



2022

Environmental,
Social, and
Governance Report



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A Message From Our CEO

I am proud to share Qualys' inaugural Environmental, Social, and Governance (ESG) Report. Our commitment to strong governance, environmental stewardship, and social responsibility is essential to our business strategy and long-term value creation for our stakeholders.

Doing the right thing for our people, communities, and environment invokes the trust of our customers, partners, employees, and stockholders, enabling us to grow our business profitably and meet the diverse needs of our constituents.

The passion and vision for helping companies minimize cyber risks has driven Qualys since it pioneered vulnerability management in the cloud in 1999—through today, with the recent launch of our VMDR platform with TruRisk and Patch Management. Over the past 20-plus years, we have operated a vast cloud platform that, in 2022 alone, conducted more than 6 billion scans, managed 92 million agents, and deployed more than 45 million patches.

At Qualys, we measure success on the basis of our ability to enable a safer environment in the digital world. Today, we help more than 10,000 subscription customers, including some of the world's largest airlines, banks, healthcare providers, education institutions, manufacturers, and technology companies, to secure their digital experiences—and in turn, strive to enhance people's lives and positively impact society.

Over the past year, we have made significant progress toward integrating ESG into our priorities, policies, and processes. Our ESG journey is a team effort, and I wish to thank everyone who has contributed to us forging a path to a better and more secure world—our Board, our employees, and our customers. I invite you to learn more about our journey in our first Qualys ESG Report.

Sincerely,



Sumedh Thakar

President and CEO, Qualys



Our Vision

At Qualys, we are passionate about helping companies navigate their digital transformations and make their customers' digital experiences—banking, booking travel, shopping, mobile payments, and more—as secure as possible.

We were founded in 1999 as one of the first Software as a Service (SaaS) security companies and have since grown to become a pioneer and leading provider of cloud IT, cybersecurity, and compliance solutions. Our Qualys Cloud Platform is used by over 10,000 customers worldwide, including many of the top companies listed in the Forbes Global 100 and Fortune 100.

Our success is not measured just by our growth as a company. We measure our success by the impact we have on our customers and the value we bring to their digital transformation. Digital transformation has completely changed how businesses operate and deliver customer value. As a key enabler of digital transformation, Qualys plays a crucial role in streamlining and consolidating IT, security, and compliance tools onto a single cloud platform for greater agility, better business outcomes, and substantial cost savings.

Our cloud-based approach consolidates over 20 IT, security and compliance applications into one integrated, easy-to-use solution that automates many manual tasks. This allows customers to deliver services to their own customers more efficiently and effectively while also improving their risk and compliance posture. With Qualys, our customers have better control over their IT, security, and compliance spending and can respond to threats faster.

We strive to make the digital world a safer place for everyone, and we are committed to being a vital partner in our customers' digital transformations.

Figure 1: **Qualys at a Glance** as of December 31, 2022

Everything visible. Everything secure.

10,000+
subscription
customers
worldwide

70%
of Forbes
Global 50

2,143
employees
worldwide

20+
applications
protecting thousands
of customers
in 130 countries

Qualys Cloud Platform

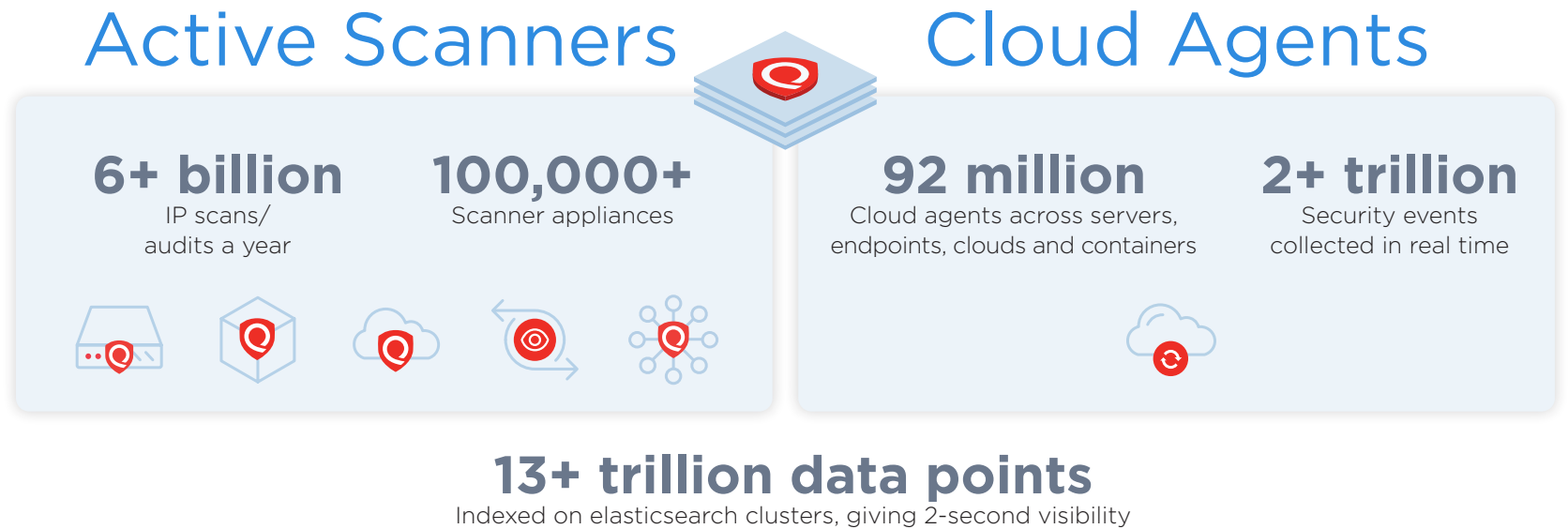
Companies need help keeping up with the ever-evolving landscape of cybersecurity threats. They find themselves with siloed teams that struggle to keep their digital footprints secure and compliant.

At Qualys, we endeavor to help organizations get more security and to drive better business outcomes. With the power of a single cloud agent and multiple scanners, the Qualys Cloud Platform provides a continuous, always-on assessment of a company's global IT, security, and compliance posture. It provides real-time visibility and control across all IT and OT assets, enabling quick responses to emerging threats and potential exploits.

It also offers over 20 cloud apps, tailored to specific IT, security, and compliance requirements. These apps help companies protect a range of assets across on-premises, endpoints, cloud, container, and mobile environments.

By taking a risk-based approach to cybersecurity and providing visibility across the enterprise, the Qualys Cloud Platform helps companies achieve both operational maturity and cyber resiliency. It consolidates security and compliance spend and reduces IT complexity, allowing companies to focus on their digital transformation journey with confidence.

Figure 2: **Platform Brings Global Visibility Across Hybrid IT Environments** as of December 31, 2022



Our Approach to ESG

At Qualys, we are fiercely passionate about protecting our customers from cyber threats and ensuring that they are compliant with both internal policies and external regulations. We believe that our success is measured not just by financial gains but also by the positive impact we have on the world around us. That's why our commitment to our customers is underpinned by our sound governance practices, efforts to support our employees and communities, and environmental stewardship. We are pleased to share our inaugural ESG Report, highlighting our current ESG practices, initiatives, and progress across four pillars of commitment.

Unless otherwise noted, all information and data provided in this report cover our fiscal year 2022 (FY 2022) operations, reflecting data for the period from January 1 through December 31, 2022.

To further address the primary ESG factors relevant to our stakeholders, we have aligned the report with the SASB accounting standards related to the Software and Information Technology (IT) services industry where possible. We have also identified several United Nations Sustainable Development Goals (SDGs) that we believe our business activities and priority areas support. Both are included in the [Appendix](#) at the end of this report.

Throughout the report, we guide readers to additional sources of information on [Qualys.com](#) and other website references for convenience. Please see our [forward-looking statement](#) at the end of this report for more information.

Figure 3: ESG Pillars

Governance and Responsible Business Practices

We are committed to sound corporate governance and ethical business practices that build value and trust with all stakeholders.

Our Customer Commitment

Our goal is to delight our customers through innovative solutions that assist in reducing cyber risk.

Supporting Our Team and Community

We believe every employee makes a difference, and we strive to empower employees in their roles and support their career growth. We continuously work to strengthen our communities through volunteer efforts and charitable giving.

Sustainable Business Operations

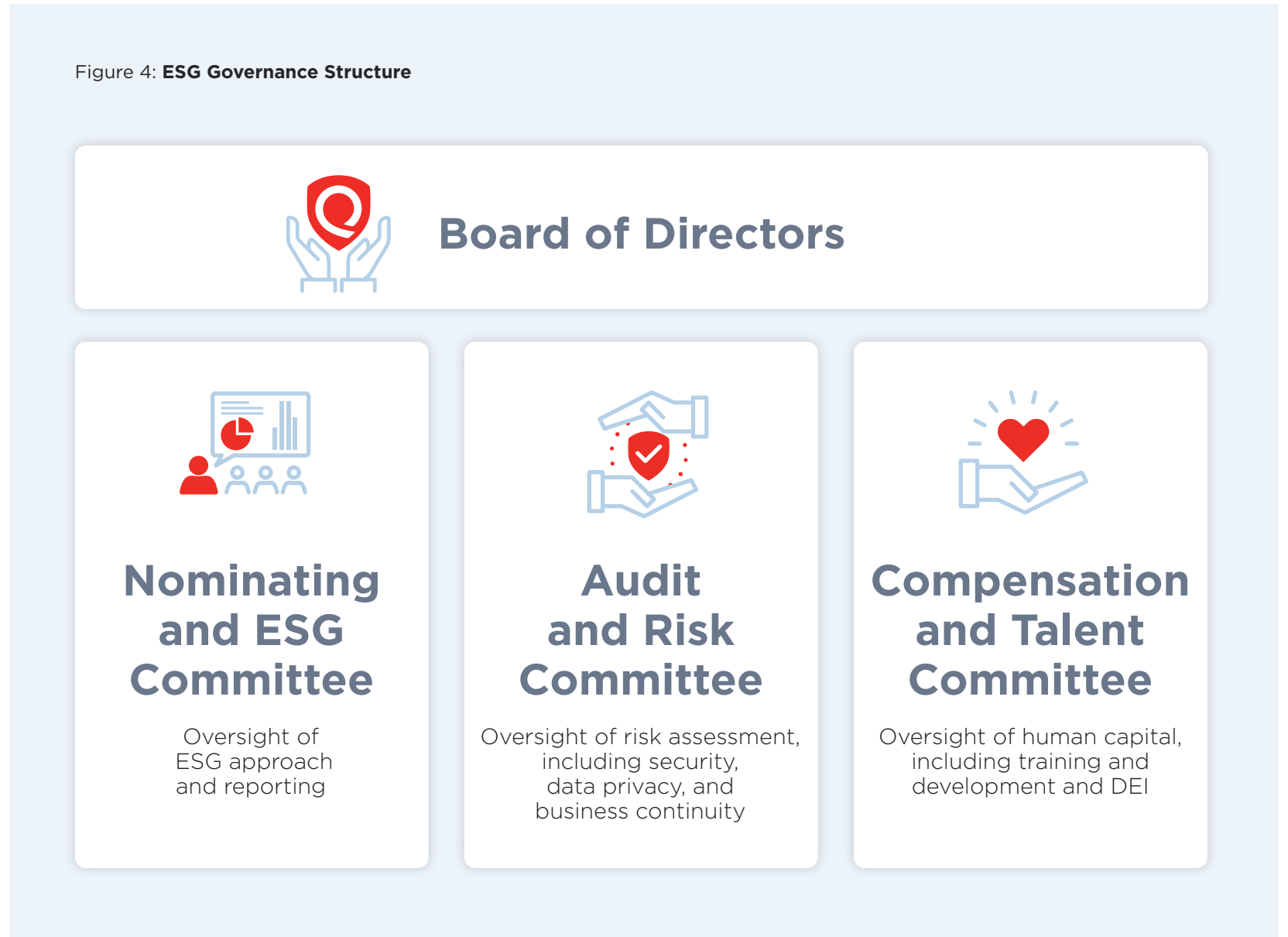
We are committed to reducing the environmental impact of our operations and to providing more environmentally friendly solutions for our customers through our cloud-based platform.

ESG Oversight

Our Board of Directors (Board) believes that ESG oversight is the responsibility of the entire Board. Each Board committee works closely with management to oversee ESG initiatives across our business operations in the areas aligned with their respective responsibilities. Our Nominating and ESG Committee is dedicated to overseeing our overall ESG activities, programs, and public disclosures. Our Audit and Risk Committee has oversight of policies on risk assessment and risk management, including security, data privacy, reliability, business continuity, and capacity matters. Our Compensation and Talent Committee oversees various human capital management areas, including talent acquisition, compensation, benefits, training and development, and diversity, equity, and inclusion (DEI).

To further inform and increase awareness of our approach to ESG and related objectives, we are committed to ongoing engagement with our essential stakeholders including our shareholders, employees, suppliers, local communities, and customers.

Figure 4: **ESG Governance Structure**



Governance and Responsible Business Practices



Our Board sets the bar high for our employees, officers, and directors based on sound and ethical governance practices. We believe the independence of our directors and the diversity of our Board are crucial in facilitating the Board's responsibilities.

Governance and Responsible Business Practices

Qualys is committed to maintaining a strong corporate governance program that complies with regulation, reflects best practices, and continues to evolve as new expectations and opportunities emerge.

Board and Leadership Diversity

The Board seeks to identify director candidates with a wide range of perspectives, competencies, and knowledge that will best complement the skills, diversity, and experiences of the current Board. Two directors on our current six-member Board identify as women, and one director identifies as being from an underrepresented community.

Our executive leadership is also gender and ethnically diverse, with more than 50% of the executive team hailing from underrepresented communities. For more information about our approach to diversity, equity, and inclusion, see [Supporting Our Team and Community](#).

Code of Conduct

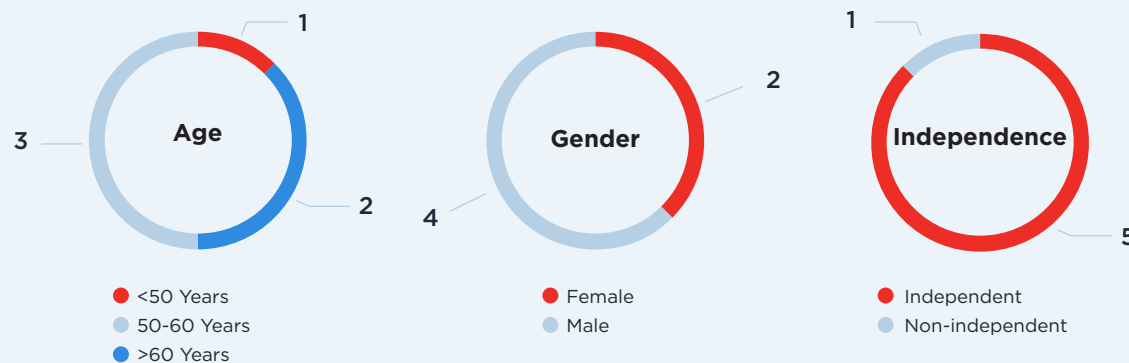
Our Code of [Business Conduct and Ethics](#) (Code), which applies to all employees and the Board, covers responsible behavior related to avoiding conflicts of interest, public communications, financial reporting, safeguarding company assets, and interactions with governments, customers, suppliers, and competitors. Our third-party agents, contractors, and vendors are also expected to review and abide by the Code.

Our Code is further supported by the internal Anticorruption Compliance Policy and Guidelines, which provide detailed guidance regarding our ethical and legal obligations relating to the U.S. Foreign Corrupt Practices Act (FCPA) and United Kingdom Bribery Act (UKBA).

All employees are required to sign and acknowledge the Code of Business Conduct and Ethics upon hire. We also conduct compliance-related training on the Code and related topics. Violations of the Code are strictly prohibited; further, we strictly prohibit any retaliation against a person who has reported in good faith a violation or suspected violation of the law, our Code, or other Qualys policies. Complaints may be filed anonymously through our whistleblower hotline, by email, or via regular mail. We are dedicated to ethical and responsible governance, and our Chief Legal Officer and Chief Financial Officer are responsible for reviewing reports on suspected violations and escalating as needed.

Figure 5: **Qualys Board Composition** as of June 7, 2023

For more information about the composition of our Board, please refer to our latest [Proxy Statement](#).



Intellectual Property

We take the utmost care and work diligently to protect our intellectual property. We rely on trade secrets, copyrights, patents, trademarks, and contractual protections to establish and protect our intellectual property rights and proprietary technology. Qualys also subscribes to trademark watch services that alert us to any potentially identical and/or confusingly similar marks to our trademarks, along with an attorney's recommendation on the results of the trademark watch based on their consideration of prior trademark rights and the likely impact on our business. For more information on our intellectual property practices, please see our latest [annual report on Form 10-K](#).



Political Advocacy

While Qualys reserves the right to communicate its position on important issues to elected representatives and other government officials, the Company does not maintain a political action committee (PAC). In FY 2022, the Company did not make any corporate contributions or incur any expenses related to lobbying. We do not reimburse, compensate, or otherwise incentivize employees to make political contributions. All expectations for our employees related to political contributions and lobbying are covered in our Code.

Vendor Management and Responsible Sourcing

Qualys is committed to responsibility in our supply chain and strives to enhance transparency and accountability throughout our operations. We work with a variety of vendors to support our product offerings as well as our day-to-day business operations, and our approach to responsibility starts with the Qualys Code. All contractors and vendors are expected to review and abide by the Code, and we recognize that our operations' environmental and social impact also extends to our vendor practices.

We are committed to conducting business in a legal, ethical, and responsible manner and require that our approved vendors meet the same high standards. Consequently, vendors that play a significant role in ensuring the reliability and integrity of our core business are subject to security risk assessments and other compliance reviews designed to verify that they meet our standards related to security, compliance, and other key attributes. For leading vendors, we perform reviews and/or audits of third-party and vendor-provided documentation to ensure compliance with contractual requirements.

The Board and executive leadership team are also dedicated to ensuring that no modern slavery or human trafficking is associated with our supply chain or with any part of our business. To support this commitment, our procurement documentation includes a requirement for our suppliers to confirm that they are not involved in modern slavery or human trafficking.

Finally, we work with our leading contract manufacturers to ensure compliance with regulations relating to the use of conflict minerals in our products.

Please see our [Modern Slavery Act Statement](#) and [latest Form SD](#) for more information on these policies and related compliance programs.

Our Customer Commitment

Customers need to understand their cyber exposure across hybrid environments with the ability to remediate as quickly as possible to reduce overall risk. To help customers tackle evolving security challenges, Qualys is continuously innovating and enhancing our platform.



Our Customer Commitment

Our commitment to customers means that we hold ourselves to the highest standards; take pride in the robustness of our risk management, cybersecurity, and customer data privacy efforts; and continuously review and enhance them.

Enterprise Risk Management and Business Continuity

Our Board has responsibility for the oversight of risk management, with Board committees assisting in specified areas of focus. The Audit and Risk Committee is responsible for our guidelines and policies with respect to risk assessment and management. This committee also reviews and monitors management's assessment of the key risks. The Nominating and ESG Committee assists with risks associated with Board organization, membership, and structure, and ESG matters.

The Board meets with our Chief Executive Officer and other members of the senior management team quarterly, or whenever required, to discuss strategy and risks facing the company. We also conduct regular tabletop exercises to help ensure that our team is prepared in the event of a significant threat to our operations.

Our IT, security, and compliance solutions are delivered from multiple multi-tenant platforms spread throughout the world. Our security platform is built on a modern cloud-agnostic microservices architecture and can be deployed in any public or private cloud infrastructure setup. We have reliability and resiliency built into every platform deployment. We follow best practices to back up and replicate our data to ensure fault tolerance and recovery, even in the case of a full data center outage. Our backup and disaster recovery plans are certified through third-party audits and tested annually.

For further information on our approach to risk management and key risks, please see our most recent [Proxy Statement and annual report on Form 10-K](#).

Customer Privacy

Due to the nature of our business (purely business-to-business), Qualys collects a very limited amount of Personally Identifiable Information (PII). We employ a variety of measures to protect data that is collected, including encrypting all information that is submitted when ordering our services using the Transport Layer Security (TLS) protocol. Our security procedures are subject to annual Statement on Standards for Attestation Engagements No. 18 (SSAE 18) SOC 2 industry-standard audits by an internationally recognized accounting firm. Please see our [Privacy Statement](#) for more information on how we use and protect PII that is collected through the course of our business operations or through visiting our website.

Qualys has a rigorous approach to security, and we are constantly working to improve our security measures and keep our customers' data safe and secure.





Cybersecurity

Cybersecurity and compliance are our business, and it is a business that runs on trust. Our customers look to Qualys to protect their systems and applications from ever-evolving cyberattacks and maintain compliance with related policies, regulations, and customer privacy considerations. We continually work to enhance the security of our systems and provide customers with the strongest protections possible. We hold ourselves to the highest standards regarding data security policies and customer privacy programs. We do not just aim for “good”—we start with “great” and work to exceed expectations. Trust is the foundation of our business, and we take the responsibility to protect our customers’ data and privacy very seriously.

Oversight of cybersecurity and customer data privacy at Qualys begins with our Board and the direct supervision of the Audit and Risk Committee. Our Chief Information Security Officer has management oversight of IT, platform, physical infrastructure, and product security, and other department leaders regularly update the Board on cybersecurity and customer privacy.

Our software services are rigorously audited by independent third-party companies and government bodies for compliance with various global and regional standards. Qualys software passes a series of automated and manual tests before reaching production. We continuously monitor vulnerabilities, misconfigurations, and weaknesses across our enterprise.

At Qualys, we believe a vigilant and well-trained workforce is fundamental to keeping our organization and our customers secure. Employees receive annual training and information regarding our security policies and procedures, and we conduct ongoing security exercises, including phishing simulations, red teaming, and third-party penetration testing to maintain vigilance of key cybersecurity controls.

The Qualys Cybersecurity Fusion Center, staffed by experts in the field, monitors potential cybersecurity threats to our business and those of our customers on a 24/7 basis. We regularly conduct internal penetration tests of our cybersecurity systems and annually contract with a qualified third party to perform an independent penetration test of the Qualys Cloud Platforms. Qualys security teams continuously scan IT infrastructure for vulnerabilities and compliance with configuration best practices and apply remediations as appropriate, with priority based on those issues that represent the highest risk to the organization.

Figure 6: **Data Security Certifications and Attestations** as of December 31, 2022



The International Organization for Standardization (ISO) is a framework of policies and procedures that includes all legal, physical, and technical controls involved in an organization's information risk management processes.

The Federal Risk and Authorization Management Program (FedRAMP), established by the U.S. government, provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. FedRAMP uses NIST Special Publication 800-53 as its library of system controls.

CSA STAR Self-Assessment is a complimentary offering that documents the security controls provided by Qualys solutions, thereby helping users assess the security of Qualys cloud computing solutions they currently use or are considering using.

The Payment Card Industry (PCI) Security Standards Council (SSC) maintains a structured process for security solution providers to become an Approved Scanning Vendor that meets PCI SSC requirements to perform PCI data security scanning.

Qualys has achieved certifications to the following ISO standards: ISO/IEC 27001:2013, ISO/IEC 27017: 2015, and ISO/IEC 27018:2019.

Qualys has completed the FedRAMP Authorization to Operate (ATO) process and maintains FedRAMP Moderate ATO. We are currently pursuing FedRAMP High ATO with the Joint Authorization Board.

Qualys has completed Level 1: Self-Assessment. STAR Self-Assessments are updated annually.

Qualys has been certified as a PCI SSC-Approved Scanning Vendor. Our PCI security solution meets the external scanning requirements of PCI DSS Requirement 11.2.2.

Supporting Our Team and Community

At Qualys, we believe that doing right by our employees and communities maintains the trust of our customers, partners, employees, and investors, and doing so meets the diverse needs of our clients.



Supporting Our Team and Community

We take a holistic approach to human capital management, investing in our company culture, employee learning and development, and the recruitment and training of the next generation of Qualys leaders.



Diversity, Equity, and Inclusion

We are committed to fostering a culture of diversity, equity, and inclusion, and we believe we are a leader in the promotion and practice of diversity and inclusion. Our objective is to continue to improve our hiring, development, advancement, and retention of diverse talent and to foster an inclusive workplace. In addition to having more than 50% of the executive team from underrepresented communities, we are also continuing to improve diversity among our growing workforce, with steady increases in recent years in the percentage of women employed among our global workforce and with over half of our US-based employees from underrepresented communities. We lead by our actions and not by our words.

We strive to provide an environment that promotes equal opportunity and prohibits discriminatory practices against race, religion, color, national origin, age, gender, sexual orientation, or any other protected characteristics. Our employees and managers are required to complete training aimed at maintaining a harassment-free, diverse, and secure workplace.

Qualys is focused on building a pipeline of diverse candidates across all our job functions. We define diversity as underrepresented job seekers, like women, minorities, people with disabilities, older workers, and LGBTQIA audiences. In the U.S., we use a partner aligned with the diversity recruitment and federal contract compliance

program (OFCCP) to ensure that our jobs reach a diverse audience. We are a longstanding member and supporter of the Executive Women's Forum, which focuses on advancing all women in the information security, IT risk management, and privacy industries. In India, our focus in 2022 and beyond has been sponsoring women from socioeconomically disadvantaged backgrounds as they pursue bachelor's degrees. Our goal is to build a pipeline of female managers across the industry.

As of December 31, 2022, we had 2,143 full-time employees, including 1,062 in research and development, 376 in sales and marketing, 478 in operations and customer support, and 227 in general and administrative. As of December 31, 2022, approximately 75% of our employees were located outside of the United States, with 66% of our employees located in Pune, India.

We have offices and employees all over the world, and we take pride in our cultural diversity. Our company holiday calendar includes events and festivals from all regions and religions, and we include diverse cultural initiatives throughout the year to ensure that employees feel represented. In the United States, Qualys has an affirmative action plan (AAP) that outlines company efforts to advance equal opportunity and workforce diversity.

Diversity is our strength, and we are dedicated to creating an inclusive and equitable workplace for all.

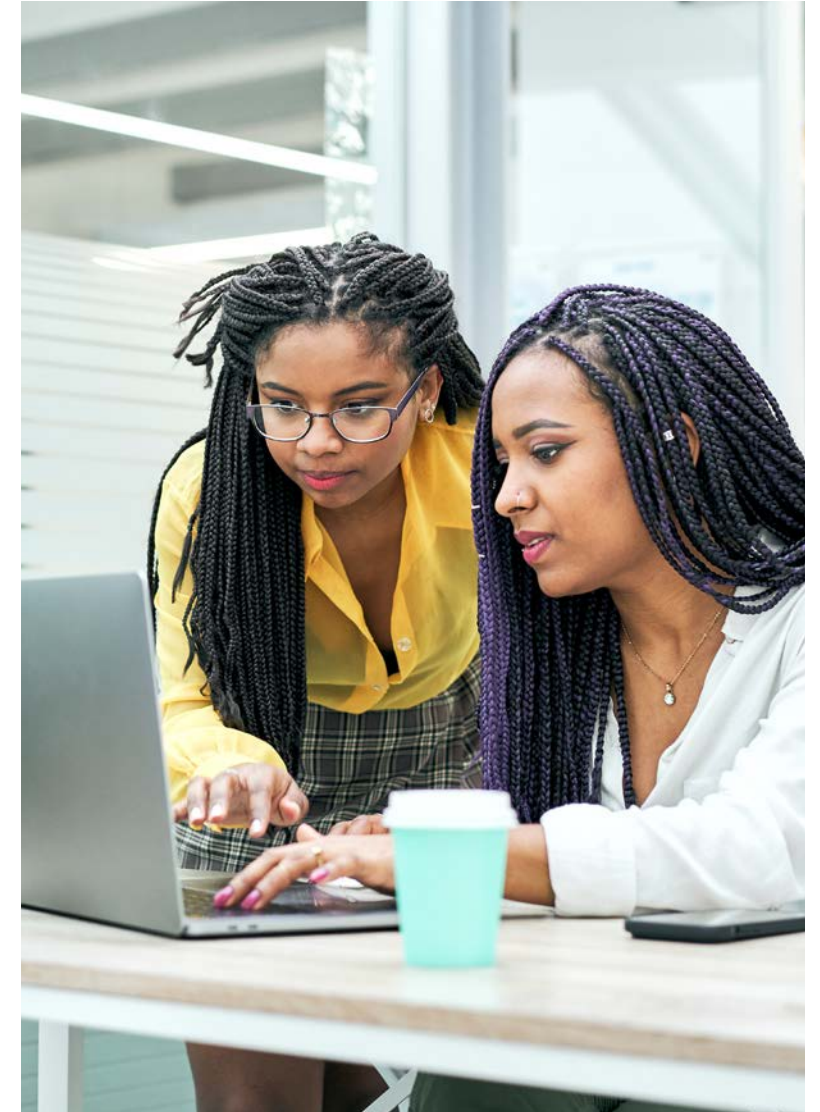
Employee Engagement, Training, and Development

Investing in employees is critical to our success. Qualys employees participate in an onboarding program to integrate new hires into role-specific functions and company culture. Qualys offers managers and employees various training courses as needed.

To support career growth inside and outside Qualys, we offer free self-paced and instructor-led certified training on core Qualys topics, giving employees and non-employees an opportunity to achieve certifications and job-related courses free of charge. Additionally, we provide training opportunities through [Cloud Academy](#), where employees in roles like engineering, sales, support, and product management can access a library of content, to help with the technical skills needed to master and advance in their roles.

To allow for open dialogue between employees and managers, we conduct formal employee reviews each year. Corrective action plans are developed for any employee who may be struggling to meet his or her job responsibilities. Employee performance is considered during compensation reviews.

In addition to formal reviews, HR has quarterly meetings with all managers to check in with teams, and regularly conducts exit interviews and surveys in the U.S. and India. Qualys India also conducts an assimilation program for new employees, through which feedback is collected as employees join the company.



Benefits and Compensation

We understand that providing competitive compensation and benefits plays a critical role in attracting and retaining the best available personnel. That is why we offer robust compensation and benefits to our employees, including competitive base salaries, variable pay and equity awards, and generous benefits packages. To support the health and wellness of our workforce, Qualys offers premium health coverage with minimal out-of-pocket contributions for our employees.

Qualys maintains a Compensation and Talent Committee of the Board of Directors to oversee the company's compensation policies, plans and benefits programs, and overall compensation philosophy. The Committee approves CEO and executive officers' compensation plans, and reviews, approves, and administers various employee benefit plans, among other duties.

As part of its ongoing review of the performance criteria and compensation of designated key executives, the Compensation and Talent Committee also meets annually with the CEO, the Company's principal human resources executive, and any other corporate officers as it deems appropriate.



Qualys aims to maintain a healthy work-life balance and provide resources to support our employees' mental and physical well-being. Periodically, we host a company-wide "Take a Break Day," offering all global employees an additional opportunity to take the day off without using any of their accrued paid leave. Our global employees and their families have access to the LifeBalance Employee Assistance Program (EAP) at no charge, offering counseling sessions on many topics, including mental health, substance abuse, grief and loss, financial or workplace issues, and more.



Our Community Engagement

We value the communities that support our operations and have several company and employee-led initiatives to support the communities in which we operate. As part of our strategic efforts to build a more educated and diverse workforce and support the management of climate risk, our community initiatives in 2022 were centered on advancing education, gender equality, and the environment. Please see the UN SDG section in the [Appendix](#) for more information about our impact.

In India, our team donated full scholarships to computer science and IT engineering students at the Vellore Institute of Technology. We also continued to support women in STEM through a donation to the Lila Poonawalla Foundation. We promoted reading in Pune schools by building a library and donating more than a thousand books. To celebrate our 10 years of operations in Pune, our team planted 1,000 trees in Mahalunge Hill and across the city.

In the United States, Qualys prepared and donated 200 backpacks for a back-to-school drive so students at underserved schools could start the school year off with excitement and confidence. Throughout the year, we also partnered with Toys for Tots, Angel Tree, and other nonprofit organizations to help support our local communities.

Our company culture is one of generosity and empathy, and we are proud of our employees who volunteer their time and resources to make a difference in the communities we serve. We believe that by giving back, we are not only making a positive impact on the world but also creating a better place for our employees, customers, and partners to live and work.

Figure 7: Spotlight on 2022 Charitable Giving in Pune

As part of our 10 Years in Pune celebration, we helped to make the city greener through our 1,000 Trees for 10 Years initiative. Our employees volunteered to plant trees throughout local neighborhoods in Pune.

We donated fully stocked libraries with more than 1,000 books to two village schools in Pune.

We continued to sponsor bachelor's degrees for women from socioeconomically disadvantaged backgrounds.





Sustainable Business Operations

We are deeply committed to finding ways to reduce the environmental impact of our operations and recognize that the challenge of climate change will require global collaboration to mitigate its impacts. We strive to do our part by operating within energy-efficient networks and data centers and by working to reduce our energy, waste, and materials consumption to minimize our direct environmental footprint.

Sustainable Business Operations

In Pune, India, where most of our employees are based, we have prioritized our environmental initiatives and leveraged the learnings from these initiatives at other locations where possible.

The Qualys Pune office is located in a LEED Gold-certified facility equipped with sophisticated building management tools, sustainability features, and a dedicated facilities team to operationalize our environmental programs.

We continue to re-evaluate our real estate portfolio to better reflect our business needs and reduce our environmental impact. As many of our employees have transitioned to hybrid work schedules, we plan to reassess our leases and manage our real estate footprint accordingly.

Figure 8: **Sustainability Spotlight on Our Pune Office**

Advanced building management system that uses IOT to track facility parameters (e.g., energy use, temperature, humidity)

8,620 m2 of carbon neutral flooring

Precision air conditioning deployed for optimum management

Detailed operational checks daily by an around-the-clock facilities team

Wet and dry waste measured daily with a focus on waste reduction and recycling

Employee transportation program

Optimizing Our Energy Use

To minimize our energy use, we employ a data-driven approach, using real-time data to optimize our systems. In Pune, we recently unracked some of our UPS modules (which provide backup power) to better align with our needs. Within the next year, we plan to install lighting and AC sensors in more than 100 rooms in the Pune office, allowing the building management system to dynamically adapt to changes in occupancy.

As of Q1 2023, we have 11 multi-tenant platforms across the world, six of which are in collocated facilities. The others are hosted in public cloud environments. Though data centers are inherently energy-intensive, utilizing collocated facilities allows us to leverage economies of scale for power and cooling. In addition, most of our third-party providers continue to advance their own sustainability programs to reduce their environmental impact.

Figure 9: **Environmental Initiatives at Select Data Centers**

Location	Type	Environmental Measures
Santa Clara, United States	Collocated	Energy Star Certified, wireless sensor technology, smart lighting
Barrie, Canada	Collocated	Free cooling optimization through hot aisle containment or passive exhaust chimneys
Pune, India	Collocated	Planned rooftop solar panel installation
Amsterdam, Netherlands	Collocated ¹	ISO 50001:2018 (energy management), ISO 14001:2015 (environmental management), LEED Gold, rooftop solar arrays, LED lighting, Aquifer Thermal Energy Storage (ATES) system

¹Note that our operations at the Amsterdam facility were transitioned to the cloud before the end of FY 2022.

Assessing Our Carbon Footprint

In 2022, we engaged an external consultancy to complete a greenhouse gas (GHG) assessment for fiscal years 2020 and 2021. This review was conducted in alignment with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard and Scope 2 Standard, and included global Scope 1 and Scope 2 GHG emissions within our operational control, as defined below:

Scope 1: Direct emissions from owned/controlled operations

Scope 2: Indirect emissions from the use of purchased electricity, steam, heating, and cooling

This assessment accounts for emissions associated with heating, purchased electricity, generator use, and available refrigeration/fire suppression information in our seven office locations. We also included electricity emissions within our operational control in the four and five collocated data centers used by Qualys in FYs 2020 and 2021, respectively. No mobile Scope 1 emission sources were detected for Qualys in 2020 or 2021.²

²Emissions from our employee commuting programs (outlined on page 23) have been determined to fall under Scope 3 and therefore have not been included in our assessment of Scope 1 and Scope 2 emissions.

Figure 10: **Scope 1 and Scope 2 GHG Emissions for FYs 2020 and 2021**

Emissions Category	Global Emissions (in MTCO ₂ e ³)	
	FY 2020	FY 2021
Scope 1 Emissions	1,778	1,779
Location-Based ⁴ Scope 2 Emissions	3,140	4,931
Market-Based ⁵ Scope 2 Emissions	2,960	4,692
Total Scope 1 and Location-Based Scope 2 Emissions	4,919	6,710
Total Scope 1 and Market-Based Scope 2 Emissions	4,738	6,471

³Metric Tons of Carbon Dioxide equivalent. Total emissions numbers may not sum due to rounding.
⁴Location-based emissions are those estimated based on local grid power sources.
⁵Market-based emissions are those estimated after factoring in power purchase agreements and renewable energy certificates.

Figure 11: **GHG Intensity Metrics for FYs 2020 and 2021**

Intensity Factor	FY 2020	FY 2021	Unit
Scope 1 and Scope 2 Emission Intensity per Square Foot (Location Based)	12.70	17.32	t CO ₂ e/ 1,000 sq ft
Scope 1 and Scope 2 Emission Intensity per Revenue (Location Based)	11.96	18.49	t CO ₂ e/ million USD

Between 2020 and 2021, we saw an increase in GHG emissions, due primarily to an increase in the number of data centers utilized by Qualys and an increase in office electricity use, presumably due to shifting working environments.

Electricity consumption was responsible for 73% of location-based Scope 1 and Scope 2 emissions across facilities in 2021, much of which can be attributed to our data centers. Moving forward, we aim to further explore how our data centers utilize renewable energy and verify the use of renewable energy certificates (RECs), power purchase agreements (PPAs), and equivalents.

We intend to update this GHG assessment annually to monitor our footprint and identify reduction opportunities.

Employee Commuting Programs

Many of our employees have a hybrid work schedule, reducing the need to report to physical workplaces. For those who do work in a Qualys office, we provide transportation options to reduce emissions and traffic from individual commuting.

In our Pune office, we offer an employee transportation program through a third party to provide safe and reliable transport to and from work. Shared staff transportation reduces the need for employees to drive single-occupancy vehicles, and we continue to optimize the routes to increase fuel efficiency. All vehicles used for this program are required to have valid pollution and fitness certificates, ensuring that they meet standards for emissions and safety.



Reducing Our Waste

Qualys recognizes waste reduction is good for both the planet and our business, and we have implemented several waste management programs. We utilize recycling at our Pune, Foster City, Raleigh, and Reading offices.

We periodically require the disposal of electronic waste (e-waste), such as computer hardware and light bulbs. Whenever this service is needed, we strive to use environmentally conscious recycling vendors. In May 2020, we recycled 710 kg (-1,565 lb.) of e-waste from our Pune office through a partner who holds ISO 14001 and OHSAS 18001 certifications. As hardware approaches its end-of-life phase, we explore different ways to reduce waste, and in 2022 we were able to repurpose some of the equipment as an alternative to recycling.



Minimizing Our Customers' Environmental Impact

The products Qualys brings to market can enable improved environmental sustainability for our customers. Our cloud-based solutions help to minimize the number of physical servers our customers must deploy within their own environments, reducing their energy consumption. In addition, Qualys Cloud applications deliver content and dashboards that are visible on any device, thus lowering paper and printing costs for our customers.



Appendix



United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are a collaborative, global effort to achieve a better and more sustainable future for all. Qualys supports all 17 Global Goals and has identified six focus areas where we have the greatest impact through our business strategy, products, and services.

	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
DESCRIPTION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Achieve gender equality and empower all women and girls	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Ensure sustainable consumption and production patterns	Take urgent action to combat climate change and its impacts
APPLICABLE TARGETS	4.1	5.5	8.2 8.5	9.1	12.2 12.5	13.2 13.3
QUALYS ALIGNMENT	Our corporate philanthropy includes a specific focus on promoting children’s education through the donation of supplies, libraries, technology, and other resources.	We participate in strategic recruitment for diversity, including engineering graduates from women’s universities in India. Through a partner, we circulate our job postings to diversity hubs. We are also a longtime member and sponsor of the Executive Women’s Forum.	We employ more than 2,000 employees worldwide and provide competitive benefits and compensation packages.	Qualys’ software allows organizations to protect their systems and applications from cyber-attacks by identifying and remediating vulnerabilities in their IT systems and web applications.	We strive to do our part by operating within energy-efficient networks and data centers and by working to reduce our energy, waste, and materials consumption to protect the planet for future generations.	We baselined our Scope 1 and Scope 2 GHG emissions for FY 2020 and 2021 and plan to continue to monitor and improve our environmental metrics and climate risk management.
RELEVANT REPORT SECTION	Supporting Our Team and Community	Supporting Our Team and Community	Supporting Our Team and Community	Our Customer Commitment	Sustainable Business Operations	Sustainable Business Operations

SASB Standards

The following table details the SASB Standards, part of the IFRS Foundation, related to Software and IT Services and references the sections within this report or other public documents where the SASB disclosure topic or a related topic is discussed.

Topic	Relevant Report Section(s)
Environmental Footprint of Hardware Infrastructure	Optimizing Our Energy Use
Data Privacy & Freedom of Expression	Customer Privacy Please also see our latest annual report on Form 10-K for discussion of any material legal proceedings, including incidents concerning data privacy.
Data Security	Cybersecurity Please also see our latest annual report on Form 10-K for discussion of any material legal proceedings, including incidents concerning cybersecurity.
Recruiting & Managing a Global, Diverse, & Skilled Workforce	Diversity, Equity, and Inclusion Employee Engagement, Training, and Development
Intellectual Property Protection & Competitive Behavior	Please also see our latest annual report on Form 10-K for discussion of any material legal proceedings, including incidents concerning anti-competitive behavior.
Managing Systemic Risks from Technology Disruptions	Enterprise Risk Management and Business Continuity Please also refer to our latest annual report on Form 10-K for more information on our key business continuity risks.

Legal Notice Regarding Forward-Looking Statements

This ESG report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally relate to future events or our future financial or operating performance and include, but are not limited to, plans, objectives, expectations and intentions, and other statements contained in this report that are not historical facts and statements identified by words such as “expects,” “plans,” “believes,” “seeks,” “estimates,” or words of similar meaning. Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include those more fully described in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The forward-looking statements in this ESG report are based on information available to Qualys as of the date hereof, and Qualys disclaims any obligation to update any forward-looking statements, except as required by law.

