

2021

# NETSCOUT

Environmental,  
Social, and  
Governance  
Report





***“Our purpose as Guardians of the Connected World has never been more important.”***

**ANIL SINGHAL**  
Co-Founder, Chair, and  
Chief Executive Officer, NETSCOUT

**THE DIGITIZED WORLD COMES WITH PROMISE AND PERIL. SINCE 1991, OUR CHOSEN MISSION HAS BEEN TO SOLVE THE TOUGHEST IT AND CYBERSECURITY PROBLEMS, AS GUARDIANS OF THE CONNECTED WORLD, SO THAT COLLECTIVELY WE CAN REALIZE THE PROMISE AND FEND OFF THE PERIL.**

This has been NETSCOUT’s mission since our beginning, to allow our customers – leading companies in telecommunications, government, critical infrastructure, and enterprises across the globe – to accelerate the benefits of the connected world with less disruption and risk to their businesses and to their customers.

From our first product shipment in 1992, a remote monitoring hardware appliance, to our software-based and Software as a Service solutions today, our vision has been to create Visibility without Borders. Through persistence and focus on our core technology and commitment to our team, we have provided our customers visibility to the digital connections that drive our modern world, helping them to innovate, build, and thrive. To meet critical demand, we have grown over the past three decades, in multiple dimensions,

- from hardware-based to software-centric
- from a handful of employees to 2,400 employees across the globe
- from one “development” site (our co-founder’s house) to over a dozen dedicated engineering sites and operations in 35 countries
- from monitoring early internet speeds of 10 MB/sec to now comparatively superfast 100 GB/sec
- from about \$800,000 in revenue 1989 to over \$800 million today

- from core technology principles around how to help customers “see” what is going on in their networks to now holding over 350 U.S. patents and over 250 international patents

We achieve this with the same principles that we have held close over time – a laser focus on solving digital problems that no one else has the combination of will, experience, and passion to solve; product design principles that embody elegance and simplicity down at the code level to get the most value out of the least resources required; and “Lean But Not Mean” philosophy and culture to support our employees and drive our higher purpose as leaders in the industry. This sense of duty extends to our employees, our customers, and our shareholders, to our communities and our partners and our planet.

Environmental, Social, and Governance is inextricably intertwined with our mission; it has been part of our DNA since our co-founders began developing a remote monitoring solution from home. So, when we talk about our responsibility as Guardians, we are talking about how we envision our role in the industry and with our customers, providing the tools for digital transformation while promoting sustainability through our design principles. When we talk about our Lean But Not Mean culture, we are talking about how we have run our business and how we engage with and treat our employees and how we tackle tough decisions. When we talk about our investment in research and development in furtherance of our smart data technology, we do so with an eye to our responsibilities to our investors, customers, and other stakeholders.

We invite you to read more in this, our inaugural **Environmental, Social, and Governance (“ESG”) Report.**

# NETSCOUT's Leadership Built Into Our DNA

## GUARDIANS OF THE CONNECTED WORLD

We solve problems that no one else has the passion, experience, and willpower for. It is not just about short-term profits – it is also about leadership for the toughest digital challenges over the long haul.

## VISIBILITY WITHOUT BORDERS

We help our customers accelerate their own digital transformations.

## SMART DATA

Using our “smart data” to deliver smarter analytics, we multiply the continuing innovation in artificial intelligence and machine learning and new technologies.

## LEAN BUT NOT MEAN

We differ from the traditional “lean and mean” and instead compete with Lean But Not Mean, to acquire and retain talent, customers, shareholders, and market share.

## IMPORTANT NETSCOUT MILESTONES

- |  |  |
|--|--|
| <p><b>1984</b> Founded by Anil Singhal and Narendra Popat as Frontier Software Development, Inc., originally a consulting firm, pivoting to a monitoring solutions tech company, changing name to NetScout Systems, Inc., and later adding cybersecurity and analytics capabilities</p> <p><b>1992</b> Begins shipping first product, a remote monitoring (RMON) hardware appliance</p> <p><b>1993-97</b> Invented network switch monitoring; partnership with Cisco</p> <p><b>1998</b> Introduces nGenius Performance Monitor</p> <p><b>1999</b> Becomes public company</p> <p><b>2002</b> Holds first “Engage” conference, our annual global customer event</p> <p><b>2004</b> Launches online learning center</p> <p><b>2005</b> Acquires Quantiva, anomaly detection technology</p> <p><b>2007</b> Acquires Network General and its Sniffer and Infinistream products</p> <p><b>2010</b> Launches Heart of Giving, employee giving program</p> <p><b>2011</b> Acquires Psytechnics, voice and video management technology</p> <p><b>2011</b> Acquires Simena Networks, network switch port aggregation technology</p> <p><b>2012</b> Granted patent for diagnostic modeling of audio and video quality of service</p> <p><b>2012</b> Acquires OnPath, connectivity and monitoring technology</p> | <p><b>2013</b> Listed on <i>Boston Business Journal's</i> Top Charitable Contributors in Massachusetts the first of what will be eight consecutive listings (to date)</p> <p><b>2014</b> Granted patent for Adaptive Session Intelligence (ASI) technology</p> <p><b>2015</b> Acquires communications business of Danaher Corporation, including Arbor Networks, Fluke, Tektronix Communications, and VSS Monitoring</p> <p><b>2016</b> Granted patent for consolidation of network test automation tools technology</p> <p><b>2017</b> Acquires Efflux Systems, cybersecurity technology</p> <p><b>2018</b> Hosts first student hackathon in San Jose office</p> <p><b>2019</b> Acquires Eastwind Networks, network security analytics technology</p> <p><b>2019</b> Recognized as Business Philanthropy Partner of the Year by the Greater Lowell Community Foundation</p> <p><b>2020</b> Hosts first all-girls student hackathon, a virtual event</p> <p><b>2020</b> Joins MassTLC's <i>Tech Compact for Social Justice</i> and Communities Foundation of Texas <i>Be In Good Company</i> programs</p> <p><b>2020</b> Announces collaborations with Oracle, AWS, VMWare for cloud network performance monitoring</p> <p><b>2021</b> Receives ISO 27001 certification for Information Security Management</p> <p><b>2021</b> Launches Omnis Security Platform; accelerating SaaS solutions</p> |
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## OUR COMMITMENT TO ESG IS A COMMITMENT TO LONG-TERM VALUE CREATION

We believe a commitment to ESG is an important part of creating long-term business value. Our commitment requires focus on multiple stakeholders, including

- Our employees, through our **Lean But Not Mean** culture, including through our **diversity and inclusion** and employee engagement efforts;
- Our customers, in support of their own ESG efforts, particularly supporting their **information security** and offering solutions with reduced **environmental impact**;
- Our planet, by reducing the environmental impact of our operations;
- Our communities, through efforts to **bridge the digital divide** and **source responsibly**; and
- Ultimately, our shareholders, who benefit from the **long-term value** amplified by our ESG commitment.

## WE UNDERSTAND INVESTORS' COMMITMENT TO ESG AND LONG-TERM VALUE CREATION:

*"Research shows that companies that are managed responsibly deliver better long-term financial results."*

STATE STREET  
[ESG: Building a Sustainable Future](#)

*"Over the long-term, environmental, social and governance (ESG) issues – ranging from climate change to diversity to board effectiveness – have real and quantifiable financial impacts."*

LARRY FINK  
BlackRock, [2016 Letter to CEOs](#)

# Our Long-Standing Commitment to ESG

NETSCOUT is proud to publish this **Environmental, Social, and Governance (“ESG”) Report**. This report expands on Anil Singhal’s Letter from the Chief Executive Officer to Shareholders, published as part of NETSCOUT’s 2021 Annual Report to Shareholders.

NETSCOUT’s mission is to transform and accelerate the way our customers – global leaders in their fields – deliver, deploy, and secure services and applications across physical, virtual, and cloud environments. We assure digital business services against disruptions in availability, performance, and security.

We consider ourselves **Guardians of the Connected World**, a dedicated group of global professionals, thought leaders, and executives and operators who are committed to the development, security, preservation, and flawless operation of the connected world.

We invest in our people and research and development – to ensure that NETSCOUT is not just meeting the challenges of digital transformation today but pioneering for tomorrow.

Consistent with our continuing mission as Guardians of the Connected World, our long-term business success also depends on how we manage ESG issues. For our business to succeed, we support and develop the people who are essential to building our technologies and customer solutions. We support our customers, providing them sophisticated solutions for their digital transformations as well as their own long-term interests in ESG issues. And we are committed to the communities in which we operate and to our shared planet. We believe this virtuous circle builds long-term value.

Led by our Chief Executive Officer, Board of Directors, ESG Steering Committee, and our employees, we address important issues where NETSCOUT can make a practical difference. To sharpen our focus, we have adopted four ESG pillars that lay out our current top priorities.

## NETSCOUT’S ESG PILLARS:

1. **Demonstrating product leadership through sustainability by design and helping our customers reduce their environmental footprint**, through reducing electricity requirements of our products.
2. **Reducing electricity use** in our engineering labs and facilities.
3. Furthering our **diversity, equity, and inclusion efforts** alongside our **employee engagement** programs.
4. **Supporting community digital inclusion programs** that improve underserved communities’ participation in the connected world.

NETSCOUT’s global ESG program encompasses a broad range of responsibility and sustainability areas, including environmental sustainability (climate change, recycling and waste management), responsible management of our supply chain (supplier code of conduct, ethical sourcing, human rights/labor laws), human capital (diversity, equity, and inclusion; employee support and engagement; community engagement), ethical business practices (Code of Business Conduct, ethics, and compliance), and data privacy and security, to name a few. **In a nutshell – it is how we do business.** ESG is a growing area of interest from diverse stakeholders, but it has always been a part of who we are.



# How NETSCOUT Responded to the Pandemic

As stated by our CEO, as **Guardians of the Connected World** we bear special responsibility for keeping the world connected. As the pandemic unfurled, we adjusted our actions to help ensure the safety of our employees and their families, while continuing to serve our customers. NETSCOUT's business became even more critical, as our lives were turned even more digital and virtual, dependent on uninterrupted connectivity and digital service delivery.

Importantly, we were able to support our employees and maintain our unique culture and deliver superior service levels to our customers. Specifically, we:

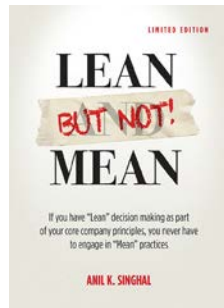
- Required employees, in all locations, to work from home, with a limited number of employees with business-critical tasks allowed into the office and with strict safety protocols in place.
- Managed our return to office process in accordance with guidance provided by local governments and healthcare organizations.
- Supported our employees with uninterrupted salary and benefits and wellbeing programs.
- Implemented multiple protective measures and facilities updates within our offices.
- Participated in the global Giving Tuesday Now campaign and increased our matching gifts and volunteer grant limits for employees for 2020.
- Donated personal protective equipment to hospitals and first responders in communities near our major U.S. offices and contributed to emergency COVID-19 response funds at four U.S. community foundations and Croce Rossa Italiana in Italy. With the further outbreak of COVID-19 in India in 2021, we responded with corporate donations to Direct Relief and Akshaya Patra USA and initiated an employee giving campaign in support of Akshaya Patra USA.



# EMPLOYEES

## LEAN BUT NOT MEAN

With more than 2,400 employees in over 35 countries, NETSCOUT strives to remain a team of entrepreneurs, with the agility of a start-up and the heft of a global technology company. We believe that our culture is critical to our success and growth. Our Lean But Not Mean culture complements and acts as a multiplier to our technology, exceptional talent, and forward-thinking innovation. “Lean” decision-making puts the tough calls up front and puts employees and the long-term success of the company first. Lean decision-making is not making easy decisions – it’s making the hard decision early and sticking with them in the face of challenges.



Our commitment to education, engagement, and communication has motivated our employees around the world and keeps our spirit thriving. Everyone, regardless of role, brings value to the organization. This is ingrained in our culture.



## DIVERSITY, EQUITY, AND INCLUSION

NETSCOUT is committed to creating an environment that values people’s differences and fosters inclusion. Diversity, Equity, and Inclusion (DEI) are cornerstones of our organizational excellence and complement our core values of performing with integrity, compassion, collaboration, and innovation. We embrace our employees’ differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

To help ensure DEI perspectives play an appropriate role in our human capital programs, we recently revised our [Diversity, Equity, and Inclusion Policy](#) and will seek to enhance our employees’ understanding of DEI through company-wide training, tracked and reviewed with the executive team. In addition, we designated a DEI program team, reporting to the Chief Human Resources Officer, to foster transparent and equitable processes in employee engagement, onboarding, learning and development, policymaking, and career planning.

A cornerstone of our DEI strategy is collaborating with industry and university partners to enhance our diversity. We work with industry partners, including third-party recruiting organizations that specialize in diversity in hiring, and post our open position requisitions on diversity job boards. We track our progress and make improvements to reach a broader, more diverse, talent base. We also partner with universities with diverse student enrollment to recruit our summer interns. We strive to ensure our interns have a great experience at NETSCOUT and are eager to return as employees.

Our Board of Directors continues to consider diversity, among other attributes, within the Director recruitment process. As we have set out in our proxy statements, the Nominating and Corporate Governance Committee seeks to identify and recruit diverse, qualified candidates including women and underrepresented candidates as part of the search process for any new directors. Our Board diversity is reflected through our Chair and our two female directors.

## EMPLOYEE ENGAGEMENT AND TALENT MANAGEMENT

### NETSCOUT Without Borders

In 2021 we launched an unprecedented employee engagement program called NETSCOUT Without Borders to further alignment with our mission. As part of NETSCOUT Without Borders, our employees participated in a series of town halls with the CEO and in-depth focus groups. As a follow on, employees will participate in enhanced development programs and a robust employee engagement survey plan.

NETSCOUT is also bolstering its employee development and engagement efforts to create consistent, transparent talent processes for all employees that includes the following elements:

- Inclusive employee engagement – to explore the full employee experience and lifecycle, to help ensure all employees are encouraged and comfortable being their unique selves.
- Assessment – to identify the core, key leadership skills at NETSCOUT and to objectively gauge performance of current and potential leaders.

### Talent Development

NETSCOUT invests in the ongoing development of its employees across the globe. As part of that program, we offer opportunities to identify leaders and develop and support all employees, including:

- Career path development – to document increasing levels of leadership responsibility, creating a

transparent process, so that all employees have access to information necessary to build a career plan at NETSCOUT.

- Management and leadership development – to support an inclusive workplace and foster consistent management practices across the globe.
- For selected leaders, we partner with the [Center for Higher Ambition Leadership](#) to offer programs that strengthen high-performing teams.

## COMPENSATION AND BENEFITS

To fortify and extend our leadership, we must continue to attract and retain talented employees at all levels of our Company. We offer competitive compensation and benefits packages to attract, retain, and motivate our employees. Our compensation packages include market-competitive pay and incentive compensation, and additional compensation in accordance with the role and local requirements, restricted stock unit grants (RSUs), an Employee Stock Purchase Plan, retirement benefits, health benefits, paid time off, and leave benefits.

We are committed to providing programs that support employee well-being and motivate our people to lead healthier lifestyles, such as free on-demand virtual fitness programs, live virtual yoga, and access to onsite gyms where available, as well as employee assistance programs. In addition, employees have access to on-demand learning and development courses and tuition reimbursement programs to support career development.

## HEALTH AND SAFETY PROGRAM

NETSCOUT's Environment, Health, and Safety (EHS) Council is responsible for [EHS policy](#), managing and coordinating EHS regulatory compliance, and tracking goals and results. The EHS Council reports to senior executives and its results are reported to the Nominating and Corporate Governance Committee of the Board of Directors as part of the committee's comprehensive review of corporate responsibility.

# The NETSCOUT Mentoring Program

The NETSCOUT mentoring program builds internal networks and breaks down silos through a six-month partnership with a fellow employee or manager who has strong skills in an area that could help a mentee's development. The goal of the program is not to target one area or a specific group but to make our population stronger together. Now in its third cycle, the program is open to employees globally. We have found that employees value the program for increasing their business knowledge, developing skills, networking opportunities, and personal growth through self-advocacy.

*"I think that the program was an excellent experience, one that I feel I learned and developed from. The connections and knowledge I gained are invaluable, especially for helping me advocate more for myself and to explore my next steps."*

*"I found being able to bounce ideas, successes, and concerns off a member of senior management to be a huge benefit, and I plan to continue the relationship going forward."*

While HR leaders provide guidance, the day-to-day work is led by a cross-functional team of employees who are passionate about the program and want to see it grow. This organic, grassroots approach aligns with our culture of employee value and start-up mentality.



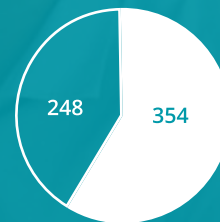
# Patent Recognition Program

As part of our innovation strategy and employee engagement, our patent recognition program elevates our innovative culture by maintaining and enriching a strategic patent portfolio, and recognizing our employees who have contributed to its development. For example, our Patent Review Committees include a cross-section of leaders who work to integrate our patent strategy with our business strategy. Patent Review Committee members review product roadmaps, technology development goals, and commercial strategy, and select the areas of technology for patenting activity.

Employees are encouraged to submit Invention Disclosures to the Patent Review Committee and those employees are recognized for their innovation. Patent Review Committee members, in cooperation with the Legal team, deliver training and promote and encourage participation in the patent recognition program within our Engineering community. Each employee is encouraged to participate in the program, and NETSCOUT provides incentives and recognition for those who do so.



## PATENTS ISSUED



- US
- International

# CUSTOMERS

## THE POWER OF NETSCOUT

NETSCOUT's hallmark is helping customers assure and protect the performance and continuity of their core business services by applying the power of NETSCOUT products and services to solve their hardest and most critical IT and security problems – and we continue to reinvent ourselves to keep pace with the explosive growth of digital services as well as the dramatic increase in cyberattacks.

We live in an age where virtually every aspect of our life involves information that has been transported over a network – whether it is the WiFi in the home, the wireless connection from a mobile phone to a cell tower, the networks that connect all the different locations in any large organization, and the Internet itself.

We are proud to count as customers critical infrastructure providers and enterprises such as hospital and health care systems; energy production and distribution companies; federal, state, and local governments; defense and intelligence agencies; manufacturing companies; telecommunication companies; and financial services organizations.

Our solutions help ensure that critical networks, and the applications and services that operate over them, remain in optimal health, and that problems can be

identified and resolved as quickly as possible. To further protect digital assets, our Arbor DDoS and Omnis Cybersecurity solutions detect and block malicious inbound and outbound traffic and exfiltration of data. Leveraging NETSCOUT Smart Data, security teams have the information they need to investigate an attack and remove the threat.

This exciting and fast-paced environment requires NETSCOUT to continually identify novel technologies and approaches to shape the future direction of the market, in service to our customers and to the benefit of our shareholders. As we innovate, we also consider how we can help customers with their own ESG commitments – especially how to keep their own and their customers' information secure and how to reduce energy use of network tools.

## INFORMATION SECURITY

We understand the critical importance to our customers of compliance with laws and regulation governing the collection and use of personal data. Helping ensure data privacy for our customers can be a crucial part of their own long-term value creation, just as it is for NETSCOUT.

For our own part, NETSCOUT is vigilant in protecting personal data and complying with the highest standards of privacy and security. We take a layered defense approach to protect confidentiality and prevent data compromise and breaches, including, among other steps, technology safeguards, organizational safeguards including training and awareness programs, and physical safeguards. We maintain a robust Information Security Program (ISP) to help ensure the confidentiality,



integrity, and availability of corporate data and the systems storing this information. We also achieved ISO 27001 certification demonstrating our adherence to ISP best practices, including risk assessment, protection against threats, legal compliance, and incident response and mitigation.

NETSCOUT is committed to managing its legal and contractual compliance obligations with respect to security and privacy laws, including the [EU General Data Privacy Regulation](#) and the [California Consumer Privacy Act](#). We have devoted considerable resources to ensuring compliance with applicable data privacy laws and developing our [privacy policy](#) and providing regular security training to employees. We review cybersecurity and data privacy issues regularly with the independent Audit Committee and with the full Board.

We take our customers' information security and privacy commitments just as seriously. The security features of our products are designed to mitigate data risks, such as loss or unauthorized access, destruction, use, modification, or disclosure. NETSCOUT products allow customers to customize a security strategy in several ways, from the operating system and between-system communications to access control of individual modules, role-based data visibility, and packet and data storage configurations. We have features in our products that allow masking of sensitive data, and, where possible, minimization through aggregation and measures to control data access. Our nGeniusONE and Omnis products are based on hardened Linux operating systems and updated software packages to reduce security vulnerabilities, and administrators can further secure the server and appliance hardware through such options as purchasing appliances with self-encrypting drives. NETSCOUT Arbor DDoS virtual and physical solutions provide similar operational protection.

## ENVIRONMENTAL IMPACT

NETSCOUT helps customers minimize the footprint of their data centers, both in terms of power consumption and heat generation. Our sustainability-by-design efforts consider operational impact and resources, including the following:

### Design for Minimal Resource Footprint

#### *Integrated service assurance and cybersecurity analytics*

Service assurance relates to understanding the health of a network and the applications and services that run over that network. Cybersecurity analytics relates to identifying anomalous behavior and investigating incidents and suspicious events. NETSCOUT's packet analysis technology is designed to address both of these use cases. As a result, we developed our Cyber Adaptor, which adds cybersecurity analytics to the InfiniStream, so it simultaneously feeds packet analysis results to both our nGeniusONE service assurance platform and our Omnis cybersecurity platform. This is highly efficient because it avoids deploying two separate physical devices or software instances in the same location.

#### *Reduced CPU and power usage*

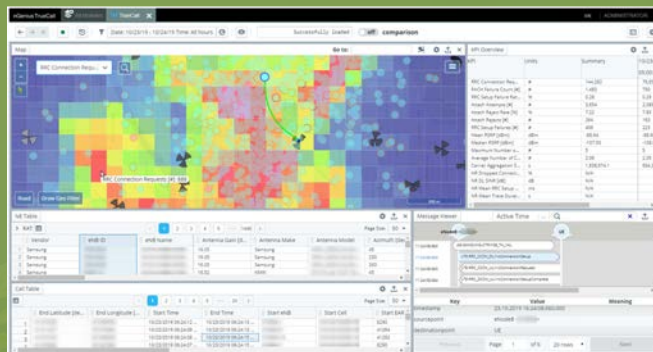
NETSCOUT regularly reviews the architecture of its software to take full advantage of the latest developments in hardware. This enables customers to optimize the number of physical devices deployed at any given location in a data center. At very high bandwidth locations, NETSCOUT's products offer "Smart Data Plane" intelligent filtering techniques to further reduce the processing required. In public and private cloud environments, our scalable packet processing software can be "right sized" to consume only the computing resources necessary to complete the job.

# Demonstrating Product Leadership with Sustainability by Design

## TRUE CALL AND REDUCING DRIVE TESTING

[www.NETSCOUT.com/success-stories/reduce-reliance-costly-testing](http://www.NETSCOUT.com/success-stories/reduce-reliance-costly-testing)

Field technicians for a rural telephone company offering wireless services are more than a four-hour drive from their offices in any direction when dispatched to collect data. While the company was spending many thousands of dollars each month on drive testing, engineers still did not feel they were getting the data they needed to make accurate decisions. Using TrueCall® software and training, the company's engineers were able to visualize their network within hours of initial installation. Instead of drive testing, they began to use actual customer traffic to resolve significantly more trouble tickets and network issues than they could previously manage. The TrueCall implementation achieved significant savings and increased efficiencies including an estimated reduction of 50% in field drive testing requirements.



## OPTIMIZE CELL SITE PERFORMANCE WITH GEO-ANALYTICS AND REDUCING DRIVE TESTING

[www.NETSCOUT.com/success-stories/optimize-cell-performance-geo-analytics](http://www.NETSCOUT.com/success-stories/optimize-cell-performance-geo-analytics)

Although Communication Service Providers (CSPs) often rely on drive testing to optimize cell sites for proper density and coverage, one large North American CSP was determined to reduce the associated cost and improve OPEX. This CSP turned to NETSCOUT TrueCall® with Geo-Analytics for cell management and near real-time insights into cell performance. Previously, the team drove to various locations to analyze cell tower performance. Now, they use TrueCall at-a-glance heat map with geo-analytics. This deployment helped the CSP reduce the cost of drive testing from \$1M to \$400K and confidently justify optimization strategies for cell sites.

***Reduced disk usage via “smart data”***

Through our powerful Adaptive Session Trace (AST) technology, NETSCOUT appliances store only the packet information of interest to users and reduces unnecessary transportation of that data through the network. In other words, AST captures more signal, less noise, without compromising the information needed for analysis. This approach only uses disk space for necessary data, thus reducing the number of appliances, servers, and disks required to store data and the associated operating costs for building space, power, and utilities to house and maintain these resources.

***Software designed for the cloud***

The software versions of our packet analysis processing technologies, such as vSTREAM, can be deployed in a variety of cloud environments. Hyperscale cloud environments allow workloads to run highly efficiently in terms of power consumption and heat generation.

**Design for Longevity**

By creating virtual products where possible, we give customers flexibility to select sustainable hardware options and integrate with existing infrastructure. Because manufacturing and end-of-life phases typically account for the majority of a product’s ecological footprint, a significant contribution to green computing is to prolong the equipment’s lifetime. NETSCOUT product designs seek to optimize total life cycle efficiency via

***Reliability***

We qualify all new hardware products with regard to reliability and monitor the reliability of product in use to identify improvement opportunities.

***Repairability***

Our products are designed so that third party modules, such as hard disk drives and power supplies are field replaceable. This enables systems to be repairable in place, supporting longevity.



# PLANET

NETSCOUT considers our environmental impact both through our products, as discussed above, and through our internal operations. In both areas, we have taken steps to reduce energy use and thereby support efforts to fight climate change. In addition, we consider other environmental effects, such as reduced packaging, recycling, and other areas.

## OPERATIONS – CORPORATE

We are committed to doing our part to address the critical issue of climate change. As a technology company, we may differ in scale from companies in energy-intensive industries, but we believe in doing our part to reduce energy use.

At our largest sites where we have engineering labs, we know that those engineering labs use roughly 80% of the electricity at the site. In 2020, NETSCOUT launched a pilot program at our largest site with an initial goal to reduce overall engineering lab electricity use by 6%. By rationalizing hardware, updating cooling systems, and monitoring infrastructure to reduce energy and cooling requirements, we achieved an initial 12.1% electricity use reduction. And we are striving to do more. Due to the success of the pilot, we expanded the program across seven other major engineering sites, decommissioned more than 500 hardware servers, and are applying our techniques of “reduction, consolidation, and optimization” across 16 engineering centers. And we are looking at other ways to measure and reduce our electricity use.

We employ three methods of energy reduction in our engineering labs:

- Reduction: Eliminating unnecessary hardware and disposing of the hardware according to our responsible disposal of electronic goods policy.

- Consolidation: Moving multiple pieces of hardware onto a single hardware unit where possible through virtualization and relocating hardware.
- Optimization: Measuring and evaluating changes for energy savings on HVAC systems (such as variable fan control), heat disbursement (directed heat/air flow), and reducing the Power Usage Effectiveness (PUE).

## OPERATIONS – FACILITIES

While the majority of our electricity reduction efforts are focused on our engineering labs where 80% of the use occurs, we have incorporated a number of other energy efficient and environmentally-conscious measures within our global facilities and are considering additional improvements for the coming year. Several of these initiatives grew out of our focus on addressing climate change.

As examples of other current efforts, at most of our sites we have recycling programs in place and have begun to implement enhanced recycling and composting at major sites. We set up water filtration stations and soda fountains so that we can eliminate cans and plastic bottles. We have upgraded some sites to motion sensitive lighting and use other mechanisms to reduce power outside of normal business hours. All of our sites have video conferencing capability in conference rooms and for our employees, to encourage both continued collaboration and reduction in travel. We continue to explore ways to improve our environmental footprint.



## PRODUCT TRANSPORT AND PACKAGING

At our main manufacturing facility in Massachusetts, we initiated an effort to reduce our packaging requirements. Working with our two largest suppliers, representing approximately 40% of inventory, we eliminated single-use packaging from those suppliers by having them adopt repeat use containers for transport of items to us. This initial effort in 2019-2020 eliminated almost three tons of corrugated box waste and one and a half tons of foam inserts. We are working with our other suppliers to eliminate single use cardboard packaging for materials shipped to us.

## RESPONSIBLE DISPOSAL OF ELECTRONIC GOODS

NETSCOUT is committed to the [responsible disposal of electronic assets](#) at the end of operational life, ensuring the most effective management of all electronic assets and responsible recycling of electronic waste.

Whenever possible, we seek to re-use and re-deploy electronic assets. If assets cannot be redeployed internally, NETSCOUT will consider other uses or whether the asset needs to be “scrapped” and sent for recycling. We first remove and destroy data as set out by the IT Security Team, and data deletion is required to meet NIST 800-88 standards. NETSCOUT then works with vendors that meet Responsible Recycling (R2) or e-Stewards certification for recycling of electronics. Further, as part of our supply chain management, NETSCOUT has a “take-back” program for proper disposal of NETSCOUT products at reputable recycling centers. For equipment in the European Union, NETSCOUT complies with the WEEE Directive that sets out responsibilities regarding the collection and recycling of electronic waste and has developed a take-back program for proper disposal of NETSCOUT products at reputable recycling centers.



# Recycling and Composting

We implemented enhanced recycling and cafeteria composting at our Allen, Texas office in February 2020. While we already provided recycling, this program was a new approach to promote the recycling of additional types of waste, including food and certain types of plastics.

Our on-site cafeteria team composts food waste and other compostable materials, which make up most of the compostable waste generated in the building. Our Allen employees do their part by choosing to recycle, compost, and reuse, including by using reusable mugs, plates, and coffee cups.

While the pandemic reduced the effect of these programs due to a significant number of employees working from home, the facility was able to compost 7,900 pounds of food waste; recycle 4,600 pounds of single stream aluminum, plastics, and paper; and recycle 72,781 pounds of cardboard in the first 13 months of the program.

# Demonstrating Leadership in Digital Inclusion

Tech Goes Home (TGH) provides computers, internet connectivity, and digital skills training, helping to create a more equitable society where all members of our community have access to the digital world and the opportunities it provides. Our partnership with TGH includes sponsoring digital skills courses at the Adult Learning Center/Boston Central Adult High School and Vine Street Community Center in Roxbury, Massachusetts, and providing volunteer service to support their distance learning programs.

*“As a former longtime Roxbury resident, I understand the needs of many local community members and the value that NETSCOUT can provide,” said Tracy Steele, vice president, global services operations, NETSCOUT. “NETSCOUT employees jumped at the opportunity to volunteer for the Tech Goes Home courses and are delighted to support this amazing program and the resources it provides to the Roxbury community.”*

To date, more than 30 volunteers from 14 NETSCOUT offices/home office locations (California, Colorado, Maryland, Massachusetts, North Carolina, Texas in the U.S., and Australia, India, Brazil, France, Mexico, Spain, and the U.K.) produced 29 new tutorials and translated 60 existing written tutorials into six languages. These tutorials are used during the TGH courses and are available to the public on the [Tech Goes Home web site](#). As you can see in this [video](#), volunteers heard a unique story about how we are all part of the fabric of change, and through this volunteer work with Tech Goes Home, connected to history.



<https://videos.netscout.com/watch/F97Syl7bERHE5Ymb1Wcx14>

The response from Tech Goes Home is equally enthusiastic seeing the overwhelming support coming in from NETSCOUT. “The communities we serve are facing unprecedented challenges as a result of COVID-19,” said Dan Noyes, Co-CEO of Tech Goes Home. “So many students, adults, and families are without the tools they need to participate in virtual activities like remote work and learning, healthcare, and connecting with each other. Further, demand for our programs has never been higher. With NETSCOUT’s support and incredible volunteers, we have already been able to empower dozens of families with access to the essential opportunities provided by the online world.”

# COMMUNITIES

NETSCOUT is committed to operating an ethical business that supports the protection and promotion of a sustainable environment, individual rights, and community development, as well as giving back to our communities through philanthropic contributions and volunteer efforts.

## BRIDGING THE DIGITAL DIVIDE

Throughout our history, NETSCOUT has tried to focus on intentional actions and driving positive outcomes to respond to needs within our communities. Today, the primary focus of our social impact programs is to fulfill our mission as Guardians of the Connected World by helping to bridge the digital divide. While disparities have always been present, the pandemic put these inequities in the spotlight and exacerbated the impact of no or limited access to education and healthcare, WiFi and broadband, well-paying jobs and the ability to work remotely, and participation in the Connected World.

To address these issues, we created innovative partnerships with nonprofit and community organizations to support programs that strengthen underserved communities with access to the internet, digital skills and opportunities for entrepreneurs, as well as programs that create access to careers for underrepresented talent in the technology industry.

## THE HEART OF GIVING

Across the world, our employee Guardians, through their passion and desire to help those in need, are at the heart of our giving. Employees across the globe step up and take the initiative to plan meaningful efforts in their own communities.



In 2020 NETSCOUT offered two global campaigns, raising more than \$300,000 in matching gifts and individual volunteer grants and \$180,000 in team volunteer grants.

- Our CEO, Anil Singhal, created the “Guardian Match” initiative, which provided additional matching funds to support employee giving in response to the pandemic and racial justice issues.
- NETSCOUT participated in Giving Tuesday Now, an emergency response to the unprecedented need caused by the COVID-19 crisis, with a special 2:1 match for COVID-19 relief to benefit Feeding America, Akshaya Patra USA, Croce Rossa Italiana, Unicef UK, and Oxfam India.

Despite challenges of providing volunteer services during a pandemic, due to our employees’ creativity and the flexibility of our nonprofit community partners, we completed 12 in-person team volunteer projects in 12 different cities, and six virtual team volunteer projects.

Our [global giving programs](#) are open to all full-time and part-time employees. Employees can support their favorite causes with matching gifts, individual volunteer grants, and team volunteer projects at any time during

the year. When the need arises, we offer specific giving campaigns with matching requests above and beyond the standard giving limits and support various collections and projects in the offices on behalf of local nonprofit organizations.

## RESPONSIBLE SOURCING

NETSCOUT is fully committed to responsible sourcing. The NETSCOUT [Vendor Code of Conduct](#) defines our expectations and obligations for all NETSCOUT vendors, suppliers, and subcontractors. The Vendor Code of Conduct is designed to promote sustainable, safe, and fair working conditions and the responsible management of social, legal, ethical, and environmental issues within NETSCOUT's supply chain.

In accordance with applicable legal requirements including the California Transparency in Supply Chains Act of 2010 and the UK Modern Slavery Act, NETSCOUT has taken steps to help ensure that slavery and human trafficking is not taking place in its supply chains or in any part of its own business. NETSCOUT acknowledges the unfortunate fact that in many countries child and forced labor practices continue to be a pervasive problem. The Company does not, in any circumstance, condone the exploitation of any child, child labor, or forced labor in any of its global operations. More detail can be found in our [Statement on Child and Forced Labor](#).

We have established processes to identify and assess conflict minerals in the supply chain and respond to risks, consistent with applicable industry guidance, including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We expect our suppliers to commit to the responsible sourcing of minerals, including establishing a policy to reasonably assure that any conflict minerals in the products they manufacture

does not directly or indirectly finance or benefit armed groups in the region. We report the results of our risk assessment and due diligence activities, as part of our public [Conflict Minerals](#) disclosure.

NETSCOUT seeks to comply with all applicable requirements related to [restricted and hazardous substances](#), including, among others, the revised EU RoHS Directive 2011/65/EU known as the "RoHS II Directive" regarding restricted substances; WEEE Directive, regarding collection and recycling of used products; the REACH – EU Regulation (EC) No. 1907/2006, concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH); China's version of RoHS entitled "Management Methods for the Restriction of the Use of Hazardous Substances in Electrical and Electronic Products"; the EU Battery Directive – Directive 2006/66/EC; the EU Packaging Directive – The Packaging and Packaging Waste Directive 2004/12/EC; and the State of California Proposition 65 regarding toxic chemicals.

# Supporting Diversity, Equity, and Inclusion Within Our Communities

In 2020 NETSCOUT joined our industry and community peers in programs that further evidence our commitment to creating welcoming and thriving communities. These programs ask organizations to consider how they might continue to drive change in important areas, such as diversity, equity and inclusion, social justice, and building the talent pipeline, and make commitments to support these efforts.



With [Communities Foundation of Texas Be in Good Company](#), our commitments include supporting employee giving, embracing good company values and culture, and promoting mentoring. In addition, we were pleased to support a small technology business by sponsoring their participation in the program.



With [MasSTLC Tech Compact for Social Justice](#), we commit to introducing or expanding educational programs and opportunities on diversity, inclusion, and unconscious bias; increasing financial contributions for organizations and initiatives that support diversity, inclusion, economic opportunities and/or social justice for people of color; and greater racial diversity in talent pipeline development programs.

# All-Girls Virtual Hackathon

Over the last three years, we've partnered with Shooting Stars Foundation and sponsored hackathons based in San Jose California, Allen Texas, Westford and Lowell Massachusetts, as well as new all virtual events that attract students from all over the U.S. and several other countries. We make a specific effort to include students from cities near our offices as well as youth organizations from underserved communities, hoping to spark an interest to pursue STEM in school and as a career path.

When our June 2020 in-person hackathon planned for our San Jose office was canceled due to the pandemic, the hackathon team worked feverishly to reinvent this All-Girls Hackathon as a virtual event.

When the live-streamed event opened on a Saturday morning, 92 middle- and high-school students from the Bay Area, Boston, Dallas, Denver, and Chicago were online and eager to participate. Keynotes from women leaders in science and technology, including Deb Briggs, chief security officer at NETSCOUT, who encouraged the students to pursue STEM careers. Students spent the next 11 hours working on their projects, assisted by 40 NETSCOUT employees from the U.S., China, Mexico, U.K., and India who volunteered as mentors, judges, and event staff.





# GOVERNANCE

From NETSCOUT's beginning more than three decades ago, our co-founder and CEO, Anil Singhal, working closely with our accomplished Board of Directors, along with our leadership team and employees, has continually driven innovation and shareholder value. We have adopted governance practices that support long-term value creation by providing meaningful and effective oversight of our programs and commitments and by providing a mechanism for NETSCOUT to engage with our shareholders.

## ESG GOVERNANCE

As set out in its Charter, the Nominating and Corporate Governance Committee of NETSCOUT's Board of Directors oversees NETSCOUT's ESG program. The Committee meets regularly and reviews and advises on ESG strategy and apprises the full Board. Relatedly, the Audit Committee also regularly reviews ESG-related topics such as enterprise risk management, our anti-corruption program, ethics and compliance issues, supply chain issues including human rights protections, and cybersecurity and data privacy. NETSCOUT provides additional information as to governance and Board oversight in its annual proxy statement.

The ESG Steering Committee, under the strategic direction of the CEO and chaired by NETSCOUT's General Counsel, is responsible for the development and implementation of the ESG program. With representation across all key business functions, the mandate of the ESG Steering Committee is to consider our existing ESG efforts, understand stakeholder perspectives, identify areas for improvement that align with our business, and work collaboratively to support programs designed to accelerate ESG initiatives.

## ETHICS AND CODE OF BUSINESS CONDUCT

The Board and CEO have preserved uppermost the goals of ethical value creation and doing business "the right way." They set the tone at the top – one that emphasizes adherence not only to all legal and compliance requirements but also to our other commitments and policies.

NETSCOUT's Board of Directors adopted the [Code of Business Conduct](#) to communicate standards of business conduct throughout our organization and to guide our actions, promote ethical behavior, deter wrongdoing, and encourage fair dealing with everyone we do business with. As our CEO has stated: "NETSCOUT's core values embody a culture of professionalism and responsible corporate behavior. Our Code of Business Conduct builds on these values to help support fair business practices and principles, as well as the valued relationships we have with our customers, partners, and vendors."

We provide employees with education and training on the Code of Conduct annually, and we likewise provide education and training with respect to our compliance programs and obligations. We review our Code of Business Conduct at least annually with our Nominating and Corporate Governance Committee, provide quarterly updates to the Audit Committee with respect to compliance matters, and review at least quarterly with the Board any related issues.

*"NETSCOUT's mission as Guardians of the Connected World, our vision of Visibility without Borders, and our culture, all evidence our long-standing commitment to our employees, customers, communities, and the planet – and, as important, not to rest but to learn and to continue to improve."*

**JEFF LEVINSON**

Vice President and General Counsel  
Chair, ESG Steering Committee, NETSCOUT

## What's Next

NETSCOUT developed this Report to share our ESG efforts with our stakeholders. In the future, we will add information on our ongoing efforts and share updates. We welcome comments on our programs at [corporateresponsibility@netscout.com](mailto:corporateresponsibility@netscout.com).

[www.netscout.com](http://www.netscout.com)

[CORPORATE RESPONSIBILITY](#)

[INVESTOR RELATIONS](#)

[DATA PRIVACY AND TRUST CENTER](#)

[CONNECTED FOR GOOD](#)

Certain statements in this report constitute "forward-looking statements." Forward-looking statements in this release are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934 and other federal securities laws. These statements are based on management's current opinions, expectations, beliefs, plans, objectives, assumptions, or projections regarding future events or results, including, but not limited to, our ESG commitments, strategies, and initiatives; our business plans and strategy; our technology and services; our opportunities for growth; and our stakeholder engagement efforts. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements, and events could differ materially from those stated, anticipated, or implied by such forward-looking statements. While NETSCOUT believes that its assumptions are reasonable, there are many risks and uncertainties that could cause actual results to differ materially from forward-looking statements, including the risks discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended March 31, 2021 filed with the U.S. Securities and Exchange Commission ("SEC") as well as other factors described in NETSCOUT's filings with the SEC. NETSCOUT undertakes no obligation to update or revise any forward-looking statement contained in this Report, except as otherwise required by law.



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**NETSCOUT**<sup>®</sup>

Guardians of the Connected World

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