



Q2

**Environmental,
Social, and
Corporate
Governance
Report**

JULY 13, 2022

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At Q2, we are committed to making a positive impact and building a culture of positive change for our employees, customers, partners, investors, and our communities.

– Matt Flake, CEO, Q2

CEO LETTER

Valued Shareholders, Customers, and Team Members,

For the past 17 years, Q2 has pursued its mission to build strong and diverse communities by strengthening their financial institutions. This mission drives us every day to deliver solutions that empower financial institutions to effectively compete in this fast-changing world.

The past two years have accelerated digitization dramatically. Consumers, business and commercial account holders, and finance professionals expect to be able to interact with and manage their financial experiences anytime, anywhere, from any device. Fintechs are going directly to consumers and businesses to serve various aspects of their financial lives, while leading brands are incorporating a range of digital financial services into their offerings to meet the needs of consumers for on-demand access to tools and information.

Financial institutions (FIs), fintechs and brands are converging to offer financial services, and we believe Q2 is ideally positioned to seize on the opportunities that come from this convergence. We will accomplish that by continuing to follow a clear set of guiding principles that shape every aspect of our operations, growth strategy and award-winning culture. We put the customer first; pay attention to the details such as security, compliance, and financial controls; recognize our team members not just for their hard work but also their performance; treat every customer and Q2 team member with the fairness and respect they deserve; and recognize that change is good and a requirement for the overall sustainability of our business.

Even more importantly, Q2's guiding principles support the continued pursuit of our mission. Our ongoing focus to create a lasting impact on the financial services industry, as well as in the communities where we live and work, has created tremendous value for many.

Digitization, for our customers' business and our own business, not only helps us meet the needs of customers and consumers but provides meaningful environmental and social benefits. By avoiding unnecessary travel to customers and prospects, digitization can mean less time on the road, leading to a corresponding reduction in carbon emissions. Many consumers may live in areas traditionally underserved by financial institutions. Digitization can provide access to those institutions—and the critical services they provide—from the convenience of a phone, tablet or computer.

Among our Environmental, Social and Governance (ESG) initiatives, diversity, equity and inclusion (DEI) and an understanding of our environmental footprint represent key priorities. We are excited about the tangible progress we made in 2021 and what's ahead for 2022 and beyond. Future innovation, customer success and sustainability will be best served with the ideas and experiences of a more diverse workforce and inclusive culture, while ensuring our performance is aligned with the values and expectations of our stakeholders.

At Q2, we are committed to making a positive impact and building a culture of positive change for our employees, customers, partners, investors and our communities. I invite you to learn more about how we are achieving this.

Best regards,

A handwritten signature in black ink, appearing to read "Matt Flake". The signature is fluid and cursive, with a long horizontal line extending to the right.

Matt Flake

President & Chief Executive Officer



About Q2

Q2 Holdings, Inc. (NYSE: QTWO), is a global company of over 2,000 employees passionately pursuing Q2's mission to build strong and diverse communities by strengthening their FIs.



Q2's mission:
to build strong and diverse
communities by strengthening
their financial institutions.



We are a leading provider of secure, cloud-based digital solutions that transform the ways in which FIs and other financial services providers engage with account holders and end users. We offer our solutions to FIs, financial technology companies (fintechs), alternative finance companies (Alt-FIs), and other innovative companies, or brands, wishing to incorporate banking into their customer engagement and servicing strategies.

Our solutions include a broad and deep portfolio of digital banking and lending solutions; an open technology platform, the Q2 Innovation Studio, that accelerates innovation by enabling a partnership ecosystem on the Q2 platform in which fintechs and other digital solution providers can embed their offerings and customers can develop their own applications; and a comprehensive banking as a service (BaaS), solution, which we re-branded as Helix in 2022, that enables brands to incorporate banking directly into their offerings.

We purpose-build our platforms and solutions to enable success for our customers and technology partners by allowing them to digitize their operations and offerings, differentiate their brands, and integrate traditional and emerging financial services, ultimately enhancing the experience of the end user with their financial service provider.



We have also built a rich ecosystem of innovators and collaborators, through Q2 Innovation Studio, a state-of-the-art portfolio of technologies and programs that opens up the Q2 Digital Banking Platform, to facilitate rapid conceptualization, developing, deployment and integration of new or existing technologies that provide even more value to our customers and their end users. Our commitment to innovation helps drive our success and growth in the markets we serve.

Equally important, our corporate culture of collaboration, inclusion, and transparency—and our repeated recognition as a Top Place to Work—have also defined who we are to our customers and our employees. Our mission and culture shape our success and how we work every day. This continued in 2021, despite the challenges of a pandemic and a rapidly evolving global business landscape. We have stayed true to our values and our performance reflects it.

Our commitment to innovation drives our success and growth in the markets we serve.

Our Footprint

>1,300

FI customers¹

>40%

of the Top 100 US banks
and Top 100 US credit unions
are a customer of a Q2 solution¹

448

digital banking
platform customers²

19.7 million

registered account holders
using Q2 solutions¹

Over **11 million**

users using our banking-as-a-
service platform, Helix²

>\$2.0 trillion

in processed transactions in 2021²

>4 billion

logins in 2021²

¹as of 3/31/2022

²as of 12/31/2021

Our Headquarters

Austin, Texas

Additional Offices

Asheville, North Carolina

Bangalore, India

Cary, North Carolina

London, England

Charlotte, North Carolina

Sydney, Australia

Des Moines, Iowa

Lincoln, Nebraska

Minneapolis, Minnesota

2,028 employees globally

as of 12/31/2021



Our Mission

From the beginning, Q2 has been defined by our culture and commitment to building strong and diverse communities by strengthening their FIs. Our mission drives how we work with our customers, how we support them and how we continue delivering innovative solutions.

Our goal is to redefine how FIs and other financial service providers interact with their customers, and we believe people should be much more than just an account number and the balances held in those accounts. We envision a world where FIs and other financial service providers are partners to their customers, anticipating their needs, providing insights relevant to their financial security and helping them achieve their financial goals.

We had the privilege of supporting our communities throughout the pandemic. Q2 processed three rounds of stimulus checks, allowing millions of Americans to get much-needed funds deposited into their accounts. We supported small businesses by securing money so that payroll could get processed and suppliers could get paid. Financial transactions are now increasingly digital. During the year ended December 31, 2021, we stopped \$1.3 billion in suspected wire fraud and \$300 million in check fraud, helping to protect consumers and their financial assets during the pandemic and beyond.

In 2022, we launched Q2's Human Rights Policy, outlining our commitments and approach to managing our exposure to human rights issues.





A New Banking Ecosystem

Q2 is a leading provider of secure, cloud-based digital solutions that transform how traditional and emerging financial services providers engage with their customers.

We sell our solutions to FIs, ALT-FIs, fintechs and innovative brands. Our products enable our customers to deliver robust suites of digital banking, lending, BaaS, or embedded finance services that make it possible for their account holders to save, spend, deposit a check, obtain a loan, transfer money to family or friends domestically or abroad, or even initiate a payroll file from their business, anytime, anywhere and on any device. **Our goal is to enable financial brands everywhere to redefine how they interact with their customers.**

Our products enable our customers to deliver **robust suites of digital banking, lending and BaaS.**



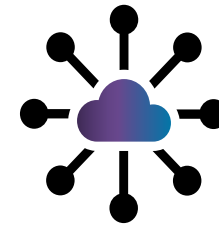
More Accessible Banking

Financial services are now more accessible than ever, and that means greater inclusion. No longer do consumers need to be in physical proximity to an FI. Instead, they can access their finances from their devices whenever and wherever they wish. The changing paradigm also means fewer trips to banks, which leads to a lighter environmental footprint.



New Trends in Financial Services

Financial services are no longer limited to legacy FIs and other traditional providers. The financial services market now includes thousands of emerging ALT-FIs and fintechs worldwide seeking to provide their customers with a variety of financial services, experiences and solutions tailored to their needs. These services are often competitive with, complementary to and dependent upon traditional banking services. Since these emerging financial services providers are typically less constrained than traditional financial services providers, who are subject to legacy technology solutions, physical branch locations and regulation, they can reach and provide banking services to millions of people in communities that are underserved.



The Potential of the Cloud

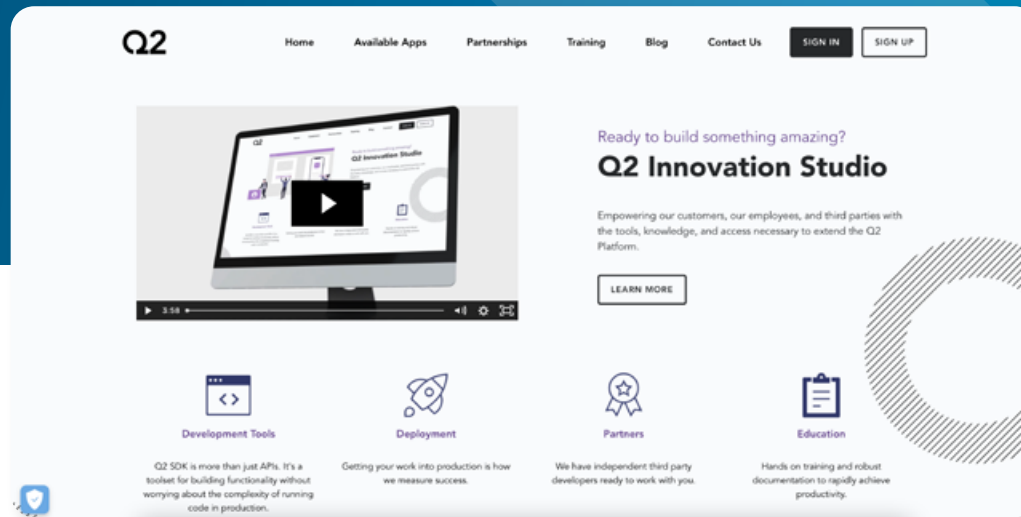
Q2 believes in the power of the cloud to enable scalability, security, and innovation. That's why we operate a distributed cloud environment, providing customers with best-in-class flexibility and resilience. Our embrace of cloud technology has environmental advantages as well, as our providers march steadily toward offering zero carbon footprint services. Our lending, relationship management, onboarding and banking-as-a-service solutions are hosted in the public cloud today and we will operate ~25% of our digital banking workloads in the public cloud by the end 2022.



Q2 Innovation Studio

The world has entered a new frontier in financial services, with FIs, fintechs and innovative brands converging to create unique products and distribute them in new ways. Established companies and new entrants are seeking to provide best-in-class financial experiences to consumers and businesses. Many want to provide their solutions through banks and credit unions but are struggling to make this happen due to the time,

complexity and cost required. At the same time, FIs face not only growing competition from fintechs and brands, but also pressure to seek higher non-interest income, high customer expectations, regulatory challenges, and technology gaps. These challenges create opportunities for innovation that benefit Q2, and its customers and partners.



We have leveraged the strength of our digital banking offering and customer set to open our platform and create opportunities for mutually beneficial partnerships across the ecosystem.

To accomplish this, we opened our digital banking platform via our Software Development Kit (SDK), a suite of APIs and differentiated go-to-market programs. We call it Q2 Innovation Studio.

Q2 Innovation Studio is a portfolio of technologies and programs that FIs and Q2 fintech partners can leverage to design, develop and distribute innovative digital banking products, services and features. Q2 Innovation Studio, built on Q2's award-winning SDK, enables banks and credit unions to deliver applications and services to their account holders with unprecedented speed, ease and flexibility. In some cases, it also helps them realize additional revenue opportunities from these offerings. Through the Q2 Marketplace and Partner Accelerator Programs, FIs can now select and deploy pre-integrated apps quickly, without investing in development and implementation resources or time-consuming evaluation processes.

Q2 Innovation Studio also offers programs designed to help fintech companies and other technology providers increase sales velocity and minimize customer acquisition cost with one single integration, built-in marketing and comprehensive sales support. Q2 Innovation Studio grants digital experience providers access to a vast network of 448 banks and credit unions as well as their ~19.7 million account holders. This access to FIs and account holders allows Q2 partners to drive more business and deploy these integrations in new and innovative ways, resulting in faster time to revenue and scale.

Other benefits of Q2 Innovation Studio include:

- For startup companies in the fintech space, Q2 Innovation Studio provides access to the integrations and functionality we've built. That makes it easy for these new partners to build on top of Q2's platform. It also provides them with access to FIs, partners, and developers eager to assist them with their innovations. We added 40 new partners in FY21, bringing the total to 50 and we expect that number to approximately double in FY22.
- For customers, Q2 Innovation Studio offers:
 - The ability to license the SDK and extend their digital banking environment with their resources and on their timeline. With Innovation Studio, they can deliver innovation exponentially faster and differentiate their brand simply and securely, with new unique features and services. To date, more than 110 customers have licensed the SDK.
 - Customers can also take advantage of fintech solutions already integrated into the digital banking platform. Q2 Innovation Studio allows them to select and implement the financial technology they need quickly and provide consumer and small business solutions to their account holders. What's more, account holders can select and purchase applications to help run their small businesses or leverage new consumer capabilities. Customers can also drive non-interest income opportunities from these purchases by account holders.
 - Over half of our digital banking customers leverage Q2 Innovation Studio in at least one program. There are over 800 external developers from customers and partners delivering new innovation to the Q2 Digital Banking Platform.

BY THE NUMBERS

40

new partners in FY21

110+

customers have licensed the SDK

800+

external developers for customers and partners



The segments adjacent to the financial journey of a consumer or business are diverse, which broadens the playing field for Q2 Innovation Studio. For consumers, that can mean areas such as financial wellness, credit monitoring, ID protection, crypto, and insurance. For businesses, that can include accounting and invoicing, payroll and time tracking, and business-to-business payments. Through the products offered in the Innovation Studio, we're bringing our FI customers closer to the center of the financial lives of their account holders, a true win-win model for customers, partners, consumers, small businesses, and Q2.

Q2's Innovation Studio Featured Partners





Governance, Ethics and Compliance

As a company that supports a wide variety of financial services that are critical to the success and security of our highly regulated customers and their individual and business account holders across the globe, ethics and compliance are central to how we work. Put simply, integrity is paramount at Q2.

Compliance and Secure Services

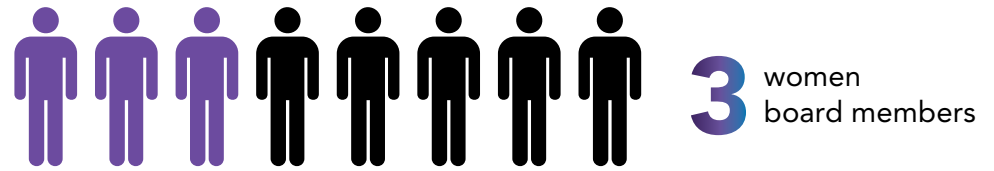
Our solutions leverage our deep domain expertise and the significant investments we have made in the design and development of our data center architecture and other technical infrastructure, including public cloud services, to meet the stringent security and technical requirements for FIs and financial services providers. Customers who use our solutions can comfortably satisfy security and technical compliance obligations by relying on the security programs and regulatory certification of our data centers and other technical infrastructure. By doing so, our customers avoid the significant cost and effort associated with building, maintaining and upgrading a regulatory-compliant and secure environment on their own. This is one of the many benefits of our solutions and a key reason why our customers value our partnerships with them.

We are committed to going beyond just meeting regulatory requirements of our target markets. Since our founding, our culture has been about doing the right thing and acting with integrity. This is an essential part of our success, which our customers recognize.

Company Governance: Our Board of Directors

Our board has eight members, three of whom are women, one of whom is non-white. Six of the eight Board members are classified as independent under SEC and NYSE guidelines, and the roles of Chair of the Board and Chief Executive Officer are held by separate individuals.

This separation provides strong leadership for the Board and our organization through the Chair, while also positioning our Chief Executive Officer as our leader in the eyes of our employees and other stakeholders. We also have a separate Lead Independent Director who presides over executive sessions of our Board and serves as a liaison between our independent directors and Chair.





Board Committees

There are four Board committees:

**Nominating and
Corporate Governance**

Audit

Risk and Compliance

Compensation

The charter of the Nominating and Governance Committee includes oversight and reporting on ESG issues.

Risk Governance

Our risk management function is overseen by our Board. The Audit and Risk and Compliance Committees regularly review pertinent financial and other risks and keep our Board apprised of material risks. Management provides Q2's directors access to all necessary information to understand and evaluate how these risks interrelate, their impact on us and how we manage them.

Independent Leadership

The Board's policy is to hold executive sessions without the presence of management as a part of all regular Board meetings and, in any event, at least twice during each calendar year. The Company's Corporate Governance Guidelines provide that our Lead Independent Director shall preside at each executive session.

Tone from the Top

Our Board of Directors and its committees play an active role in setting expectations regarding ethics and compliance. They review policies, stay abreast of best practices for corporate governance, and monitor new and emerging issues.

Our Audit Committee

oversees the quality and integrity of our financial reporting and general compliance with legal and regulatory requirements. Our Internal Audit and Compliance teams report quarterly to our Audit Committee on our compliance with internal controls and procedures, including our adherence to our ethics and compliance training programs. Our Audit Committee also maintains oversight of our Related Party Transactions Policy, which requires Audit Committee review and approval of related party transactions.

Our Risk and Compliance Committee

also meets quarterly and oversees our risk management and compliance programs, our information systems and the adherence of our solutions to legal and regulatory requirements.

Our Nominating and Corporate Governance Committee

oversees our corporate governance guidelines, compliance with NYSE listing standards and, in conjunction with our Audit Committee, our Code of Business Conduct and Ethics. Our Nominating and Corporate Governance Committee also oversees our ESG developments and initiatives.

Our [Corporate Governance Guidelines](#) and [Code of Business Conduct and Ethics](#) outline the expectations we have for how our Board of Directors, executives and employees conduct themselves as representatives of Q2.



A Committed Team

Our employees are paramount to our success, and we operate by a set of principles that guide us to be ethical and accountable to our customers, partners, communities we serve, each other and other stakeholders in achieving our mission. New employees are presented with the [Code of Business Conduct and Ethics](#) during the required orientation. We expect employees to internalize the Code and affirm its

importance. Shortly after starting with Q2, new employees also receive training on, among other topics, insider trading, anti-corruption, privacy and data protection and how to handle confidential information. We also regularly inform our employees about our globally accessible [compliance hotline](#) where anyone can anonymously report any concerns they may have about misdeeds or ethical issues.

You may reach our compliance hotline at the phone number applicable to your location, or via the internet at:

www.q2.ethicspoint.com.

Please be forthcoming with the details of your situation to enable the Compliance Officer to fully investigate.

COMPLIANCE HOTLINE PHONE NUMBERS:	
Australia	1 800 834 669
India	000 800 9190 980
United Kingdom	0808 196 5853
United States or other	1 855 754 2759

Our People

Our culture is inclusive, caring, open, encouraging and ever evolving. From the beginning, we have always prized our values-driven, compassionate and people-centered approach to doing business.

Throughout 2021, as the COVID-19 pandemic persisted, we continued to focus on **keeping employees engaged, connected and well** with enhanced benefits, an array of virtual engagement activities, and providing support to employees and others in need.



Our Ongoing Response to COVID-19

In 2021, we continued to prioritize our customers, consumers, and employees during the ongoing pandemic. As some employees began returning to work on campus, we continued to put flexibility first. We introduced our new way of working, Coordinated Flexibility, which recognizes that many employees benefit from working both at home and from our campuses, depending on the work task and the needs of their customers and colleagues. We also continued to focus on well-being, virtual team-building, and a culture of open communication.



Recognition of our Efforts

As of 2021, Q2 has been recognized 11 years in a row as one of Austin's Top Places to Work by the Austin American Statesman. We were also identified as a top employer by the Lincoln Journal Star in Lincoln, Nebraska, and the Charlotte Business Journal in Charlotte, North Carolina. On a national level, we were named an inaugural winner of 2022 Top Workplaces USA by Energage. These awards are based upon employee surveys and reward outstanding performance in benefits, policies and culture.

Q2 has been recognized
11 years in
a row



Transitioning into a Hybrid Way of Working

When the pandemic began in March 2020, most of our employees immediately began to work from home. As employees began returning to the office, we saw an opportunity to combine the best features of virtual and in-person work.

Coordinated Flexibility is our new approach to the workplace, with each employee mapped to one of three working profiles. Employees coordinate their default working profile with their manager, team, and customer commitments. The profiles are:



Hybrid – work onsite from a Q2 campus 1-2 days per week



Resident – work onsite from a Q2 campus at least 3 days per week



Remote – do not work from a Q2 campus, but may visit a campus for occasional meetings or other in-person interaction

To help their productivity, we provide Remote and Hybrid workers with support for equipment and other home office amenities. In Coordinated Flexibility, the role of the campus has evolved to emphasize interaction, which can include formal meetings, informal conversations, brainstorming, social events, and other activities that make the most of being together face-to-face.

Although many employees are offsite more often, their experience onsite remains a high priority for Q2. In our buildings, we have invested in modular rooms adjacent to open-office areas. Workstations and collaboration pods can easily grow as teams grow, and rooms can be reconfigured as our team's needs and priorities evolve. Social gathering spaces are located at the core of each floor, while library zones provide greater privacy when needed. The flexibility in the design reflects the changing workplace norms inherent in Coordinated Flexibility.



Diversity, Equity and Inclusion

At Q2, diversity, equity and inclusion (DEI), are core to who we are and what we do as a company. We define diversity broadly, encompassing dimensions such as race, ethnicity, age, sex, gender identity, sexual orientation, neurodiversity, physical ability and veteran status. The outcome we seek is one where a rich diversity of perspectives, ideas, life experiences and values inform all aspects of our work, every day.

We intentionally interweave DEI into our business functions, strategy, and engagement efforts, consistent with our mission of building strong and diverse communities by strengthening their FIs. The diversity of our employees, partners, customers, internal and external stakeholders, and the communities we serve across the globe enriches our contributions—from product requirements to market opportunities, to talent markets.

We do this by promoting an equitable and inclusive work environment where employees feel safe to expressing their ideas and perspectives, feel they belong, and believe they are treated equitably in relation to their roles, experience and contributions. Inclusivity is central to how we operate, and we create policies and procedures that support equitable access to resources and opportunities.

In 2021, we hired our inaugural DEI senior strategist tasked holistically with driving our DEI journey, including developing, delivering and operating frameworks, processes and procedures designed to benefit current and future Q2 team members. He has been charged with building a comprehensive strategy, implementation plan and evaluation metrics to strengthen our employee and community interactions and initiatives.



The ultimate outcome we seek is one where a rich diversity of perspectives, ideas, life experiences and values inform all aspects of our work, every day.



Highlights from 2021 include:



DEI TRAINING

We led training sessions for Q2's leadership, including our first DEI Leadership Institute for our executive team. We also designed a five-part on-demand DEI course that will be available to all our employees.



PAY EQUITY

In 2021, Q2 achieved gender pay equity. Please see the pay breakout provided in this section of the report.



EMPLOYEE RESOURCE GROUPS (ERGS)

We launched our first three ERGs: Black Q2, Q2 Pride, and Q2 Women. In December 2021, more than 25% of our employees participated in ERG-led programming. We expect more ERGs to be formed in 2022 inclusive of additional identity groups that will focus on broader issues and interests of our community.



WOMEN IN LEADERSHIP

The percentage of women in director roles and higher increased to 35%, reflecting a multi-year initiative to identify and develop women at Q2.



BOARD REPRESENTATION

Three of eight of our board members are women and one of our board members is non-white.

While we are proud of our progress, we know much work is before us, and we're committed to the path ahead. In 2022 and beyond, we will continue to focus on inclusion and belonging, diverse representation, and organizational learning as key pillars of our DEI strategy. These efforts include:

Forming a DEI Council

In 2022, we will launch a DEI Council inclusive of diverse employees across various departments and functions within Q2. The Council will drive strategic initiatives and identify DEI priorities.

Enhancing training

We will continue to build employee training programs around antibias and microaggressions. In addition, our DEI Leadership will continue with learning opportunities for cohorts of team members at the director level and above.

Expanding our efforts outside the U.S.

We will focus on building connections across our entire global teams providing worldwide activities and regional, and more targeted approaches like our new Outside-of-the-US employee resource group.

Hiring

We will continue to focus on growing the diversity of candidate pools across underrepresented minority groups and inclusive of gender identity.



Historically Black Colleges and Universities we actively recruit from:

- Huston-Tillotson University
- Prairie View A&M University
- Texas Southern University
- Texas College
- Paul Quinn College
- Howard University

Q2 Employee Gender, Racial and Ethnic Diversity

As part of our DEI efforts, we monitor key statistics and internal dashboards that highlight the results in our journey. These data serve as a critical guide in making more progress towards a more representative workforce.

2022 DEI Balance as of 03/31/2022

LEVEL*	FEMALE	MALE	NON-WHITE	WHITE
Executive Vice President	11.1%	88.9%	11.1%	88.9%
Senior Vice President	7.7%	92.3%	30.8%	69.2%
Vice President	31.1%	68.9%	16.7%	83.3%
Senior Director	39.3%	60.7%	7.7%	92.3%
Director	27.0%	73.0%	22.4%	77.6%
Senior Manager	34.6%	65.4%	14.7%	85.3%
Manager	30.5%	69.5%	20.5%	79.5%
Individual Contributor	35.0%	65.0%	31.6%	68.4%
All Levels Combined	35.2%	65.8%	29.2%	70.8%

Since May of 2021, we saw an increase in representation for females at the VP (25% to 31%) level and Non-Whites at the SVP level (17% to 31%)

*Gender numbers reflect Q2's global workforce. Ethnic and racial numbers exclude our workforce in India. Diversity, equity and inclusion have long been an important initiative for Q2, and the reported numbers reflect a noteworthy improvement from prior years. For certain title levels, employee participation is relatively low, which may make the reported numbers less statistically significant. We hold ourselves accountable to make further advancements at all levels.

Pay Equity

We also undertake pay equity studies to uncover potential disparities in how we compensate our employees. This table shows data on the base salary compensation of our employees, categorized by level and gender.

2022 Pay Equity as of 3/31/2022

LEVEL*	MAY 2021		MAR 2022	
	FEMALE	MALE	FEMALE	MALE
Vice President	0.91	0.92	0.99	1.01
Senior Director	0.97	1.06	1.00	1.01
Director	0.97	1.00	1.04	1.03
Senior Manager	1.07	1.10	1.04	1.07
Manager	1.14	1.13	1.05	1.06
Individual Contributor	1.01	1.02	1.01	1.02
All Levels Combined	1.01	1.04	1.02	1.02

The numbers provided represent the ratio of the average employee base salary at the specified level to the average current market rate for such level as defined by Q2's competitive pay practice. Pay equity has long been an important initiative for us and the reported numbers reflect a noteworthy improvement from previous years. For certain title levels, employee participation is relatively low, which may make the reported numbers less statistically significant. We hold ourselves accountable to make further advancements at all levels.



Employee Development

During 2021, we substantially increased our on-demand and facilitated training sessions.

Enterprise-Wide Goals Implemented via Objectives and Key Results, an OKR Methodology

While enterprise-wide goals aren't new to us, we needed an iterative approach to goal-setting, given the rapidly evolving landscape of our business and the speed of change at which we work. OKR is a methodology that connects and aligns team with clarity on intent and direction, focused on measurable outcomes. OKR will help us learn with data over time while also increasing collaboration and transparency across Q2.

This new approach supports our new hybrid working model by encouraging

employees to focus on the best possible outcomes from their efforts and makes it easier for each employee to see how their work contributes to our collective success. It also highlights areas for cross-functional collaboration and support – so everyone at Q2 has equitable access to the tools and resources that allow us to do our best work.

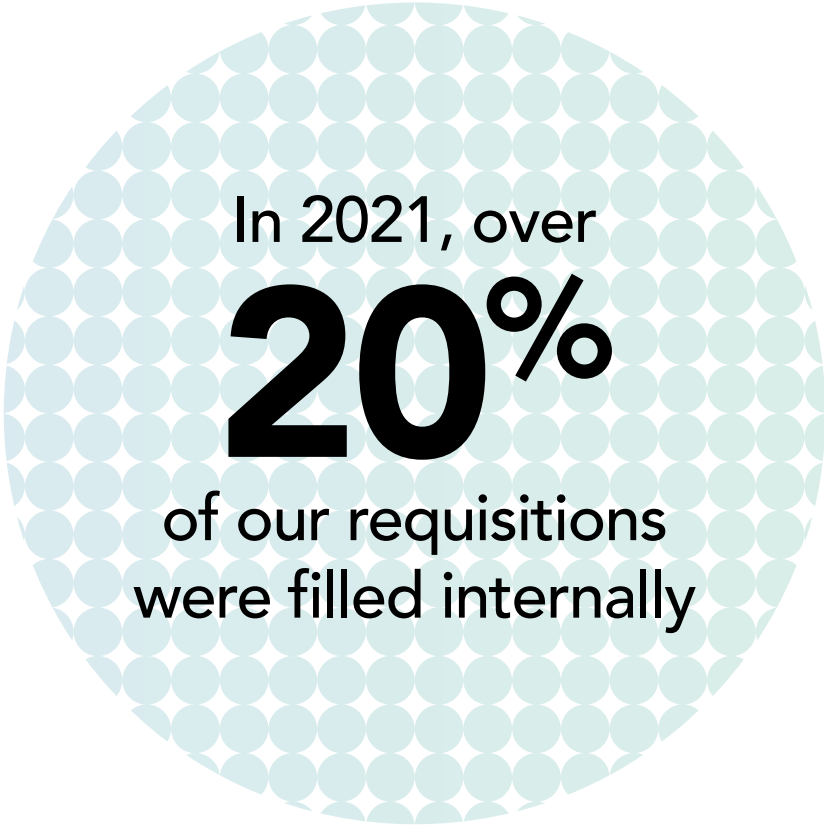
By providing tools that drive clarity, transparency, and alignment, we create an environment that empowers each employee to bring that mission to life. This approach also supports our customers as it emphasizes anticipating their needs and responding quickly to them.

Investing in Employee Platforms and Technology

In 2021, we re-invested in learning platforms such as Workday. Employees can also click directly from Workday into Q2 EDU, our unified, corporate-wide training platform. Q2 EDU gives employees a "one-stop shop" for career development, and allows them to identify future roles at Q2 and outlines the skills they need to build to be qualified for such roles. LinkedIn Learning, which offers more than 7,000 on demand courses and classroom-led training in a variety of areas, is also part of the Q2 EDU platform.

Hiring from Within

We are proud that for 2021 over 20% of our requisitions were filled internally, utilizing our strong internal talent pipeline and building the external talent pipeline needed to support our growth. We also continue to focus on talent development to broaden and enable our recruiting and leadership teams to advise and deploy even more inclusive recruitment practices. Each year, more than 20% of our employees are promoted to new roles within Q2.



In 2021, over
20%
 of our requisitions
 were filled internally

Onboarding New Hires and Preparing Employees to Lead

When people join the Q2 team, they participate in an entirely virtual new-hire orientation that introduces them to the mechanics of working at Q2, and more importantly, to Q2's culture. In addition to being an immersive, four-day journey through our culture, products and markets, this orientation includes a deeper dive into our Code of Business Conduct and Ethics and our values and guiding principles, which are introduced to them during the hiring process. We also establish our expectations for behavior and conduct.

Employees spend time with many members of our executive leadership team during orientation, including our CEO. This onboarding component has opened channels for communication and reinforced our commitment to our mission and values. While this program is a substantial investment in time and resources, we consider it an essential introduction to who we are as a company. In addition, it helps new team members become oriented and productive quickly in their new working environment.

All new employees receive training on our Code of Business Conduct and Ethics.

After orientation, employees participate in a 90-day onboarding sequence of activities to further their integration into the Q2 team and to provide any specialized training they may need for their roles.

Ongoing training and leadership development opportunities

Q2 provides a Leadership Academy for newly hired or promoted leaders. This program, as well as our Emerging Leaders program, specifically identifies up-and-coming leaders, newly hired or newly promoted leaders and our more experienced leaders. The program supports leadership skill development and promotes the skills necessary to succeed in their aspirational, new or expanding roles. Programming includes workshop-intensive training sessions on how to be an effective leader at Q2, guest speakers from our senior leadership team and coaching and mentoring opportunities.

We offer focused training on several topics

- Corporate ethics and our Code of Conduct
- Performance Development
- Giving and Receiving Feedback
- Coaching
- Presentation Skills
- Diversity, Equity and Inclusion
- Building Customer Relationships

In 2021, we added a variety of new courses,

- Effective Presentations
- Executive Presence
- Building Effective Teams
- Project Management 101
- Building Relationships
- Escalation Management
- Recognizing Bias in Hiring
- Understanding Q2 Financial Performance and Macrotrends in the Economy



In 2021, Q2ers logged
62,362

hours of learning through online courses and live workshops.

In 2021, Q2ers completed
1,781

new courses in client management & communication.



Customized Training on Client Engagement and Communication

In our virtual environment, client engagement and communication are more important than ever. We completed a major initiative in that area, with more than 350 Service Delivery employees completing six weeks of engagement each in 2021. They completed 1,752 courses, for a total of 2,863 hours across the organization, including 56 different training opportunities for Service Delivery team members and leaders.

350
Service Delivery
employees completing

6
weeks of
engagement

1,752
total courses completed

2,863
total hours completed

The participants reported improvements in clear communication, building trust with clients, listening skills, and presentation skills.

Employee Benefits and Culture

We are a people-centered company, and our benefit package is an extension of that commitment. We offer our employees a Total Rewards package that includes health and wellness benefits, generous paid time off, retirement accounts, and performance bonuses.

We continually evolve our benefits, and 2021 was no exception. Our initiatives included:



Family planning benefits:

In the U.S., we added family planning benefits for all paths to parenthood, such as bundled fertility treatment coverage, fertility preservation and medication, genetic testing, and unlimited clinical and emotional support. We also provide an adoption and surrogacy reimbursement of \$10,000 per calendar year.

Changes to compensation structure:

Recruiting and retaining talented employees is a top priority for Q2. In 2021, we made several changes to our compensation practices that diverge from standard market practices and provide advantages for non-commissioned employees below the Director level whose roles and contributions are less directly tied to the corporate performance measures we typically use to incentivize our more senior employees. For those employees, we added their at-target bonuses to their salaries while still factoring company and individual performance into their future advancement and other aspects of their compensation.

Employee Stock Purchase Program (ESPP):

In 2021, we laid the groundwork for the ESPP, which we rolled out to U.S. employees in January 2022. 47% of our eligible employees elected to participate in this program during its inaugural rollout. The ESPP builds on our existing commitment to give employees ownership through equity grants given to every new hire. We also provide ongoing grants to a significant number of our employees.

We conduct an annual engagement survey as well as more regular pulse surveys to assess employee satisfaction and identify opportunities to further increase engagement. In 2021, we focused our survey actions on the following concepts:

- **Interdepartmental Cooperation:** Creating task teams to resolve internal friction points; greater alignment of priorities through OKR planning
- **Efficiency:** Improving role clarity through better role definitions, process and training documentation
- **Clued-in leaders:** Senior leaders engage with their skip levels, encourage cross-functional team participation and improve listening through listening forums
- **Career development and connection:** Increasing frequency and impact of these critical conversations; more team building and engagement opportunities

The participation rate in 2021 in the engagement survey was 85%, where we gained valuable insights from our team. These included:

- Our team felt that Q2 operates by strong values.
- Employees reported that they believed their managers care about their concerns and they feel genuinely appreciated at Q2.

Regular Q2 Pulse surveys supplement our annual engagement survey to stay current, measure real-time satisfaction of employees and inform any strategic opportunities to foster employee engagement.



Our Circle of Awesomeness

recognition program awards outstanding sales and non-sales employees based on employee and customer nominations with sizable awards, including company-paid group vacations and team events among other items.





Enterprise Risk, Security and Privacy

Risk management, information security and data privacy are of paramount importance to Q2, particularly as a Technology Service Provider governed by the Federal Financial Institution Examination Council (FFIEC).

CSO50

CONFERENCE+AWARDS

In May 2021, Q2 was honored for the second consecutive year with a CSO50 Award. Q2 was recognized for our deployment of Trustgrid, a confidential computing platform that enables organizations to build a distributed identity network between business partners, consumers, and other agencies. Each year, the CSO50 Awards recognizes 50 organizations for security projects and initiatives that demonstrate outstanding business value and thought leadership.



Risk Management

Effectively managing risk requires a structured and clearly defined risk management process. We have implemented an Enterprise Risk Management (ERM) Program as the cornerstone of our efforts to identify and manage risks in alignment with our risk framework. The Board of Directors and senior management receive reports on the ERM at least annually, and more often as requested.

The main components of our program are to:

- **Designate** a Risk Program Coordinator to lead program implementation
- **Conduct** annual risk assessments to identify, categorize, and record reasonably foreseeable risks
- **Ensure** remediation initiatives and plans are defined, implemented, monitored and tested
- **Adjust** the ERM program annually or sooner as needed, based on observations from monitoring and testing, and evaluate risk trending

The Risk Program Coordinator serves as a program manager. Their role includes consulting and surveying responsible process owners throughout Q2 to identify areas that are susceptible to risk, maintain a list of Q2 areas and entities identified through that process, and ensure that teams develop, document, and update risk mitigation plans.

We also monitor risks, with the level of monitoring depending on the potential impact and likelihood of the risks and the sensitivity of the information. Monitoring may include sampling, system checks, reports, reviews of logs and audits, and other reasonable measures.

Data Governance and Privacy

Q2 prioritizes data governance and privacy, and we know the challenges and risks will only increase. We must meet contractual and regulatory requirements, harmonize data and data practices across the distributed cloud, carefully retain and dispose of data, and meet our privacy commitments. Along with those challenges come opportunities. With strong data management capabilities, we sustain our capacity to deliver on our data obligations while reducing costs and risks – and maintain our strong ethical stance for data privacy.

With those risks and opportunities in mind, we developed and introduced Q2's new data governance roadmap in 2021, kicking off a multi-year effort to transform our culture of data governance and privacy. Our premise is simple: organizations don't become data-driven by chance, but rather as the result of a well-executed strategy. Our vision of data enablement is brought to life by radical differentiation, understanding of customers/users, and achieving scale. For example, when we design products, we will start with data governance in mind: how will we collect, manage and dispose of the data?



Our vision is data enablement that is brought to life by radical differentiation, understanding of customers/users, and achieving scale.



In 2022, we aspire to support our existing framework with additional accountability: Five Pillars of Data Governance and Privacy.

In 2022, we are running quarterly initiatives for each of the roadmap's pillars: our privacy and governance framework, metadata collection, data catalog, data privacy, and privacy training and assessment.

This new roadmap builds on the solid foundation of our established Privacy Program that outlines our approach to data privacy, overseen by our Data Privacy Officer. We have also taken extensive measures to protect customer and account holder data as outlined by the EU General Data Protection Regulation (GDPR), California Consumer Protection Act (CCPA), and other applicable privacy laws. The GDPR, CCPA and similar laws impose obligations regarding the collection, processing, storage, disposal, use and disclosure of personal information and require that financial services providers have policies regarding information privacy and security.

Under certain of these laws, Q2 is obligated to provide consumers with notice of its policies and practices for sharing nonpublic information with third parties, provide advance notice of any changes to those policies, and, with limited exceptions, give consumers the right to prevent the use of their nonpublic personal information or disclosure of it to unaffiliated third parties. In addition, Q2 is committed to a strict set of data encryption standards and requires all employees and contractors working on behalf of Q2 to follow those standards.

The Roadmap's Pillars



**Privacy and
Governance
Framework**



**Metadata
Collection**



**Data
Catalog**



**Data
Privacy**



**Privacy Training
and Assessment**

Data Security

Protecting data is vital to the trust our customers and users place in Q2 and the distributed cloud. To avoid breaches and other data security risks, we have invested in state-of-the-art security for our data and systems, use a Privileged Asset Management approach to manage database access, and educate our teams on data security. We train our developers to build security features into their code, further protecting data.

We use Trustview, one of the most advanced data protection technology currently available on the market. Trustview tokenizes personal information using a private, low-latency blockchain network that makes data-at-rest useless without authorization. It uses machine learning and behavioral analytics to minimize error, with minimal human touchpoints. It also adds additional layers of security within and beyond our data centers.

A user-friendly interface allows administrators to define policies and thresholds, leverage pre-defined or create custom masks to anonymize sensitive data for

selected groups of users, monitor traffic and alert if suspicious activity patterns are identified.

Q2 works with a variety of third party vendors, suppliers, consultants, and other business partners. The Board of Directors and Q2 management are responsible for ensuring that the risks associated with using of third parties for Q2's critical operations are fully understood. We have an extensive program to assess and mitigate risks related to our relationships with third parties, including oversight to monitor third-party operational controls, financial condition, and contractual performance. We have controls for selecting and managing third parties that encompass initial and subsequent periodic assessments of their security measures, financial position, reputational risk, service-level performance, and regulatory and product compliance.

In early 2022, the National Institute of Standards and Technology (NIST) released Special Publication 800-53A Revision 5, Assessing Security and Privacy Controls in Information Systems and Organizations. We are using the publication's framework as a template as we continue to update and further strengthen our security and privacy controls.

Information Security Program

Information Security has always been a top priority for Q2. To protect private information and data and to comply with federal laws, Q2 has adopted an Information Security Program (ISP). The ISP applies to sensitive financial information Q2 receives in the course of business, as required by law, and other confidential financial information Q2 has voluntarily chosen as a matter of policy to include within the ISP's scope. The ISP is created to follow the NIST Cyber Security Framework and the standards set forth in the Gramm-Leach-Bliley Act and the Payment Card Industry Security Standards Council.

Q2 takes comprehensive measures to protect its infrastructure, network, and applications. An integral part of safeguarding customer and account holder data requires building and growing a culture of security and privacy awareness. All Q2 employees must agree to security policies before obtaining access to Q2's systems. Employees also take part in mandatory annual security and data privacy training.

In 2021 Q2 received two Sharky awards for the best security awareness plan and the best phishing template from KnowBe4, the provider of the world's largest security awareness training and simulated phishing platform.

We regularly monitor all aspects of our systems to reasonably ensure that safeguards are being followed and to swiftly detect and correct breakdowns in security. Q2 applies a rigorous level of monitoring based upon the potential impact and risks, and as the sensitivity of the information. Q2 also tests employees monthly with social engineering campaigns, including phishing e-mails, links to invalid websites and other techniques to raise Q2's and its employees' awareness of these types of vulnerabilities and how we are performing against them.

Monitoring also includes sampling, system checks, reports of access to systems, reviews of logs, audits and any other reasonable measures adequate to verify that the ISP's controls, systems and procedures are working. If any security breach occurs, Q2's policy is to respond in accordance with a planned and coordinated process to detect, identify, protect from, respond to and recover from the incident. We regularly employ third parties to test our security practices and to proactively identify weaknesses so they can be addressed promptly.



In 2021, Q2 received
2 Sharky awards
 for the best security awareness plan



Q2 in the Community

At Q2, our mission to build strong and diverse communities by strengthening their FIs drives us every day. While our day-to-day work and expertise are in software solutions, we are committed to our impact extending far beyond the technology we build and the customers we serve.



Launch of Q2 Spark

Our new corporate social responsibility program Spark was launched at the end of 2021. This initiative, designed to ignite people's passion for philanthropy, will complement our corporate-wide efforts, while empowering our employees to determine where and how they focus their time, treasure and talent to make an impact on their communities. Q2 Spark kicked off with the largest employee matching gift opportunity in the company's history; our employees contributed more than \$100,000, which Q2 matched.

We also support our employees as they volunteer for organizations of their choice. For every hour they volunteer, Q2 contributes a cash donation. For every two hours volunteered, Q2 matches the effort by donating \$50 to the nonprofit organization of the employee's choice. Teams can also participate, earning \$500 for an organization when ten employees volunteer a cumulative 20 hours. Additionally, our team members can redirect points they have earned in our internal award program to benefit nonprofits.

In 2021, Q2 gave back to our communities more than ever. We expanded our reach from 180 to 400 nonprofit organizations, with a total employee and corporate giving donation of \$965,000. In addition, our employees volunteered more than 4,300 hours.

Our employees gave across borders, supporting U.S.-based organizations, international relief teams, and global partners such as HelpAge India, which focuses on improving the quality of life for elders. Several of our key nonprofit partners are highlighted in the sections below.

Q2 | SPARK
IGNITING A COMMUNITY OF PHILANTHROPISTS

2021 Recap

Expanded from
180 to 400
nonprofit organizations

\$965,000
total employee and
corporate giving donation

Over
4,300
total hours completed

Q2 Stadium

Through our sponsorship of Q2 Stadium and partnership with Austin FC, Austin's major league soccer team, we are also able to extend Q2's philanthropic footprint, through volunteering and fundraising events, and offer meaningful team-building experiences, including:

- Grant support of three Central Texas nonprofits targeting underserved communities;
- Entrepreneurial sponsorships providing funding to minority-owned startups through the Dream Starter Competition (\$100k) and local charity contributions (\$150k);
- The 2021 Q2 Dodgeball Tournament to benefit the Juvenile Diabetes Research Foundation;
- Sponsoring and volunteering for Austin's largest blood drive on record, hosted at Q2 Stadium; and
- Providing Austin FC game day experiences for over 400 of our employees and a various customers and non-profit partners.



Return of Q2's Dodgeball Tournament

Since 2017, Q2 has hosted a dodgeball tournament during National Diabetes Awareness Month, bringing together many other Austin-based organizations to raise much-needed funds for the Juvenile Diabetes Research Foundation. In 2021, the tournament returned after a one-year hiatus, bringing the four-year donation total to \$280,000. A total of 26 teams played in the tournament. Q2 employees took on Austin FC and other sponsor teams in the tournament and raised \$81,000.



The Q2 Compassion Fund

At Q2, we take care of each other. The Q2 Compassion Fund is a way for Q2ers to support their colleagues facing financial hardship after a natural disaster or an unforeseen personal hardship. The fund relies primarily on individual donations from employees and support from Q2 for financial support. In 2021, employees donated \$50,800 to the fund, helping 23 colleagues.



Supporting Small and Local Businesses

Q2's customers include many regional and community FIs, which have historically been at the center of the growth in their communities. These institutions, among other things, help local businesses get loans to expand and grow, provide funding for local bridge and school projects, and provide financing for new home construction for families in their communities. In addition, their account holders often include small businesses and other vital members of the communities who depend upon financial services providers to offer them relevant and personalized solutions.

Summer Internship program

We enable students to explore careers in software. Our U.S.-based Summer Internship Program lasts 12 weeks and offers participants the opportunity for weekly classroom trainings with Q2's senior executives, activities with other Q2 interns and the opportunity to present to the executive leadership team at the end of the program. Interns also participate in a community service project during their internship.

In 2021, we welcomed 39 interns, our largest class to date. Among this group of interns, 49% were female and 67% were non-white. We implemented a new success measure that tracks the percentage of interns who go on to join Q2 as full-time employees. We were pleased that of our 2021 intern class, 35% joined our team.



Other Programs and Partners

We have found several paths to give back to our communities either directly, or through rewarding relationships with talented partners who can help us reach new audiences and allow us to live up to our values. These programs include:



NATURAL DISASTER RELIEF In February 2021, the state of Texas suffered a major power crisis due to three severe winter storms sweeping across the United States. These storms caused the worst energy infrastructure failure in Texas state history, leading to shortages of water, food, and heat. More than 4.5 million homes and businesses were left without power, some for several days. At least 246 people were killed directly or indirectly with some estimates as high as 702 killed because of the crisis. In response to events such as this and others like wildfires, storms and other natural disasters, Q2 invites our team members to contribute funds often matched with Q2 donations. Other relief efforts our team supported in 2021 included the Colorado wildfires, Hurricane Ida, and Central U.S. Tornado relief. Employees rallied together by giving to various philanthropic organizations, such as the International Rescue Committee, International Relief Teams, Cajun Navy Relief, and the National Red Cross.



AFRICAN AMERICAN LEADERSHIP INSTITUTE (AALI) fosters connections to create long-term action and build equity, opportunity and a higher quality of life for all of Austin's citizens. Q2 is one of the first corporate sponsors of AALI, which focuses on increasing civic awareness, advancement opportunities and employee retention for Austin's black population.



CODE2COLLEGE seeks to dramatically increase the number of minority and low-income high school students who enter and excel in STEM undergraduate majors and careers. This program is a multi-year, career prep and college access program that leverages volunteer technical talent to teach coding and web development skills to traditionally underrepresented students to support them through college and into STEM careers, while promoting digital inclusion. In late 2020, Q2 announced a multi-year \$100,000 donation to support Vision 2024, a Code2College initiative to place 200 Black and Latinx women into STEM roles by 2024. Austin-based Q2 employees also commit their own personal time volunteering with Code2College and its amazing students.



DELL CHILDREN'S MEDICAL CENTER OF CENTRAL TEXAS has been a Q2 partner for many years, and we are proud to support their mission to provide excellent care for children and their families when they need it most. Underscoring our commitment, Q2 team members lend their time and energy to Dell Children's fundraising efforts, and CEO Matt Flake has the honor of serving on the Dell Children's Foundation Board of Trustees.



THE TREVOR PROJECT is the world's largest suicide prevention and crisis intervention organization for LGBTQIA+, or lesbian, gay, bisexual, transgender, queer and questioning young people. Last year, we organized a lunch and learn for our employees about the organization and made a sizable donation to support its activities.



THE JUVENILE DIABETES RESEARCH FOUNDATION'S (JDRF) mission is to improve lives by accelerating life-changing breakthroughs to cure, prevent, and treat Type-1 diabetes and its complications.



TEXAS CONFERENCE FOR WOMEN honors the importance of diverse communities. By sponsoring events such as the Texas Conference for Women, we prioritize fresh perspectives and help highlight the importance of inclusion networking groups and collaboration programs that address the needs of diverse groups, including the LGBTQIA+ community, people of color and more.

\$965,462 in
corporate and
employee donations,
supporting
466 nonprofits
worldwide





Environmental Impacts

Protecting the environment is a priority for Q2 and it is consistent with our values as a company and the values of many of our employees. The reality is as a software and technology provider, our footprint is modest: the electricity we use in our offices and data centers and the environmental impact of our business travel, paper and office products and water. More importantly, the nature of our products reduces the need for people to travel to bank branches, avoiding energy use and associated greenhouse gas emissions altogether.

We protect the environment through five key strategies:

Managing the impact of our offices

Reducing employee commuting and travel time through our Coordinated Flexibility approach

Delivering products and solutions in an energy-efficient manner

Engaging our employees in our mission of corporate stewardship

Measuring our impact

Q2 and Climate Change

We believe global climate change is a serious environmental, economic and social challenge that requires a focused and serious response by the public and private sectors. While we believe our climate-related risks and opportunities are limited, in the

next year we will assess these risks and report our findings to the Q2 Board of Directors. In the meantime, we will continue to assess opportunities for energy efficiency and greenhouse gas reductions and take action where technically and economically feasible.

Energy, Greenhouse Gas and Climate Impacts

Our offices in Austin and our data centers are responsible for the majority of our energy consumption (in the form of electricity) and the resulting greenhouse gas footprint. In 2021, our offices used approximately 1300 MWh of grid electricity, resulting in approximately 480 metric tons of CO₂e greenhouse gas emissions. We estimate that our data center operations used another ~3160 MWh of electricity, resulting in an additional ~1170 metric tons CO₂e of location-based Scope 2 GHG emissions.

Environmental Benefit of Cloud Computing

Q2 cloud computing products positively impact our environmental footprint compared to traditional hardware and software delivery models. When choosing partners, such as our data center and public cloud hosting providers, we focus on those that operate to high energy-efficiency standards.

Moving forward, together with our data center and public cloud partners, we plan to explore service delivery options that use a higher percentage of renewable energy where technically and economically feasible.

When choosing partners, such as our data center and public cloud hosting providers, we focus on those that operate to high energy-efficiency standards.



Avoided Emissions from our Solutions

Our products are designed to enable remote banking and reduce the need for people to travel to physical customer locations like bank and credit union branches. In many cases, we help our customers reduce the need to maintain physical locations or build and run their data centers. We have estimated that the *avoided* emissions from fewer trips taken to bank branches may significantly offset our direct greenhouse gas emissions.

Avoided emissions

by reducing the need for people to travel to physical locations like bank and credit unions



Q2's own greenhouse gas emissions



A net benefit of Q2

Energy-Efficient Offices

Like many other technology companies, our employees' relationship with the workplace changed markedly in March 2020, when nearly all our employees began to work remotely in response to the COVID-19 pandemic. As employees return to the office, we see an opportunity to capture the best of both worlds through our Coordinated Flexibility program.

While many of our employees have a different relationship with the office, our commitment to energy efficiency hasn't changed. We continue to evolve our approach to reduce carbon emissions. Highlights include:



- **LEED Certification:** Approximately 90% of Q2's office space is at our Austin headquarters, so we place particular emphasis on our buildings there. Our Aspen Lake 2 building is certified at the silver level by the LEED, or Leadership in Energy and Environmental Design program. Our Aspen Lake 3 building, completed in 2021, was certified to LEED standards for core and shell development in early 2022.
- **Lighting:** 100% of our lighting is LED. In office interiors, we use motion sensors and run our lights below 60%, increasing the drivers' efficiency and life. We also use daylight harvesting for perimeter lights. Our exterior lights are on a photocell.
- **Roomless elevators:** Building elevators are mounted in the elevator shaft, eliminating the need for a separate room and the accompanying HVAC (heating, ventilation and air conditioning) systems.
- **Water for office interiors:** Our water heaters feature a high-efficiency recirculating pump, ensuring hot water on demand. All toilets and sinks are auto-operated and low-flow.
- **Irrigation:** In flower beds, we have drip lines to eliminate waste, and we use high-efficiency heads throughout the irrigation system.
- **HVAC:** We use high-efficiency HVAC units. Before employees returned to the office, we installed a GPS air purification system in the Aspen Lake 2 and Aspen Lake 3 buildings. We also use a condensate recovery system that captures all the water from the HVAC system and uses it to water oak trees on our grounds – eliminating the need to irrigate them.
- **Office Recycling:** Our physical office locations offer both single-stream and electronic recycling, including battery recycling. In 2021, we recycled more than 1,000kg of office materials from our Aspen Lake 2 building. Complete data from our Aspen Lake 2 and Aspen Lake 3 buildings will be reported in subsequent reports.
- **Reducing Waste:** We are taking steps to reduce waste by eliminating single use plastics. We can reduce our waste generation by offering reusable utensils and soda fountains. In early 2022 we also launched a composting program in Austin, further reducing our waste streams there.



Employee Commuting and Travel

Our new Coordinated Flexibility program means that we continue to reduce employee commuting and travel, along with the associated emissions.

Electric car charging stations:

When employees commute to our Austin headquarters, they will be able to take advantage of car charging stations we plan for installation in 2022.

Enhanced audio-visual capabilities:

To enhance the hybrid work experience, we upgraded the audio-visual technology in conference rooms. Our goal is for all employees to feel welcome and equally represented in meetings, whether they join in-person or virtually.

Electronics Recycling

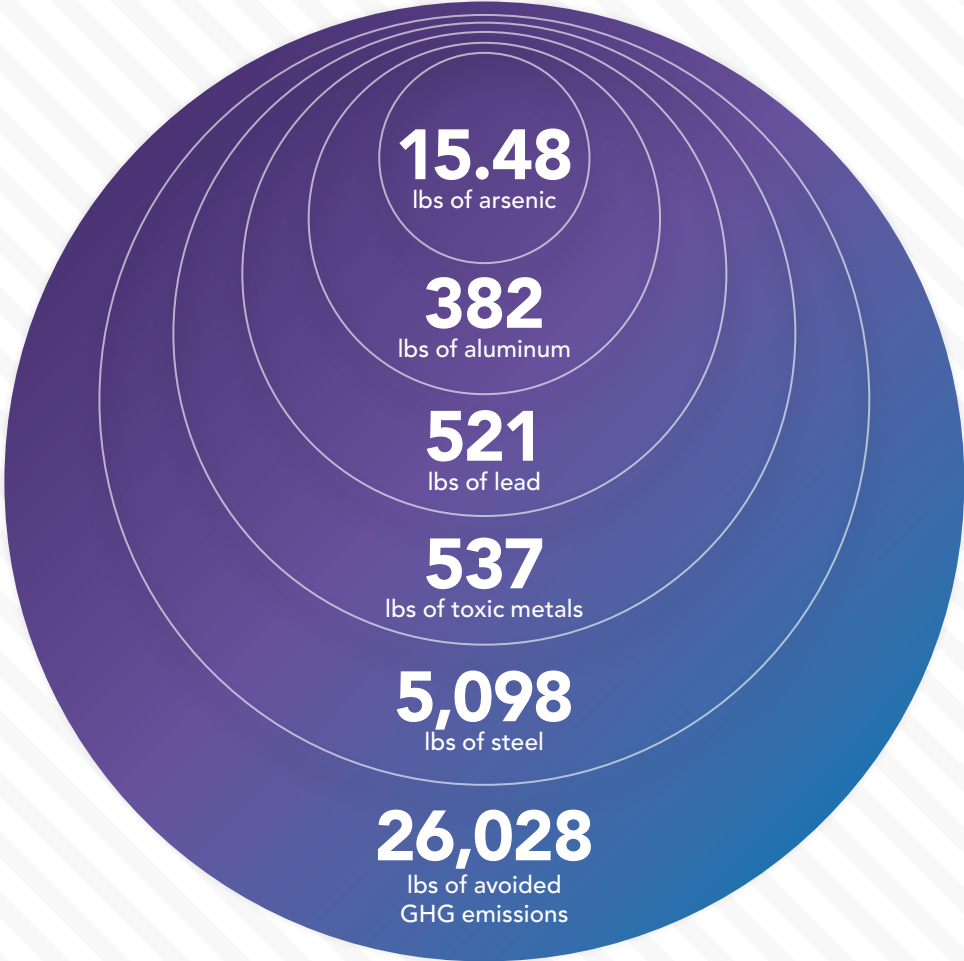
We also ensure that the electronic equipment we no longer need from our offices and data centers is properly disposed of and handled by reputable recyclers. This includes laptops, servers, mobile devices and other equipment that has reached the end of its useful lifecycle. In 2021, the net result of our electronics recycling efforts was more than 10,000 kg of avoided GHG emissions. In addition, hundreds of kilograms of hazardous materials such as lead and arsenic did not end up in landfills.

Employee Support

Our employees are dedicated to their communities, and that commitment comes to life in their environmental protection efforts. We have created a variety of campaigns to support their efforts, including our battery and mobile phone recycling program and Q2's green focus group, where our team develops new ideas for how Q2 can further increase our positive impact.

ELECTRONICS RECYCLING

by the numbers



By recycling electronics, Q2 has diverted **18,673 total lbs** from landfills



Looking Ahead

We are proud of what we have accomplished. Our values are strong, and our mission is clear. As a company dedicated to digitization, we have created products that enable a more inclusive financial system that consumers can access from anywhere. Digitization also helps prevent unnecessary trips to FIs, benefiting our environment through avoided emissions. In our work, we are committed to remaining an employer of choice, further deepening our diversity and inclusion efforts, continuing to evolve our Coordinated Flexibility approach to the workplace, and positively impacting the local and global communities where we live and work.

In this second annual ESG report, we have continued to share our progress and our environmental, social and governance performance. We welcome input from our stakeholders about how they would like to see us improve and where they would seek more information.

In 2022 and beyond, we will continue to live up to our values and conduct ourselves in a manner we all can be proud of.



SASB Index

SASB IT Services and Software Standard

ENVIRONMENTAL FOOTPRINT OF OPERATIONS			
Accounting Metric(s)	Code	Response or Location in Report	
(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	TC-SI-130a.1	Gigajoules (GJ), Percentage (%)	Reflects Texas Operations: (1) ~16,000 GJ for data center services and offices (2) 100% (3) 25% renewable based on the 2021 ERCOT grid mix. Q2 does not purchase renewable electricity beyond this.
(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	TC-SI-130a.2	Data not available	
Discussion of the integration of environmental considerations into strategic planning for data center needs	TC-SI-130a.3	Our top priorities for data center services are reliability and security. Our primary partner for datacenter services in Texas has announced a goal to be 100% carbon neutral by 2040, with the centers that serve our equipment utilizing 100% and 70% renewable electricity respectively at the end of 2021.	

DATA PRIVACY AND FREEDOM OF EXPRESSION		
Accounting Metric(s)	Code	Response or Location in Report
Description of policies and practices relating to behavioral advertising and user privacy	TC-SI-220a.1	Q2's policy is to comply with all applicable laws and regulations regarding data privacy. More information regarding our data protection and privacy approach can be found here .
Number of users whose information is used for secondary purposes	TC-SI-220a.2	We do not sell identifiable user data nor distribute it outside of that necessary to support our services.
Total amount of monetary losses as a result of legal proceedings associated with user privacy	TC-SI-220a.3	Zero.
(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	TC-SI-220a.4	(1) 0 (2) 0 (3) 0
List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	TC-SI-220a.5	None.
DATA SECURITY		
(1) Number of data breaches, (2) percentage involving personally identifiable information, or PII, (3) number of users affected	TC-SI-230a.1	We choose not to disclose this information due to its sensitive and proprietary nature.
Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	TC-SI-230a.2	See page 39 .

RECRUITING AND MANAGING A GLOBAL, DIVERSE AND SKILLED WORKFORCE		
Accounting Metric(s)	Code	Response or Location in Report
Percentage of employees that are (1) foreign nationals and (2) located offshore	TC-SI-330a.1	As of December 31, 2021, we had 2,032 employees, of which 2,028 are full time employees, 1,695 were employed in the United States, and 337 were employed outside of the United States.
Employee engagement as a percentage	TC-SI-330a.2	See pages 34 and 36 .
Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	TC-SI-330a.3	See page 29 .
INTELLECTUAL PROPERTY PROTECTION AND COMPETITIVE BEHAVIOR		
Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	TC-SI-520a.1	Zero.
MANAGING SYSTEMIC RISKS FROM TECHNOLOGY DISRUPTIONS		
Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	TC-SI-550a.1	We choose not to disclose this information due to its sensitive and proprietary nature.
Description of business continuity risks related to disruptions of operations	TC-SI-550a.2	For a detailed discussion of these risks, please see our Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q.

ACTIVITY METRICS		
Accounting Metric(s)	Code	Response or Location in Report
(1) Number of licenses or subscriptions, (2) percentage cloud based	TC-SI-000.A	As of December 31, 2021, we had ~450 installed digital banking platform customers located in 48 states, and those customers had approximately 19.2 million consumer and commercial users registered on our digital banking platform. A substantial majority of our digital banking platform services are supported by our outsourced active/active data centers, with a small percentage offered as cloud-based services.
(1) Data processing capacity, (2) percentage outsourced	TC-SI-000.B	Virtually all data processing we offer our customers is serviced by third-party active/active colocation datacenters and/or via cloud-based systems.
(1) Amount of data storage, (2) percentage outsourced	TC-SI-000.C	We choose not to disclose this information due to its sensitive and proprietary nature.

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