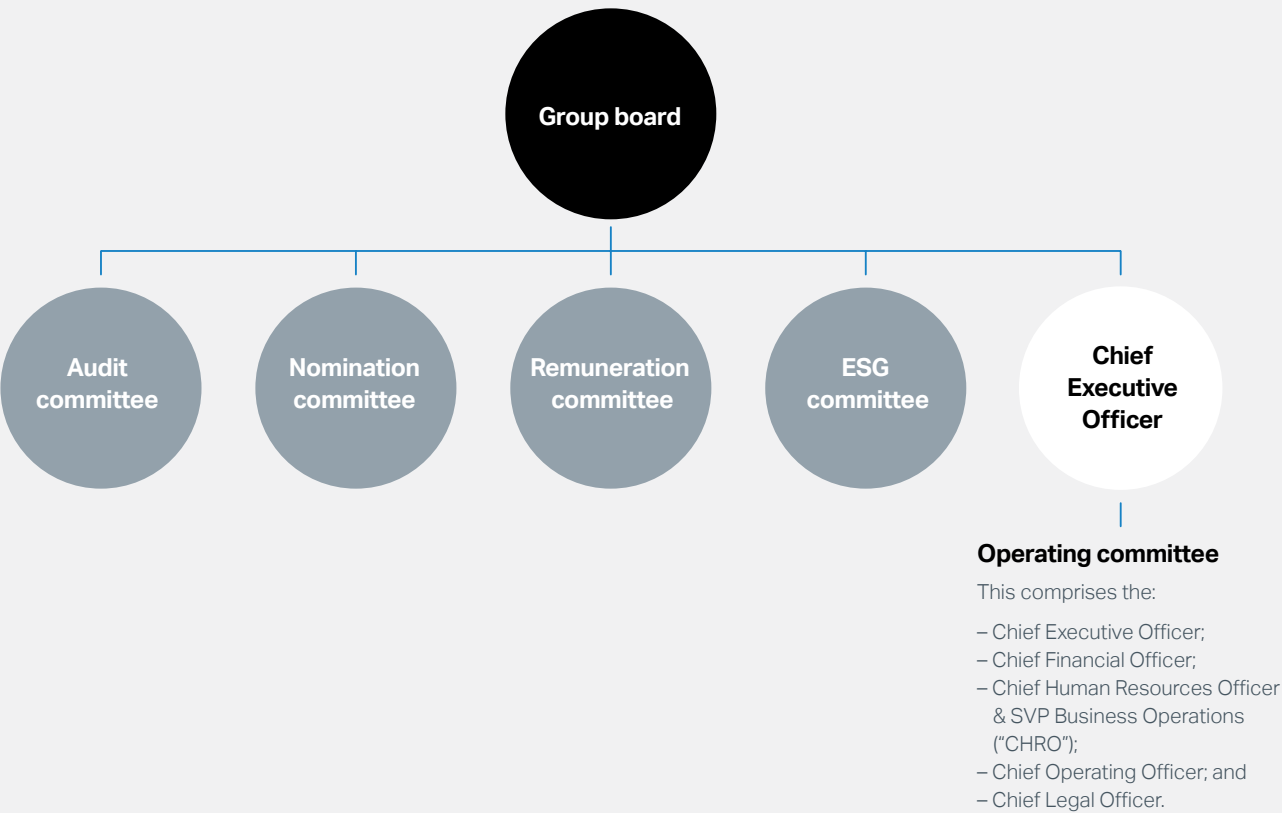
# Leadership and Governance

In pursuit of this aim, we enforce rigorous standards in our relationships with our customers and partners and apply stringent due diligence requirements when entering into any new association to prevent inappropriate, illegal, or corrupt behaviours or activities.

As part of our global guidelines supporting our ethics and values, Micro Focus has in place robust policies on Anti-Bribery and Corruption, Gifts and Hospitality, and our Partner Code of Conduct. Micro Focus complies with anti-trust and competition laws, enabling us to do business in a commercially and legally-sound manner.

## Board Committees

The board has created and empowered four committees to support the effective delivery of its governance obligations: an audit committee, a nomination committee, a remuneration committee and an environmental, social and governance ("ESG") committee. The Chief Executive Officer is accountable for the delivery of the board approved strategic objectives, including operating within the values and standards set by the board and for implementing and maintaining appropriate internal controls and risk management activities. In turn, the CEO delegates responsibility to key operational executives and is supported by the operating committee in fulfilling these responsibilities.







### **Board tenure and diversity**

Micro Focus has formal policies in place to promote equality of opportunity across the whole organisation, regardless of gender, ethnicity, religion, disability, age or sexual orientation. In working towards greater diversity, the Nominations committee requires that all lists of candidates for new board positions include where possible a diverse set of candidates and aims to keep the Group policy statement relating to diversity and inclusion under review, to attract and retain the most talented people who can deliver sustained outstanding performance.

At 31 October 2021 the board comprised of six male members (60%) and four female members (40%), from three different nationalities, bringing experience across a diverse range of disciplines and experience. The board is also supported by a female Company Secretary. The Group has achieved the recommendations set out in the Hampton-Alexander Review of having a minimum 33% female representation on its board.

As of 31 October 2021, our executive leadership management forum is the operating committee, which has three male members and one female member, so 25% of its members are female. The operating committee is the senior sub-set of the executive committee, which has nine male members and three female members, so 25% of its members are female.

### **Aligning compensation practices with our priorities**

The CEO and CFO have 10% of their annual bonus opportunity attributed to key annual ESG milestones.

## Harnessing a Safe and Secure Environment

The Group has business continuity plans and crisis management procedures in place in the event of political events, pandemics or natural disasters.

Being prepared to react fast and efficiently in an emergency is critical to ensuring the safety of Micro Focus employees and minimal disruption to business operations. Our Business Continuity Plans (BCPs) are a blueprint of how Micro Focus responds in an emergency. They map out the Group's readiness before an incident occurs—enabling an effective response during an emergency and recovery after the event.

We have a team of Regional Incident Management Team Chairs (RIMTs) who take part in regular BCP test exercises where the efficiency of the company's BCPs are rigorously tested.

Micro Focus takes the wellbeing and safety of its employees seriously. In the case of an emergency, employees are kept informed in an efficient and timely manner through an incident notification management system.

### **24/7 monitoring for threats and risks**

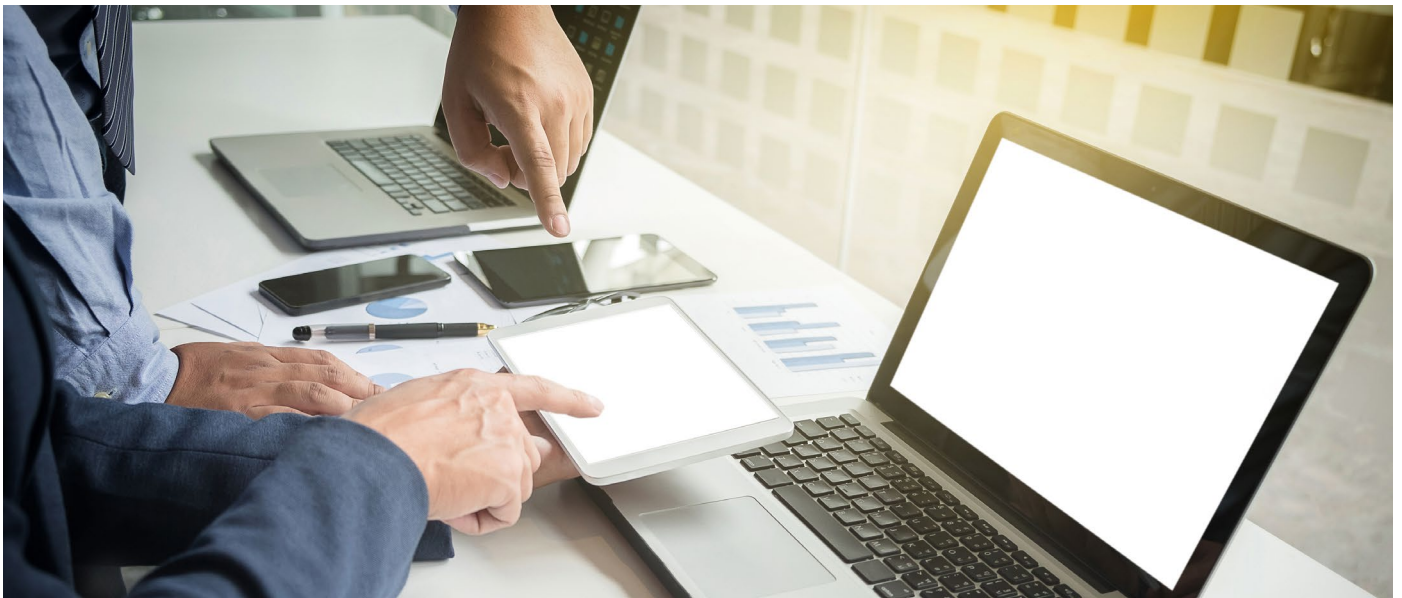
Micro Focus has an Intelligence Analyst team, part of the Global Security Operations Center (GSOC) who are responsible for monitoring worldwide threats which have the potential to impact Micro Focus employees, offices, and customers. Every minute of every day, the team monitor potential risks which they then feed into the Daily Security Brief available to all employees.



## Data Privacy

At Micro Focus we take our technology and data security requirements seriously. Our employees are required to conduct themselves and manage personal data in accordance with applicable Data Protection Regulations.

In order to ensure GDPR compliance, Micro Focus has a dedicated privacy team which executes the company's GDPR programme. The privacy function is supported by internal and external specialists. The team engages with all functions within Micro Focus to implement the privacy programme.



Through the GDPR compliance programme, Micro Focus reviews and improves processes for managing and protecting data. Micro Focus seeks to ensure this through an extensive range of measures, including:

Up to date privacy policies and statements, and establishing Records of Data Processing activities;

- Establishing new processes to ensure privacy by design and privacy by default is taken into account when designing new products and services;
- Providing GDPR awareness training to all employees and specialised training for key internal functions, and this is regularly refreshed;
- Up to date contract terms with Suppliers and Customers to meet GDPR requirements;
- Up to date processes for facilitating data subject access requests;
- A cross functional Security Incident Team to quickly respond to and manage data incidents;
- Undertaking data mapping exercises to identify locations of data processing and third party processors engaged to provide products and services to customers.

View [Micro Focus' Privacy Policies](#).



## Lobbying and Political Contributions

Pursuant to Group's Charitable and Political Donations Policy, Micro Focus does not engage in lobbying and all contributions to political parties, campaigning organisations, individual politicians or political candidates, whether directly or indirectly, are strictly prohibited.

## Bribery and Corruption

As set out in Micro Focus' Code of Conduct, Micro Focus requires a culture of honesty and integrity in all our business dealings worldwide. Micro Focus takes a zero-tolerance approach toward dishonesty, bribery and corruption of any type in all parts of our business operations and in every part of the Micro Focus group. Micro Focus requires the same standards from our third-party business partners.

Micro Focus' Anti-Bribery and Corruption Policy establishes the Group's global approach to preventing bribery and other forms of corruption, and reiterates that Micro Focus has a zero-tolerance approach to bribery. The Anti-Bribery and Corruption Policy highlights the business circumstances that may give rise to the risk of corruption, and describes what to do in those situations. This is a critical area of importance for Micro Focus as a company as well as for everyone working for it individually. The guiding principles of the Anti-Bribery and Corruption Policy are as set out below:

- The giving or taking of bribes (including facilitation payments) are prohibited;
- Adequate steps must be taken to prevent third parties bribing on Micro Focus' behalf;
- You must not engage in activities that create the appearance of impropriety;
- You must maintain accurate books and records; and
- You must comply with all anti-corruption laws, including those concerning money laundering.

Further information regarding our corporate and regulatory governance compliance can be found in our Annual Report and 20-F which are available at [www.microfocus.com](http://www.microfocus.com)

## Integrating ESG Governance

In FY21, the board made the decision to consolidate the existing forums for corporate social responsibility ("CSR") under a new formal ESG committee. The committee provides board-level focus and oversight of this critical and growing area and ensures that our developing ESG strategy is closely aligned to our Group goals and values and embedded into the business for the benefit both internally for our employees and externally within the marketplace, communities, and environment. The Group's Risk Management Policy and Procedure was updated to include ESG risks as part of the risk management approach. The ESG board committee guides the Group's ESG agenda and is supported by workstreams under the environmental, social and governance pillars' respectively.



## Ethics at Micro Focus

Our goal is to maintain the highest standards of ethical behaviours with all of our stakeholders, including our investors, employees, contractors, customers, partners and suppliers.

Micro Focus also fosters a culture of openness and transparency across the organisation so employees and third-parties can raise concerns where they feel that our people, customers or suppliers are at risk, or where areas of misconduct have been identified or are suspected. We also ensure a strong culture of compliance and ethical behaviours by implementing training programmes and awareness campaigns.

Mandatory Code of Conduct training was successfully delivered to all employees of the Company in FY21. The Group's anti-slavery and human trafficking policy has been incorporated into the Code of Conduct and a statement has been published on our website to comply with the UK's Modern Slavery Act 2015. In addition, we have delivered specific anti-bribery and anti-fraud training to hundreds of employees in higher-risk jurisdictions.



## Code of Conduct

At Micro Focus, how we do things is as important as what we do. Continued success depends on our working together and competing to win, while at all times acting with honesty, integrity, and respect. At Micro Focus, we are committed to maintaining the highest ethical standards in our business dealings around the world. Our [Code of Conduct](#) sets out the standards that guide our business practices and govern our behaviour.

We require a culture of integrity and honesty in all our business dealings worldwide. In particular, we take a zero-tolerance approach towards dishonesty, bribery or corruption of any type in all parts of our business operations and in every part of the Micro Focus group. We require the same standards from our third-party business partners.

It is essential that we work together to address any issues that arise under the Code of Conduct, any related policies or local legal requirements. This includes all of our employees taking action and reporting what does not seem right.

It is the responsibility of each employee to apply the highest ethical standards in making business decisions including where there is no stated guideline in the Code of Conduct.

View the [Micro Focus Code of Conduct](#).





## Tax Strategy

### Introduction

Our tax strategy is published externally, on an annual basis in accordance with UK legislation.

### Responsibilities

Overall responsibility for the Tax Strategy rests with the Board.

The detailed policies for implementing the Tax Strategy are set out in the Group's Tax Policy document. Responsibility for updating and implementing the Tax Policy rests with the Chief Financial Officer. The Audit Committee monitors compliance with the Tax Strategy and reports / makes recommendations to the Board accordingly.

The Tax Strategy is kept under ongoing review and is subject to formal review by the Board at least once a year.

### Strategy

The Group's strategy with regards to tax is:

- to ensure the Group is fully compliant with its statutory, regulatory and reporting obligations—ensuring complete and accurate tax returns are filed and the correct amount of tax is paid on time;
- to manage its tax costs by ensuring that tax is considered when the group carries out significant transactions or reorganisations, and that appropriate steps are implemented, which accords with the Group's long term business strategy and stakeholder expectations;
- to ensure the group utilises statutory tax reliefs which are available to businesses generally (such as R&D tax credits or Patent/Innovation Box benefits). With specific regard to tax reliefs made available to help mitigate the impact of the COVID-19 pandemic, the Group gives due consideration to its reputation and both corporate and social responsibilities in its decision making process;
- to ensure tax risks are appropriately identified, assessed and managed; and
- to ensure stakeholders have a comprehensive understanding of the Group's tax position.

The Group's tax strategy is fully consistent with the CBI's tax principles for UK business. Further details are set out below.

### **Compliance and engagement with tax authorities**

Where the application of tax law is unclear, the Group will obtain appropriate professional advice which will support the position taken in the relevant tax return.

The Group will develop good working relationships and be fully open, honest and transparent in its dealings with HMRC in the UK and other tax authorities. The Group will aim to meet with HMRC on a formal basis at least annually to update them on business developments and significant ongoing / forthcoming projects. The Group will cooperate fully with enquiries raised by tax authorities and will respond in a timely manner to requests for information.

### **Tax planning**

The Group is committed to managing its tax costs as part of its strategy to maximise total shareholder returns.

All tax planning undertaken must be driven by a business purpose or commercial rationale and support the Group's business objectives, which may include the reduction or elimination of double taxation. The Group will only enter into transactions which are fully justifiable in the event of scrutiny by the Group's wider stakeholders.

The Group will be fully open, honest and transparent with tax authorities with regards to all tax planning undertaken.



## **Risk management**

Tax risks will be managed in accordance with the Group's risk management framework and procedures. This includes the maintenance of a risk register which includes the material tax risks faced by the Group. The tax implications of all major transactions (for example M&A transactions, corporate structure changes, and cross-border intra-group transactions) will be reviewed in advance by the Group Tax team with appropriate support from external advisors.

The Group will ensure that all decisions are taken at the appropriate level with appropriate supporting documentation. As part of the decision-making process, due consideration will be given to the Group's reputation and corporate and social responsibilities.

The Group accepts that certainty of tax treatment cannot be achieved in all circumstances (in the context of both compliance and transactions). The precise amount of tax risk the Group is willing to bear will depend on the facts and circumstances relevant to the issue under consideration. The level of tax risk, which the Group is exposed to overall, is considered as part of the review of the risk register and the level of provisions for tax exposures in the Group's financial statements.

## **Tax evasion—risk management**

The Group has undertaken a risk assessment to identify areas of its business that may be susceptible to tax evasion, or facilitation thereof by associated persons. The Group's due diligence procedures are monitored to ensure they remain fit for purpose, which includes identifying and preventing facilitation of tax evasion by associated persons.

Additionally, the Group maintains measures to ensure that staff are suitably aware of the risks of associated persons engaging in tax evasion and how to prevent it from occurring. This includes, but is not limited to, annual mandatory staff training.

## **Stakeholder information**

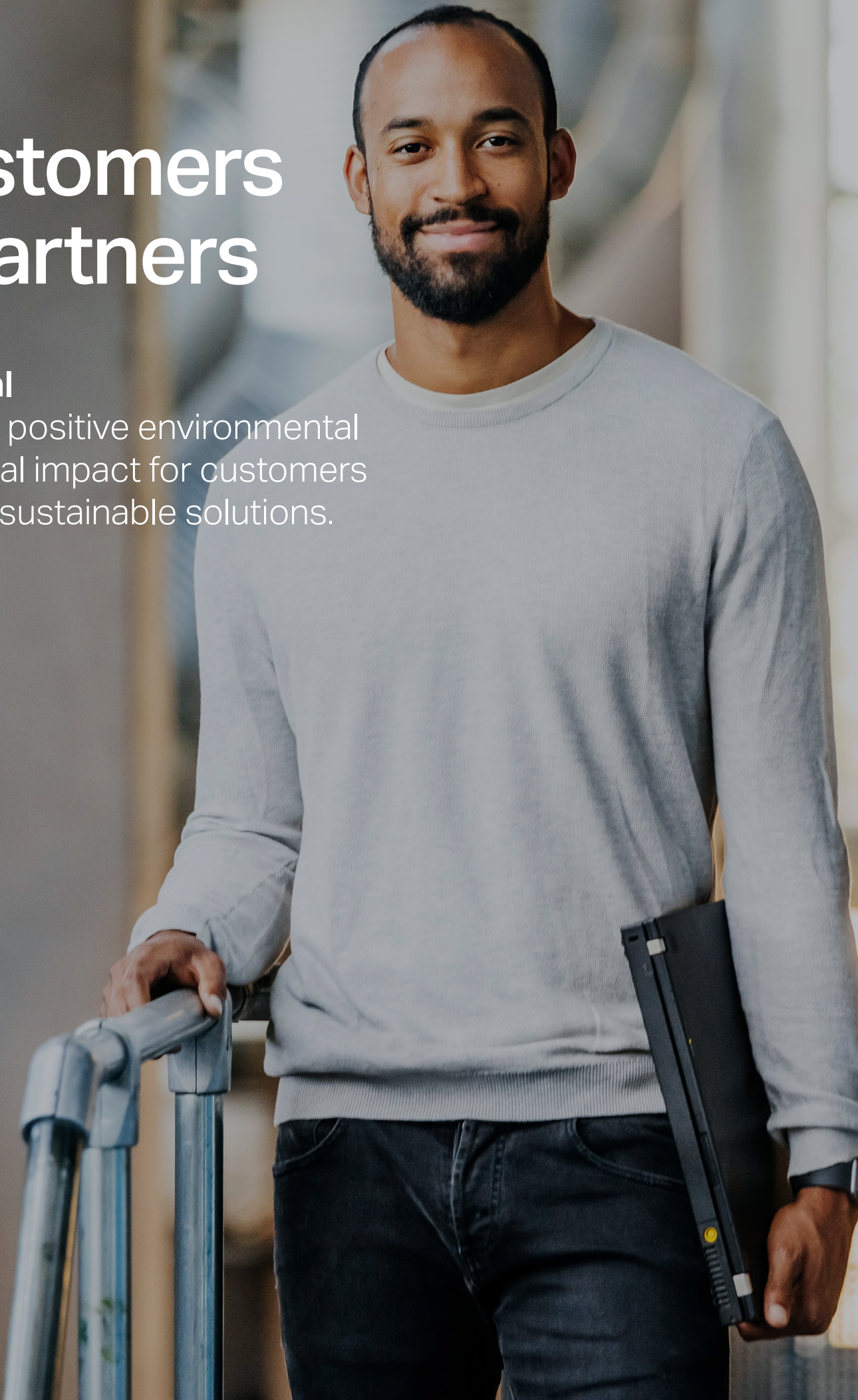
The Group's financial reports, stakeholder presentations and other publicly-available documentation will provide stakeholders with a clear understanding of the Group's tax position, including its Tax Strategy and governance processes as well as the financial position (effective tax rate, taxes paid and tax assets/liabilities).



# Customers & Partners

## Our Goal

Create a positive environmental and social impact for customers through sustainable solutions.





## How We Help Customers and Partners With ESG

At Micro Focus, our aim is to make sustainable and responsible business part of the way we operate. While helping organisations navigate complex technological environments is at the heart of what we do, our software, services and solutions can also help address numerous challenges and deliver many business benefits—this includes enabling organisations to lower their energy impact and reduce their carbon footprint.

### Technology to help drive sustainable value

To help our customers and partners meet their sustainability goals and drive further value from our products, Micro Focus has published a white paper titled [IT and Climate Change: How Micro Focus Solutions Support Carbon-Friendly ICT Strategies](#).

Apart from simply buying renewable energy to power ICT installations, four ways ICT can contribute to carbon footprint reduction can be distinguished:

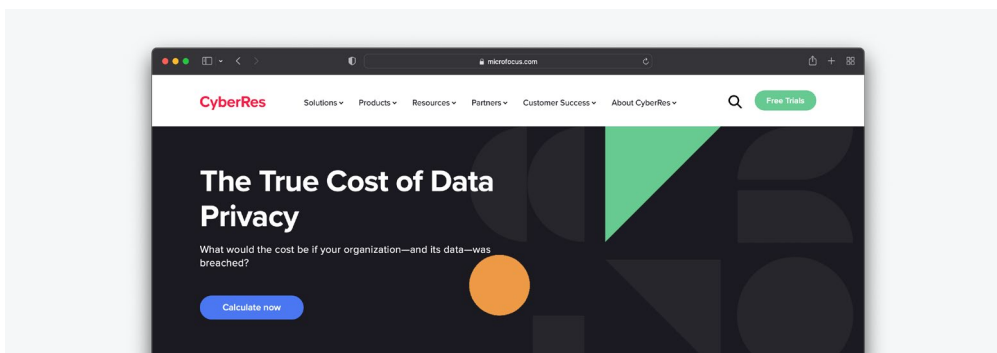
- Move to public clouds that use renewable energy and optimise resources
- Improve operational efficiencies to reduce energy consumption
- Streamline equipment usage through management, computing, and storage efficiencies
- Prolong software lifecycles and improve production and recycling processes

Micro Focus offers a comprehensive portfolio of solutions that can help organisations be more efficient in these four areas. We can help simplify cloud migrations and hybrid cloud management, provide actionable insights for better business decisions, streamline application development, make ICT environments more efficient, and help bridge old and new technologies to build upon what already works.

Download the white paper: [IT and Climate Change: How Micro Focus Solutions Support Carbon-Friendly ICT Strategies](#).

### Data privacy risk calculator shows environmental benefits

Micro Focus has introduced a data privacy risk calculator to help our customers calculate the monetary value of their data privacy risk. The calculator also shows the sustainability benefit of reducing stored data – which drives down carbon emissions and helps lower operational costs. [Learn more about the data privacy risk calculator](#).



CyberRes data risk calculator



### **Micro Focus joins Low Carbon Patent Pledge to accelerate climate solutions**

Micro Focus, alongside JPMorgan Chase and Majid Al Futtaim, joined the [Low Carbon Patent Pledge](#) to help combat climate change by making key patents freely available to anyone using low carbon technologies. The Pledge was launched on Earth Day 2021 by Hewlett Packard Enterprise (HPE), Microsoft, and Meta with the mission of promoting low carbon technologies and fostering collaborative innovation. Signatories are adding patents to the Pledge, contributing new solutions that will accelerate our transition to low carbon energy sources. [Read the press release.](#)

### **Micro Focus supports Canada's first sustainable IT pledge**

The importance of us all taking action to protect the environment has never been greater, which is why Micro Focus is proud to sign the CIO Strategy Council's Sustainable IT Pledge, alongside our peers. The Sustainable IT Pledge is the first-ever commitment by Canadian organizations to cut rapidly rising emissions from digital technologies. Through the Sustainable IT Pledge, members of the CIO Strategy Council have committed to set GHG emissions reduction targets relating to their IT operations and supply chain, and measure and disclose their IT operations' and supply chain's GHG emissions and annual emissions progress.

Read the [CIO Strategy Council's Sustainable IT Pledge](#).



## Customer Satisfaction

Micro Focus supports tens of thousands of customers, and engagement means something different to each one of them.

Our focus on customer-centric innovation requires regular, open dialogue that meets the unique needs of each customer. By close and careful listening, we can embed their requests directly into product roadmaps. This results in a pragmatic and methodical approach to investments that seek to deliver value directly to our customers.

One place we do this is at our annual conference, Micro Focus Universe. For FY21, we expanded this virtual event to occur in three regional time zones to cover the entire world. Universe 2021 drew a record number of participants with many opportunities to provide direct feedback, such as Voice of the Customer sessions.

### A continued focus in FY22 is on customer satisfaction and retention

- **Proactive customer engagement**—A detailed understanding of customer concerns to enable highly focused response through more skilled and specialised resources earlier in, and at every stage, of the cycle.
- **Product innovation and adoption**—Ensuring customers are using the latest versions of our software to enable adoption of new innovation and increase value from existing investments.
- **SaaS and subscription**—Help customers blend new offerings with existing investments to realise value quickly and further future-proof their solutions.
- **Leadership and alignment**—Strengthened and increased leadership, re-aligned compensation and reduced handoffs across the customer journey.
- **Sweat the details**—Active management of renewals pipeline at detailed level by sub-portfolio, tailored to customer size and renewal risk profile across multiple periods.



### Measuring customer satisfaction

The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customers' overall satisfaction with a company's product or service and the customers' loyalty to the brand. Our FY21 analysis indicates our score has increased by two points versus FY20, evidence of an improving customer experience.

### Partners: How we engage

Our global network of more than 7,500 authorised partners and alliances is at the heart of what makes Micro Focus successful. Ensuring the highest level of customer satisfaction depends on exceptional product and solution implementation together with the exclusive skills and knowledge that our partners deliver.

In 2021 we were recognised for the third consecutive year with a 5-star rating in the [CRN Partner Program Guide](#). When you consider all of the people, processes, and technology needed to run and transform an enterprise, very few organisations have all of the in-house resources and knowledge required to achieve their goals. Our extensive and strong partner network allows our customers to access the very specific skills and specialisms needed to fill any internal gaps they might encounter, no matter the industry or vertical, wherever they may be around the world. It also allows them to access flexible delivery and consumption models. Whether customers are looking for on-premise, hybrid, or SaaS implementations, our partners can deliver the scenario that works best.

Most of all, our partners inspire confidence and trust in Micro Focus products and services. Our partners have the expertise our customers need to solve their digital dilemmas—running their businesses today and transforming them for tomorrow's opportunities.

**"Our relationships with customers and partners are longstanding, with over 45 years of experience in managing a deep and broad portfolio of solutions. We have an installed base of tens of thousands of customers, and are trusted by the world's largest organisations to deliver mission-critical applications."**

**PETER SIANCHUK**

Vice President, Customer  
Success and Go To Market  
ESG Exec Sponsor

## Conclusion

Micro Focus has taken several key steps over the last year to ensure that ESG is embedded deeply into our business. This includes introducing an ESG governance framework to support the development of our strategy and drive actions with a specific focus on the two most materially important ESG areas for our business: Environmental and D&I.

Our goal is to continue to reduce our environmental footprint and support the transition to a low carbon business. Whilst we currently have short-term GHG emission reduction targets in place, our goal is to set out a longer-term vision and support environmental targets within 18 to 24 months. As we continue to improve and expand our Scope 1 & 2 emissions data collection, we are also actively exploring how we can develop an approach for Scope 3.

We are focused on making continued progress against our D&I commitments by strengthening leadership accountability across the business, developing a more diverse talent pipeline, increasing awareness and education, and building a sense of belonging and engagement within our organisation. The Group's leaders are taking greater accountability and owning actions to increase D&I within their remits. We are also investing in our recruitment processes to attract and recruit more diverse talent. Our talent and succession processes include an enhanced focus on diversity, including targeted development opportunities.

It's our actions today that will help shape a sustainable, inclusive future for all. Together with our employees, customers, partners, suppliers and society, we are working to adopt and inspire sustainable actions that have long-term impacts. Now more than ever, we all play a part in helping to create a sustainable and inclusive world where we can all thrive.

Contact us at [www.microfocus.com](http://www.microfocus.com).



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