



EMPOWERING PEOPLE AND TECHNOLOGY

# 2019 ESG Initiatives Report



Volunteers at The Backpack Project on Homeless Heroes Day, QTS Atlanta

7.13.2020



## Letter From Our CEO

---

This past year, 2019 was a record-setting year of execution for the QTS teams and I am pleased that those efforts are reflected in our strong operating and financial results. Looking back over the year, I am most proud that everyday our QTSers pursue excellence in their work and always feel we can serve each other and our customers better than the year before. We remain committed to executing our business plan based on a set of Core Values that were established going back to 2003 when QTS was formed. These Core Values include **Integrity, Character and Trust; Action, Innovation and Accountability; Team-Oriented; Respect Our Customers;** and **Support of Family, Faith and Community Volunteerism.** Our Core Values establish the foundation for how QTS interacts with our customers, partners, employees, investors and surrounding communities. I am proud of the way that QTS employees continued to positively impact our surrounding communities in 2019 including:

- Record number of volunteer hours per employee (5+)
- Highest ever corporate donations to local charities (\$725,000+)
- Nearly doubled QTS' renewable energy procurement year-over-year
- Ranked #1 Global Data Center in Sustainability by GRESB

I believe the topic of ESG (Environmental, Social and Governance) within Corporate America has accelerated as key stakeholders recognize that the long-term viability of any company is, in part, predicated on its commitment to serving something greater than ourselves as we care about each other, our customers and our communities. While growth and profitability are clearly important to our business, establishing a culture and environment that enables our employees to pursue excellence and positively impact each other and our communities is equally



critical to our long-term strategy. As CEO of QTS, I believe it is my obligation to set the standard for this culture and serve each of our 600+ employees by living out our Core Values to the best of my ability. I've said many times before that I view my role as CEO to be a steward of people and a steward of capital. If we focus on the greatest strength of QTS, our people, I am confident they will be great stewards of the capital and mission critical data center infrastructure that we are entrusted with.

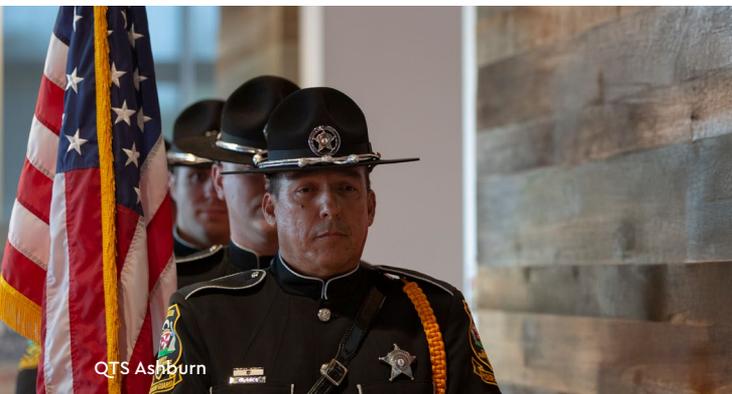
There is no greater example of servant leadership than people that choose to serve others. Thank you to all of our healthcare workers, military and national guard and first responders. Their commitment to serving a purpose higher than themselves, focusing on their team, mission and community is the core of who they are. Their many sacrifices have established our freedom and safety and set a strong foundation for our country. Today more than 20% of QTS' operations staff has previously served in the military.

Our business is focused on managing mission critical infrastructure, which many times is the life blood of our customers' businesses. We take that responsibility with respect and devote abundant resources to ensure we are trusted partners to our key stakeholders, particularly when they need us the most. The COVID-19 pandemic created far-reaching challenges for nearly



all of the world and yet, despite this disruption, our customers' need for continued uninterrupted world class data center performance did not change, and in fact, it increased. QTS is truly powered by our people and when tested, such as times like these, I am proud that our QTSers have stepped up to the challenge and delivered for each other, our customers and communities, demonstrating their commitment to a culture of service to others.

As we operate through 2020, we will remain committed to the pursuit of excellence every day in our mission and purpose of "empowering people and technology." In the second installment of our annual ESG Initiatives Report, we provide an overview of the various initiatives across our business that we believe position QTS to deliver on our commitment to the highest standards in Environmental, Social and Governance principles. This report represents an important opportunity to update our key stakeholders and hold ourselves accountable on the progress we have made and the unfinished work ahead of us. Leaning on the foundation of our Core Values, I look forward to the abundant opportunities we will have in 2020 and beyond to positively impact those around us.



# Table of Contents

---

<b>About QTS</b> .....	5
Core Values .....	6
Partners .....	8
<b>About this Report</b> .....	9
<b>Commitment to ESG</b> .....	10
Key Stakeholders and Engagement.....	11
External Initiatives & Voluntary Disclosure Framework .....	14
Organization Associations .....	14
2019 Awards and Recognition.....	15
<b>Environmental</b> .....	16
Energy .....	21
Water .....	22
Waste .....	23
Greenhouse Gas Emission Reductions.....	24
<b>Occupational Health and Safety</b> .....	27
<b>Social</b> .....	29
Community Impact.....	38
<b>Governance</b> .....	42
Board of Directors .....	42
Code of Business Conduct .....	47
Anti-Corruption.....	47
Management .....	47
Extended Leadership Team .....	47
QTS Sustainability Leadership Team .....	48
<b>Risks &amp; Resilience</b> .....	49
Security, Compliance and Privacy .....	50
<b>Looking Ahead</b> .....	53
<b>Appendix: Data Index</b> .....	54
<b>Appendix: GRI Index</b> .....	58





## About QTS

---

QTS Realty Trust Inc. was formed with a vision to create a platform of highly secure state-of-the-art data centers. Headquartered in Overland Park, Kansas, QTS operates throughout North America and the Netherlands. Through its software-defined technology platform, QTS is able to deliver secure, compliant infrastructure solutions, robust connectivity and premium customer service to leading hyperscale technology companies, enterprises and government entities.

QTS is "powered by people" to ensure our customers enjoy world-class support and engagement and an environment that encourages the pursuit of excellence every day in our mission and purpose of "empowering people and technology."

### 2019 Overview and Update

During 2019, QTS delivered the strongest leasing performance in its history. QTS is differentiated through industry leadership in sustainability initiatives, cost advantaged mega scale infrastructure, operational capability and track record in our federal business, and our continued strong commitment to a fully digitized, premium customer experience through QTS' software-defined data center platform.

In 2019, we enjoyed a number of significant achievements that position QTS for long-term sustainable growth. During the year, we commenced development on two new facilities in Atlanta, GA and Hillsboro, OR and completed our first mega scale international expansion in the Netherlands. In addition, we extended our track record to ten consecutive years of 99.999% or greater ("five-nines") infrastructure uptime for our customers and continued to lead the data center industry in customer satisfaction, as measured



by Net Promoter Score. During 2019, we also gained significant momentum with our software-defined data center platform, or "SDP" which provides customers digital orchestration capability to remote access, monitor and manage their infrastructure in a way that largely has not existed in the data center industry previously. Lastly, in our 2018 ESG Initiatives Report, we established our goal of procuring 100% renewable energy by 2025. We already are well on our way to that target with 100% of our current power in our data center sites in Irving, Piscataway, Chicago, Hillsboro and Groningen (Netherlands) currently supported by renewable-sourced power. 2019 was a strong year for the QTS team and our achievements and financial performance are reflective of the underlying momentum in our business.



## Core Values

Our mission of "empowering people and technology" is driven by a culture of service that emphasizes serving something greater than ourselves. QTS demonstrates this by caring for and improving the lives of current and future employees, customers, partners, investors and community members. Our stewardship of people and capital extends to the caretaking of our environment and communities.

Our set of Core Values represents the foundation of QTS. **Character, integrity and trust** defines how QTS interacts with each other, our customers, investors and communities. Through a focus on **action, innovation and accountability**, we continue to challenge ourselves to be a leader in the data center industry. Our **team-oriented** culture emphasizes collaboration and communication to deliver the best results for our key stakeholders. Through a dedicated focus on delivering a world-class customer experience we **respect our customers** and acknowledge the great trust they place in QTS as their mission-critical IT infrastructure provider. Lastly, we believe that how we deliver our services is just as important as caring for each other and the communities in which we work, demonstrated by our **support of family, faith and community volunteerism**.



## Hyperscale

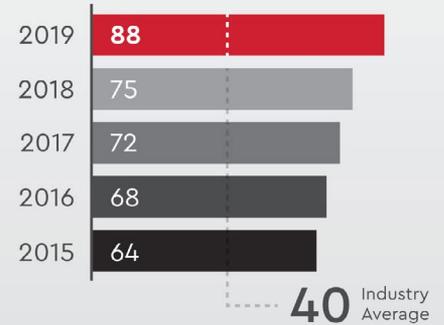


## Hybrid Colocation



## Industry-Leading Customer Service

Net Promoter Score

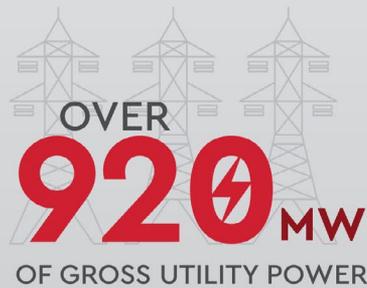


APPROXIMATELY  
**730 ACRES**  
OF EXPANSION CAPABILITY  
WITH CAPACITY TO NEARLY  
**DOUBLE BUSINESS**  
WITHIN EXISTING POWERED SHELL



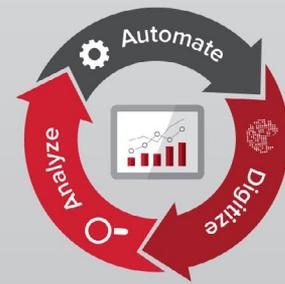
**3,113**

TOTAL VOLUNTEER  
HOURS IN 2019



**SERVICE DELIVERY PLATFORM**  
INDUSTRY'S  
**FIRST** SOFTWARE-DEFINED  
DATA CENTER

Expect to procure  
**100%** of our power  
from renewable energy  
by **2025**



Real-Time Visibility Actionable Insights



## Partners

QTS is proud to partner with companies that focus on high-quality products and customer service, are committed to ethical sourcing and operations, and are spearheading sustainability initiatives in the technology and real estate sectors. These partnerships allow us to build upon a shared goal of continuously improving our industry and the services offered. Examples of QTS partners include:





## About This Report

---

The 2019 ESG Report is the second annual report prepared by the QTS Sustainability Leadership Team in conjunction with a third-party ESG consultant. The inaugural ESG Report was released on April 23, 2019. The current report has been prepared in accordance with the GRI Standards: Core option. This document reports on the highest priority ESG data and initiatives for the 2019 calendar year, including projects that were initiated before the reporting period but continued into 2019, as well as forward-thinking goals developed in 2019 for projects that are yet to begin. The ESG topics covered in this report are those that are highly important to QTS stakeholders, as well as highly impactful to QTS' business, as determined by the QTS Sustainability Leadership Team. This report was formally reviewed and approved by the CEO and Board of Directors, in collaboration with the Sustainability Leadership Team.





# Commitment to ESG

## Material Topics & Topic Boundaries

QTS conducted an initial materiality assessment in 2018, where we received input from our Executive Leadership, and a third-party ESG consultant. We reflected upon the larger environmental, economic and social implications of the organization and its associated activities. This approach allowed us to determine which topics directly influence our environmental, economic and social impacts, as well as the decisions and assessments of our stakeholders.

Topic boundaries defined as internal took into consideration our employees and investors, whereas external boundaries encompass our customers, partners, the communities where our data centers and offices are located, and the larger environmental, economic and social impacts of our activities. The topics resulting from the materiality assessment align with our Core Company Values.

### Material Topics

- Community Engagement
- Employee Health and Wellness
- Energy Use and Reductions
- Occupational Health & Safety
- Employee Training & Education
- Stakeholder Engagement
- Materials Recycling
- Employee Recognition
- Water Consumption and Conservation
- Risk & Resilience
- Renewable Energy Procurement
- GHG Emissions & Reduction Targets
- Community Leadership
- Green Building Certifications
- Environmental Disclosure & Transparency
- Environmental Regulatory Compliance
- Diversity & Inclusion
- Public Financial Disclosure
- Corporate Transparency
- Anti-Corruption
- Executive Sponsorship & Senior-Level ESG Management
- Safety & Security
- Data Security



## Key Stakeholders and Engagement

At QTS, we define Stakeholders as anyone who affects or is affected by our business. That list includes both employees and contracted employees, local community members, our investors, current and future QTS customers and our suppliers. Each group of stakeholders is an essential component to our success as a business. In order to ensure we meet and exceed our stakeholders' expectations, we engage in continued education, transparent reporting and communication, and give our stakeholders the opportunity to provide us with feedback. Engaging with stakeholders is the key to building strong, long-lasting relationships with those we impact and those who are crucial to our success.

### Employees

**QTS Ethics Hotline** – Employees are subject to mandatory training on ethics, anti-bribery and anti-corruption in order to familiarize them with the law and to help employees recognize and mitigate associated risks. Our Ethics Hotline can be used by employees or outside parties to report ethics allegations. It is hosted by Navex Global, an independent third-party provider and can be accessed by either calling 855.636.2632 or by creating a report at [qtshotline.ethicspoint.com](https://qtshotline.ethicspoint.com). All concerns can be made anonymously and are routed to the Compliance Officer and the Audit Committee Chairperson. The Compliance Officer involves appropriate resources to investigate the matter in a timely and thorough manner. Reports to the Audit Committee include a summary of actions to date and proposed actions to follow as necessary. During 2019, the company received one report into the ethics hotline, however after a thorough investigation it was found to be un-substantiated.

**Employee Engagement Survey** – In an effort to promote transparency and communication within our organization, the survey was launched to all employees. Administered by a third-party and completely anonymous, employees are encouraged to give honest and fair suggestions to improve the QTS experience.

**EVP Ambassadors Program** – The Employee Value Proposition (EVP) represents the value an employer provides to its employees: pay, benefits, training, career development opportunities, and more. EVP Ambassadors are volunteers at each QTS location who bring the Powered by People tagline alive and who work to improve the employee experience for current and future QTSers, including gathering feedback from their locations and working to address needs and requests.

### Customers

**Quarterly Business Reviews** – Account Managers and Customer Experience Managers host a quarterly discussion with their customers to review relationship milestones, active implementations, and future business planning.

**NPS Surveys** – After all customer interactions, a Net Promoter Score Survey is independently administered and calculates overall customer satisfaction and brand perception.

**Client Advisory Council** – Comprised of a group of 10–12 global business executives representing some of QTS' largest customers, the Client Advisory Council meets twice a year to form an active discussion community with a purpose to



exchange interests and concerns with peers and the QTS Senior Executive team with the ultimate goal of influencing QTS' strategic direction.

**Customer Experience** – Security and compliance are essential for today's data-centric enterprises and federal agencies. We proudly host a variety of customers whose needs vary, but all of whom have a common need for high levels of security and resilience. Our customers expect high levels of physical security and resilience to ensure their information technology workloads are secure from physical threats and can operate at the highest levels of availability.

In order to minimize health and safety risks to our customers and employees, we have rules and regulations that must be upheld while personnel are working on QTS land or at a QTS data center.

QTS undertakes audits to ensure compliance with legislative quality and safety requirements.

In 2019, QTS distributed approximately 4,600 surveys and received 804 responses. Here is a list of some action items QTS has taken based on the feedback:

- SDP enhancements
- Additional training for QTS teams
- Placed ready-access maintenance equipment on the data center floors
- Faster response time when tickets were submitted
- Achieved 80% of first-contact resolution
- Enhanced customer breakroom amenities



## Key Stakeholders, Engagement Approach and Topics

Stakeholder Group	Engagement	Topics of Discussion
<b>Customers</b>	<ul style="list-style-type: none"> <li>Quarterly business reviews</li> <li>Net promoter surveys</li> <li>Dedicated account management and customer experience management teams</li> <li>Customer Advisory Council</li> <li>Sustainability dashboard within Service Delivery Platform</li> <li>Joint community engagement projects</li> <li>Quarterly newsletter</li> <li>Customer product training webinar</li> <li>Customer appreciation events</li> </ul>	<ul style="list-style-type: none"> <li>Account review and scale planning</li> <li>Operational maturity and 24x7x365 support</li> <li>Participation in customer sustainability initiatives</li> <li>Customer-minded building design including green building programs and streamlined logistics</li> <li>Transparent customer communication</li> <li>Compliance and security</li> <li>Data security</li> <li>Water consumption and conservation</li> <li>Energy use &amp; reductions</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee Engagement Surveys</li> <li>EVP ambassadors program</li> <li>QTS Ethics Hotline</li> <li>Quarterly People Rally meetings for all employees</li> <li>Wellness programs</li> <li>Eagle Club Program</li> <li>Employee Crisis Fund</li> <li>Employee Student Scholarship Program</li> <li>Annual volunteerism time</li> <li>Training and leadership development opportunities</li> <li>Office sustainability program</li> </ul>	<ul style="list-style-type: none"> <li>Promote transparency and communication within the organization</li> <li>Ethical business practices</li> <li>Year-round training and career enhancement opportunities</li> <li>Community engagement and volunteerism</li> <li>ESG goals and feedback loop</li> <li>Executive sponsorship &amp; senior level ESG management</li> <li>Occupational safety and health</li> <li>Employee recognition</li> <li>Employee health and wellness</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>Dedicated investor relations executive and support team</li> <li>Quarterly and annual SEC filings in compliance with SEC guidelines</li> <li>Quarterly earnings conference call including Q&amp;A with QTS Executive team</li> <li>Robust investor outreach program including conference attendance, presentations and 1x1 investor meetings and conference calls</li> <li>Strong involvement by QTS Executive team in investor relations initiatives</li> <li>As needed, members of QTS' Board of Directors meet with investors to understand their views</li> </ul>	<ul style="list-style-type: none"> <li>Public financial disclosure</li> <li>Strategic growth initiatives</li> <li>Culture and employee engagement</li> <li>ESG performance and initiatives</li> <li>Executive sponsorship &amp; senior level ESG management</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Matching Gift Program</li> <li>Employee volunteering</li> <li>Location-driven philanthropy</li> <li>American Forests partnership</li> <li>World Vision</li> <li>Conference attendance and speaking appearances</li> </ul>	<ul style="list-style-type: none"> <li>Renewable energy procurement and energy markets</li> <li>Community leadership</li> <li>Water consumption and conservation</li> <li>Materials recycling</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Regular surveys and business reviews</li> <li>Contract development and ongoing interaction</li> <li>Direct communication through meetings, calls and emails</li> <li>Sustainability standards in construction contracts</li> <li><a href="#">QTS Sustainable Procurement Policy</a></li> </ul>	<ul style="list-style-type: none"> <li>Environmental Regulatory Compliance</li> <li>Green building certifications</li> <li>Environmental disclosure &amp; transparency</li> <li>GHG emissions &amp; reduction Target</li> <li>Risk &amp; resilience</li> </ul>



## External Initiatives & Voluntary Disclosure Frameworks

In 2019, QTS elected to participate in a number of voluntary disclosure frameworks:

- GRESB
- CDP
- ECOVadis
- RE100

QTS also was included in several public data ratings agencies that use only information gleaned from public sources, but do not offer voluntary reporting:

- Sustainalytics
- ISS Oekom
- MSCI
- TRUCOST
- SASB

In 2020, QTS is considering to expand its voluntary reporting to several more frameworks:

- GRI
- RobecoSAM CSA
- TCFD
- SBTi

## Organization Associations

- Renewable Energy Buyers Alliance
- RE100
- Data Center Coalition
- CERES
- U.S. Dream Academy
- Veteran's Advantage



## 2019 Awards and Recognition

QTS is excited to announce that throughout 2019, we were the recipients of a number of highly esteemed awards across multiple sectors. These awards further demonstrate our commitment as an organization to ESG.



### Ranked #1 Global Data Center in Sustainability

**EPA GREEN POWER PARTNER**

12th in Tech and Telecom

**SUSTAINABILITY AWARD 2019**

Global Sustainability Leadership

**#CLIMATE50 CLIMATE 50 DATA | ECONOMY**

Travis Wright<sup>1</sup> awarded "World's Most Influential Climate Leaders"

**WORLD FINANCE SUSTAINABILITY AWARDS 2019**

Ranked #1 Sustainable Data Center Company

**ESGR EMPLOYER SUPPORT OF THE GUARD AND RESERVE**

Above and Beyond Award

**ESGR EMPLOYER SUPPORT OF THE GUARD AND RESERVE**

Patriot Award

**ESGR EMPLOYER SUPPORT OF THE GUARD AND RESERVE**

Seven Seals Award

**ESGR EMPLOYER SUPPORT OF THE GUARD AND RESERVE**

Pro Patria

**SEAL AWARDS**

Honoring Sustainability, Environmental Achievement and Leadership

1. QTS' VP of Energy and Sustainability



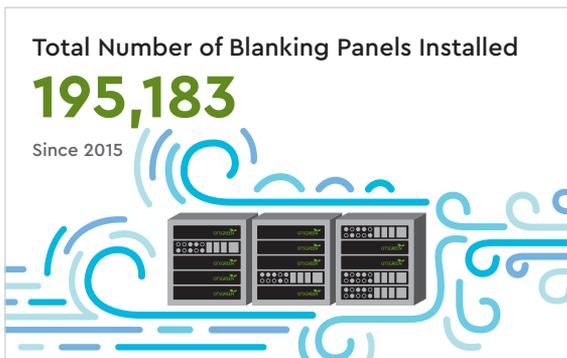


## Environmental

---

QTS understands that being a good environmental steward encompasses more than one-off green initiatives. We are committed to minimizing our carbon footprint and utilizing as much renewable resources and energy as possible in our ongoing operations, and we have demonstrated that we can create value for investors and benefit society at the same time. Our efforts are focused on developing a global approach that centers around making sustainable choices easy for both our internal and external stakeholders. We fight for policy change, we share innovative strategies, and we partner with our communities. These actions help us show a commitment to the future of our environment, drive data center efficiency through innovation, reduce greenhouse gas emissions, encourage our employees to become sustainability leaders in their communities, support local legislation impacting sustainability, promote transparency on sustainable practices in the industry, and move energy markets forward. QTS is proud to report that we did not identify any material non-compliance with environmental laws and/or regulations during the 2019 reporting year.





## Environmental Goals:

**Procure 100% of our power from renewable energy sources by 2025.** As of the end of 2019, we procure 32% of our energy from renewable sources with a visible path toward growing that percentage in 2020.

**Pursue LEED certification in 90% of facilities by 2025.** As of the end of 2019, 55% of our facilities are LEED certified, and we are exploring alternative green building certifications that may be a good fit for our data centers.

**Conserve at least 15 Million gallons of water per year.** In 2017, we set a goal to conserve at least 10 million gallons of water per year. We achieved this goal in both 2018 and 2019, and are increasing our goal to 15 Million gallons of water per year going forward.

**Install EV charging stations at 75% of our facilities by 2025.** It took us only two years to reach our initial goal of installing Electrical Vehicle (EV) charging stations at 37% of our facilities, so we have raised the stakes! We have a new target to install EV charging stations at 75% of our facilities by 2025.

**Recycle 600 million pounds of material by 2025.** To date, QTS has recycled over 1.2 billion pounds of material. Rather than focus on the pounds we have recycled, we are shifting our focus and have set a target to recycle 90% of our operational waste by 2025.

**Report to GRESB, CDP, EcoVadis and the EPA Green Power Partnership**



## The Industry's First Software-Defined Data Center

In late 2017, we introduced QTS' Service Delivery Platform (SDP), the first of its kind in the data center industry. We've digitized our data centers enabling our customers real-time visibility into their QTS environment. Committed to complete data transparency, SDP empowers customers to interact with their data and QTS services in innovative ways.

During 2019, SDP significantly expanded its capabilities enabling real-time visibility of power and power distribution, sensor and security information. Now with visualization in 3D models, SDP provides a completely new way to view data center efficiency. We also deployed machine-learning models allowing capacity planning and prediction indicators to help increase customer availability. We extended our Application Programming Interfaces (API's), allowing customers and partners to embed QTS into their own planning and provisioning applications making QTS part of their operations workflows. A first for our industry, we also open-sourced these API definitions creating an open standard available to the industry, partners and customers to collaborate to further data center efficiency.

SDP is more than just a critical infrastructure monitoring tool and interface. Through this platform, we are able to seamlessly integrate our customers' infrastructure with the world's largest and most advanced IT partners, cloud service providers and carriers, accelerating the ecosystems developing within our facilities. This enables customers to create great efficiencies and ultimately reduce their carbon footprint.

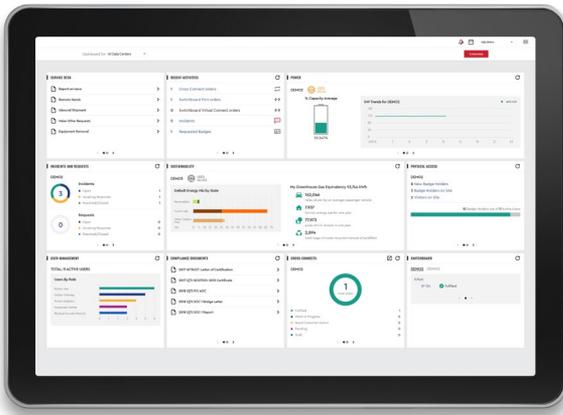
During 2019, SDP accelerated as a key differentiator for QTS. During the year, we averaged more than 17,000 active users of SDP across a base of 1,200+ customers, with average session time on the platform doubling year-over-year.

The visibility and dynamic control that SDP affords also continues to support our industry-leading customer satisfaction. 2019 marked the fourth consecutive year that QTS has led the data center industry in customer satisfaction, as measured by Net Promoter Score, or NPS. We achieved an NPS score of 88 in 2019 which was approximately double the average NPS score for the data center industry.



## SDP in Action

SDP is transforming how both QTS operates its data center portfolio and how customers operate and optimize their usage, unlocking the true power of data.



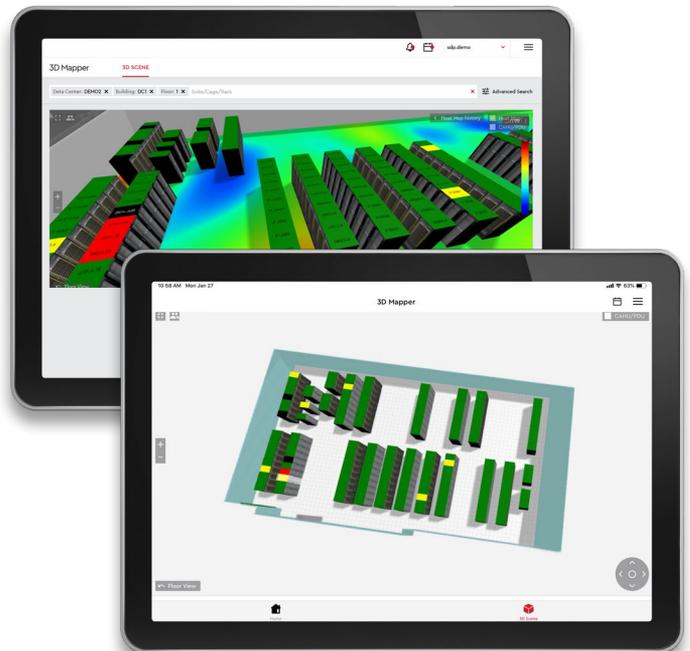
We provide real-time visibility with the QTS sustainability application, allowing our customers to see their power usage and energy mix and relate this to their environmental impact. Since this data is real-time, and calculated based on actual power usage, our customers can make informed decisions on reducing their environmental footprint and benchmarking changes. For example, customers are able to perform a technology refresh and view the carbon footprint before and after.

During 2020 we will further enhance these capabilities allowing a view of other key metrics beyond carbon impact such as effectiveness of using other resources such as water. Environmental disclosure and transparency is something QTS takes seriously, and we understand that sustainability initiatives gain the greatest momentum when numerous stakeholders are active and engaged. SDP helps our customers understand their impact on the environment through QTS (Scope 3 emissions).

This provides a real-time understanding of how their footprint impacts the environment and puts data in their hands to use in their own sustainability initiatives.

SDP and the access to real-time data has transformed how QTS operates its facilities allowing us to understand and optimize our power usage and demand. We use this data to evaluate the most effective ways to provide cooling and to better understand people movement through the data center – this allows us to reduce our impact on the environment and enhance our customer experience. During 2019, we utilized this data to help with planning of energy purchases and mapping our predicted demand to specific sustainable energy projects in multiple regions in the United States.

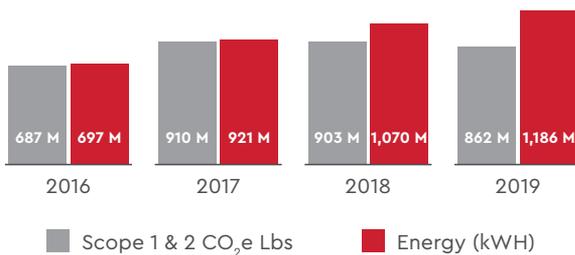
In 2020, we are embarking on an exciting roadmap to build on top of digitization to create Intelligent Services utilizing the SDP platform to enhance how customers consume data center resources.



## Energy

Data centers power the Internet and make it possible to connect with the people, communities and data that are central to our lives. The energy necessary to operate data centers accounts for approximately three percent of global power consumption, and two percent of greenhouse gas emissions. This is why QTS is committed to energy-efficiency and the consolidation of colocation clients in high-efficiency data centers. That also is why we have committed to power our entire portfolio with renewable energy by 2025. As shown in the CO<sub>2</sub>e Emissions vs. Energy Consumed diagram below, even as our business grows, our carbon footprint has declined since 2018 when we began our program to procure 100% renewable energy.

**CO<sub>2</sub>e Emissions vs Energy Consumed**



### Paving the Way Toward a More Efficient Future

QTS understands how important renewables are when addressing energy efficiency. As of 2019, 32% of our power was sourced from renewables including our data centers in Chicago, IL, Piscataway, NJ, Irving, TX, Hillsboro, OR and Groningen, Netherlands. We have installed Electric Vehicle (EV) Charging stations at 37% of our owned facilities and in 2019, QTS joined forces with REBA, an alliance of large clean energy buyers, energy providers, and service providers

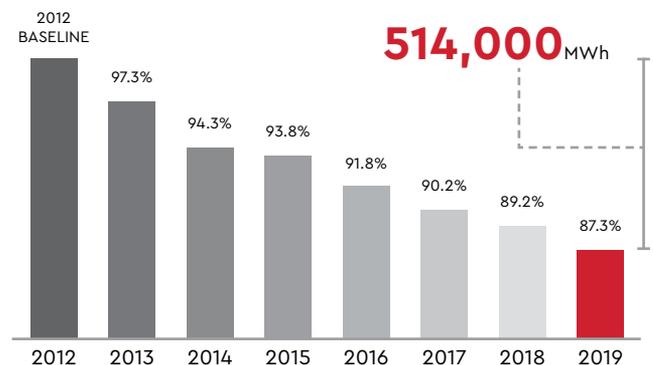
<sup>2</sup>. <https://rebuyers.org/>

working together to unlock the marketplace for all nonresidential energy buyers and transition to a zero-carbon energy future<sup>2</sup>. In partnership with REBA, our VP of Energy and Sustainability continues to advocate for more cost-effective pricing for renewables across the country.

QTS was proud to host Engie's Energy Exchange at our Irving, TX facility, an event where organizations from across the country came together to share best practices around sustainability and help drive progress toward low-carbon objectives. We also had the pleasure of hosting EUCI's Utilities Conference at our Richmond, VA site in January 2019 and are slated to host this event for the second time in 2020. A testament to the power of partnerships, EUCI is widely known for their leadership in providing first-class education and training for the global energy and infrastructure industries.

Travis Wright, VP of Energy and Sustainability, was recently featured on CNBC in Schneider Electric's report *The New Energy World: Perspectives from Global Leaders*. In an interview with 30 blue-chip brand experts, Schneider Electric reported on strategy and best practices regarding energy management and sustainability.

**Power Usage Effectiveness**



## Water

Energy and water consumption are integrally connected, and there is a trade-off between dry and wet cooling systems. Typically, a water-based cooling system is more energy-efficient than a dry-type cooling system, but it evaporates water at the data center. A dry cooling system uses virtually no water at the data center, but does require the power plant that is supplying energy to use more water in its own process. We might think of this in a similar way to Scope 1 and Scope 2 greenhouse gas emissions. Water consumed at the data center would be analogous to Scope 1 emissions, and water used at the power plant would be analogous to Scope 2 emissions.

QTS has solved this dilemma in two ways:



**1** The Freedom 24, our new standardized data center design, utilizes highly efficient dry cooling systems that include airside economization. These systems approach the efficiency of a water-based system in most climates.



**2** Of the renewable energy that we procure, 100% is from wind and solar assets that use virtually no water.

In 2019, we devoted a total of 7 acres of rooftop space at our Atlanta and Piscataway data centers to rain water collection systems. This resulted in 9,234,621 gallons of water that was integrated into our cooling systems at both sites.

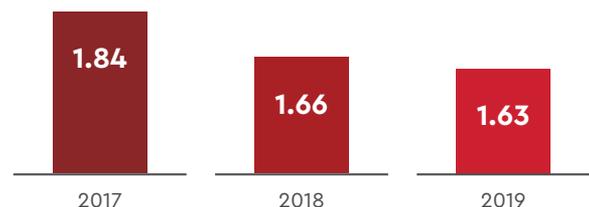
- ATL: 2.9 Acres, 3.4 Million Gallons
- PNJ: 4.1 Acres, 5.8 Million Gallons

Since 2015, QTS has recycled and conserved 78,263,439 gallons of water. In the last year, we saw a 2% increase in overall water use effectiveness (WUE). WUE is a metric developed by The Green Grid to help data centers measure how much water a facility uses for cooling and other building needs.

### Efficiency Measures

- High efficiency pumped refrigerant systems with airside economization as opposed to conventional DX cooling system
- Water side economizers in our facilities with cooling towers that allow for cooling without the use of mechanical refrigeration systems
- Hot aisle/cold aisle airflow management at all sites, a layout design for computing equipment that maximizes heating/cooling efficiency
- Smart airflow technology that monitors the temperature at the rack level and adjusts the amount of cold air delivered to equipment based on exactly what is needed, rather than supplying a constant supply of air regardless of equipment load
- Automated lighting controls
- ENERGY STAR appliances
- Modular Data Center Physical Infrastructure (DCPI) that eliminates waste in manufacturing and performs more efficiently than built-in-place systems

### Water Usage Effectiveness



## Waste

At QTS, we understand that waste management extends beyond recycling and trash bins. Materials recycling can take on many forms, and we are committed to re-imagining our approach to resource conservation. This is reflected in our numerous Brownfield re-development projects, a robust office sustainability program implemented in 2019, future plans to re-shape our purchasing policies, and our continued commitment to education surrounding the recycling and waste programs at our facilities.

Since our formation, we have recycled 1,293,914,720 lbs of material, most of which consisted of recycled building structures from our Brownfield redevelopment projects. Not only does this eliminate massive amounts of landfill waste, it saves energy as well. Had we decided to take the more common approach of tearing the buildings down in Atlanta, Chicago, Dallas and Richmond and starting over, one can imagine the resources required to re-make all of the steel, concrete and roofing materials.

In 2019

# 293,471,289 LBS

TOTAL DATA CENTER RECYCLED WEIGHT

That's about



We understand that focusing on sustainability practices allows employees to practice their personal values at work and unites them around a higher purpose. This is why we have initiated a program that will eventually:

- Eliminate disposable cups, plates, straws and utensils in the workplace
- Transition our office away from single use pod-based to bulk coffee
- Provide each desk with a recycling bin
- Increase the number of office plants
- Implement an annual QTS Green Day for our employees

Most data centers are familiar with Power Usage Effectiveness (PUE), and Water Usage Effectiveness (WUE), but only recently have the more forward-thinking data center operators started using Material Usage Effectiveness (MUE). MUE is the total waste divided by the recycled waste, and an operator wants to be as close to 1 as possible. QTS saw a 15% increase in our overall recycling rate, managing to achieve an 80% recycling rate in 2019 compared to 75% in 2018. Our MUE dropped from 1.35 to 1.25 in 2019.



## Climate Change

We identify climate change as a risk to our business and an opportunity for long-term value creation and a key driver in long-term strategic business decisions.

In this report, we seek to align our climate change disclosures with the guidance of the Task Force on Climate Related Financial Disclosures (TCFD), describing climate change governance, strategy, risk, and metrics.

Potential risks associated with climate change that might impact our business (as described in our 2019 annual report), include:

- Laws and regulations could limit our ability to develop new facilities or result in substantial costs, including compliance costs, retrofit costs and construction costs, monitoring and reporting costs and capital expenditures for environmental control facilities and other new equipment.
- Laws and regulations could lead to increased costs for the electricity that we require to conduct our operations.
- Potential physical impacts of climate change on our operations, which might include changes in rainfall and storm patterns and intensities, water shortages, which may result in water use restrictions and water efficiency mandates, changing sea levels and changing temperatures.

Ways we address these risks include:

- Robust enterprise risk management and strategic planning.
  - Our governance structure provides the necessary opportunities for the Board of Directors and executive leadership to exercise their oversight responsibilities with respect to strategy and risk, including the

impact of climate change on our business.

- Our Enterprise Risk Management team, which reports into our Audit Committee comprised of members of our Board of Directors, is responsible for managing operational risk for our business, while our Chief Financial Officer is the executive responsible for overall enterprise risk management and oversight.
- Site level planning and preparedness, including:
  - 24 × 7 × 365 Operations – QTS data centers are staffed 24x7x365 by skilled data center engineers and technicians. QTS sites also feature numerous physical security measures.
  - Geographically Diverse Footprint – QTS has facilities across the United States, and mega data centers located in geographically-stable FEMA zones, providing an extra layer of protection against the threat of natural disasters.
- Environmental initiatives to reduce our contribution to global carbon emissions that potentially exacerbate climate-related risks. These efforts include, but are not limited to, supporting the development of new renewable energy supplies, designing and constructing environmentally friendly data centers that use less water and energy to operate, and improving energy and water efficiency for operating data center sites.

We track and report various metrics to ensure our efforts are effective, including greenhouse gas emissions (scope 1 and scope 2) and emissions intensity, energy intensity, and green power usage. We have established relevant renewable energy and resource efficiency targets (see the Environmental and Data Index sections of this report for more details).



## Greenhouse Gas Emission Reductions

QTS cares equally about improving the lives of current and future employees, customers, investors and community members while also caring for the environment and natural resources we all share. In 2019, we took important strides towards actively participating in efforts to reduce our greenhouse gas emissions. We have seen a consistent year-over-year decrease in greenhouse gas emissions. In 2018, QTS saved 78,835 MT of CO<sub>2</sub> emissions through procurement of carbon-free renewable energy, whereas in 2019 we saved 137,907 MT of CO<sub>2</sub> emissions. We are projecting to save nearly 200,000 MT of CO<sub>2</sub> emission in 2020. QTS follows the eGrid approach to calculating Scope 2 emissions, which includes emissions of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, CO<sub>2</sub>e, NOX, and SO<sub>2</sub> gasses in the makeup of CO<sub>2</sub>e. QTS' consolidation approach for emissions includes all sites that are under our operational control.

Mounting global concerns around climate resilience and how we can make a dedicated, on-going positive impact is why we committed to RE100 in 2019, submitted our first Climate Disclosure Project Survey (CDP) and launched Grow with QTS – a new and exciting program we have created in partnership with American Forests.

The Grow with QTS program is a commitment to the future and to prosperity with our customers and American Forests. We will donate more than 20,000 trees per year for planting, with 1 tree being donated for every 100 kW contracted each month per customer. We have chosen to support projects in areas surrounding our communities – along the

Sierra Nevada ranges to help with fire restoration, as well as along the border of Virginia and West Virginia attempting to restore stripped mineland. A large tree absorbs 40–50 pounds of carbon dioxide – a greenhouse gas that causes global warming – per year.<sup>3</sup> The Grow with QTS program will cover our current and future customers. We are excited to engage our active customer base and to work together to reduce our carbon footprint.

- 2019 CO<sub>2</sub> emissions with renewables: 862,470,638 lbs
- 2019 CO<sub>2</sub> emissions without renewables: 1,185,224,800 lbs
- Total CO<sub>2</sub> conserved due to procurement of renewables: 322,754,163 lbs
- QTS purchased 322,397,000 MWh of renewable energy in 2019

A common issue with greenhouse gas reporting in our industry is the inability for our clients to make a zero-carbon claim for double-counted scope 2 emissions. This negatively impacts our relationship with clients actively pursuing zero-carbon goals and damages the competitive edge we may otherwise offer as we transition to a 100% renewably sourced company<sup>4</sup>. In order to avoid these outcomes, QTS accounts for all emissions related to our data center equipment and our clients' IT equipment as Scope 2 emissions. This allows our clients to claim the same emissions as Scope 3. As a direct result, we are able to keep a competitive edge, while bolstering both our clients' and our own emission reduction goals.

3. <https://www.americanforests.org/>

4. [https://www.bsr.org/reports/BSR\\_Future\\_of\\_Internet\\_Power\\_GHG\\_Emissions\\_Report.pdf](https://www.bsr.org/reports/BSR_Future_of_Internet_Power_GHG_Emissions_Report.pdf)



## QTS Green Data Centers

	Ashburn-Broderick	Ashburn-Moran	Atlanta	Chicago	Fort Worth	Hillsboro	Irving	Jersey City	Manassas	Miami	Piscataway	Princeton	Richmond	Sacramento	Santa Clara	Suwanee	Eemshaven	Groningen
LEED Certification or Green Design Certification	✓	✓	✓	✓	✓	○	✓	✓	○	○	✓	○	✓	○	✓	○	○	○
Brownfield Redevelopment			✓	✓			✓				✓		✓					
Continuous PUE Monitoring	✓	○	✓	✓	✓	○	✓	○	✓	○	✓	✓	✓	✓	✓	✓	○	○
Water Conservation Programs	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	✓			
100% Renewable Power	○	○	○	✓	○	○	✓	○	○	○	✓	○	○	○	○	○	✓	✓
EV Charging Stations	✓	✓	✓	○	○	○	○		○		○		○	○	○	✓	✓	✓
Economization/Free Cooling	✓	✓	✓	✓		○	✓	✓	✓			✓	○	✓	✓	✓	✓	✓
On-Site Solar Panels											✓	✓	✓					
Energy Efficient LED and T-8 lighting	✓		○	✓		○	✓	✓	✓	✓			✓	✓		✓		
Hot/Cold Aisle Containment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Blanking Panels Program	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ENERGY STAR Water and Low Flow Plumbing Fixtures	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Office Sustainability Program	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

○ - Planned



## Awards and Recognition

QTS is proud to have been recognized for the following achievements in 2019.



**Ranked #1 Global Data Center by GRESB**



**Green Building Certifications**  
As of 2019, 55% of the QTS portfolio is LEED-certified



**EPA Green Power Partner**  
12th in Tech and Telecom



### **Business Intelligence Group: Global Sustainability Leadership<sup>5</sup>**

The Business Intelligence Group awards the Sustainability Award to those companies (both for-profit and non-profit) that have made sustainability an integral part of business practice. QTS was one of eleven companies awarded the Sustainability Leadership Award.



### **Data Economy Climate 50 – Travis Wright awarded “World’s Most Influential Climate Leaders”<sup>6</sup>**

In 2019, Data Economy created a list showcasing 50 individuals from across the globe who are leading the data center and cloud sector industries toward overall sustainability, renewable energy programs, and reduced carbon footprints via innovation, investments, entrepreneurial skills and industry reach. Our VP of Energy and Sustainability, Travis Wright, was named one of the 50 award recipients, all of whom were selected based on their expertise and experience, reach, and overall footprint and achievements. This award is a testament to Travis' commitment to ESG, and we are fortunate to have him spearheading our company-wide ESG efforts.



### **Ranked #1 Sustainable Data Center Company by World Finance**

In 2019, World Finance introduced its first Sustainability Awards. The award recipients are those that have demonstrated a commitment to environmentalism and sustainability and are helping to green the business world as a whole. QTS is thrilled to announce that we were awarded the World Finance Sustainability Award for the Data Centre Sector<sup>7</sup>.



### **2019 SEAL Award Recipient**

The SEAL Award celebrates the companies and leaders across the globe that make measurable contributions to sustainability, and develop innovative initiatives that will positively impact the environment for centuries to come. Each year, the SEAL Awards recognize the 50 Most Sustainable Companies in the World and the most impactful and innovative Environmental Initiatives.

5. <https://www.bintelligence.com/blog/2019/8/1/38-people-projects-and-organizations-awarded-for-driving-sustainability-efforts>

6. <https://data-economy.com/climate-50-the-worlds-top-most-influential-climate-leaders-in-data-centres-and-cloud/>

7. <https://www.worldfinance.com/sustainability-awards>





# Occupational Health and Safety

QTS strives to furnish a workplace free of recognized hazards that could cause physical harm to our employees. We have an occupational health and safety management system in place that operates in compliance with the Occupational Safety and Health Administration (OSHA) and are dedicated to ensuring workplace safety. Employees are expected to report unsafe conditions and circumstances, serious or recurring problems, or any threats to the employee or company's well-being, to their corresponding supervisors or to their People Services Business Partner. QTS has a number of programs and policies in place that align with the various OSHA regulations pertaining to our industry, such as our Hearing Conservation Program and Hazard Communication Program. In addition, QTS adheres to a housekeeping and general safe work practices program that outlines ways in which our employees can stay safe while they work.

## 2017

9 OSHA Recordables in 2017 resulting in an Incident Rate of 1.17 based on a 200,000 hrs factor (1,543,779.57 total hours worked)

## 2018

9 OSHA Recordables in 2018 resulting in an Incident Rate of 1.32 based on a 200,000 hrs factor (1,364,192.50 total hours worked)

## 2019

7 OSHA Recordables in 2019 resulting in an Incident Rate of 1.05 based on a 200,000 hrs factor (1,333,170.68 total hours worked)



## Hazard and Risk Identification

In 2019, the Environmental Health and Safety (EHS) team revamped its reporting procedure and format to make it more user friendly for individuals to report injuries, and introduced a Near Miss Program into the QTS safety culture. The Near Miss Program empowers QTS employees to report incidents that came close to occurring, and offer suggestions for mitigating the risk. Employees submit these reports through a SharePoint site, and the report results are used as a leading indicator to proactively identify hazards before serious injury occurs.

When an incident occurs, a ticket is created to alert all of the site directors and the EHS team. The EHS team contacts the site director for more information if necessary, and reviews the injury at the weekly meeting. At the same time, the site EHS rep, with the site team, conducts a root cause analysis on how/why the injury occurred and offers corrective actions, which is tracked by the EHS team. The incident is briefed to all site directors on a recurring site director call to ensure transparent communication across all sites.

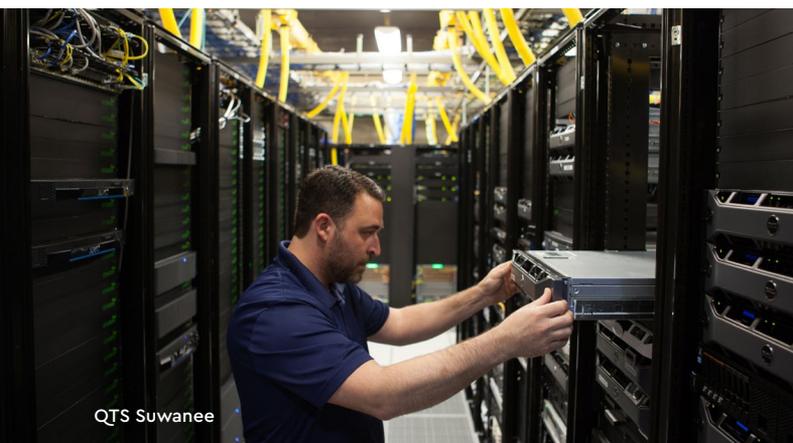
## Training

QTS employees are provided an online Training Procedures database, which provides training on workplace safety and other technical, job-specific skills. All trainings are administered in accordance with OSHA requirements. In addition to online courses, each month QTS hosts a continuous training program called "Toolbox Talks." This program allows our Facilities operations groups to administer ongoing, in-depth OSHA training materials on safety topics that impact our employees, such as lockout tagout procedures and equipment safety. Our facilities operations groups may conduct the Toolbox Talks via group training session, or via email with online resources attached.

## EHS

The QTS Environmental Health and Safety policy defines our environmental and safety management philosophy. This policy reflects our leaders' commitment to compliance with all applicable laws, regulations, policies, the promotion of a safe and sustainable work environment, and the continual improvement of our environmental and safety performance. The policy has both global and local, site-specific implications. Each of our data centers has an EHS representative who is responsible for the coordination and implementation of the EHS Policy and all associated reporting. Site management is responsible for overall compliance with environmental, health and safety regulatory requirements.

All of our employees, vendors and on-site contractors are responsible for complying with the [EHS policy](#) and related procedures.



QTS Suwanee

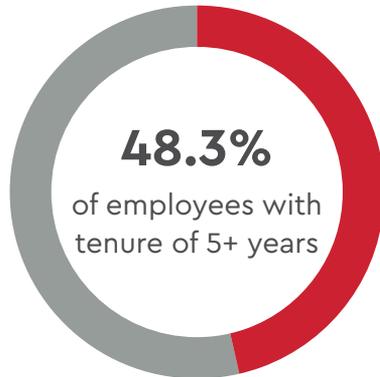




# Social

## Our Team

At QTS, we believe that how we deliver our services is equally as important as the service we deliver. Our people play a vital role in our company's growth, innovation and profitability, and we are deeply committed to those who affect or are affected by our business. The QTS community is comprised of over 600 talented, and driven individuals who bring a hard-working and positive attitude to work each and every day. QTS is Powered by People and we are committed to enabling our employees with the appropriate tools and support to be successful in each of their respective roles.



## Health & Well-Being

We know that our employees, customers, vendors, and other stakeholders have rich, fulfilling lives outside of work that they share with their families, friends, and communities. The People Services Team at QTS makes sure our employees remain happy and healthy. This dedicated team manages our internal Health and Wellness program and is charged with ensuring we offer a benefits package that meets the needs of our diverse array of employees. We realize that health and wellness extends beyond a company's benefits package, which is why in 2020, QTS will be installing fitness centers in select QTS locations, free of charge for our employees. The fitness centers represent the next step for our wellness initiatives, which already include ergonomic-designed furniture – such as standing desks, water bottle refill stations and our ongoing Wellness Wednesdays campaign. The Wellness Wednesdays campaign provides our employees with healthy living tips, as well as opportunities to participate in various challenges focused on healthy living, such as our get-active challenges and healthy recipe challenges.

We believe that successful organizations actively seek out and incorporate feedback from employees on a consistent and ongoing basis. In order to ensure that our programs and initiatives are addressing relevant opportunity areas, for the past three years QTS has administered an internal Employee Engagement Survey on an annual basis. In addition to gaining feedback, these surveys allow us to assess the impact of company-wide changes over time and encourages our employees to own their engagement with the company.

The Employee Engagement Survey measures how likely employees are to recommend QTS as a great place to work on a scale of 0–10. The survey is calculated by subtracting the percentage of Detractors (those who responded 0–6) from the percentage of Promoters (those who responded 9 or 10). Those who respond 7 or 8 are considered Passives and are not included in the calculation.

Results from the survey are used to assess changes in employee engagement and satisfaction areas, as well as to identify opportunities where we have room for improvement against our Employee Value Proposition. Results are reviewed at the location and division level and are used to drive action planning and inform future people-related initiatives.

We are proud that our engagement scores are 50% higher than the benchmark.





## Engagement and Satisfaction

QTSers are encouraged to give feedback through anonymous yearly surveys, "Employee Engagement Survey" and situational "Pulse Surveys."

**Employee Engagement Survey** – In an effort to promote transparency and communication within our organization, the survey was launched to all employees. Administered by a third-party and completely anonymous, employees are encouraged to give honest and fair suggestions to improve the QTS experience.

**Pulse Surveys** – This program measures the health of an organization by asking the same questions to the entire company at the same time. The results and common themes provide a baseline for employee sentiment among various employee experience topics. We compare these snapshots to previous surveys and use this tool to evaluate the effectiveness of new engagement measures.

8. Critical Data Center Operations includes QTS' Operations Support Center and Facility Operations

## Diversity and Inclusion

QTS is committed to hiring a diverse workforce and partners with 1400+ unique diverse-focused organizations nationwide to attract talent. In addition to this list, over 30% of the partners within our external recruiting agency program include veteran or women-owned businesses.

We are proud of our continuous involvement to support transitioning military veterans as well as experienced professionals who have already transitioned. We regularly attend military career fairs (virtual and onsite) and are engaged in a partnership with the DoD to hire transitioning vets through the SkillBridge program.

Nearly 35% of QTS' total workforce and over 45% of our critical data center operations workforce is ethnically diverse. However, like industry peers we have historically had a difficult time recruiting women for critical data center operations roles. We are not alone in this challenge, approximately 45.5% of QTS' workforce is focused on data center operations – the gender gap is an industrywide issue. QTS is committed to closing the gap through outreach, training and development activities specifically focused on women in leadership and technology roles.

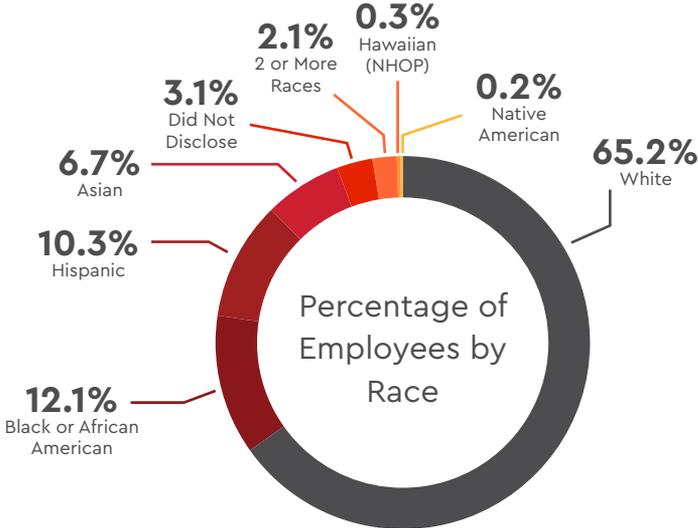
Additional frequent and on-going initiatives via social media campaigns, employment branding strategies, career fairs, professional organization involvement and other events help ensure we cast a wide, diverse net for talent.



# Diversity and Inclusion Metrics

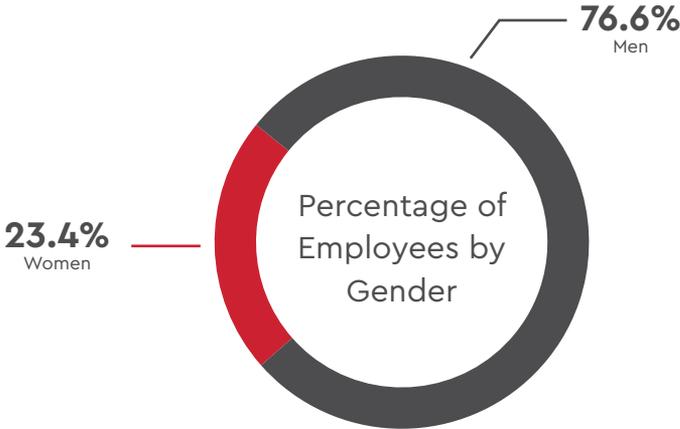
## Ethnic Diversity Breakdown

- 20%** Minorities in Leadership
- 45%** Minorities in Critical Data Center Operations
- 20%** Minorities in Corporate Functions



## Gender Breakdown

- 27%** Women in Leadership
- 8%** Women in Critical Data Center Operations
- 36%** Women in Corporate Functions



In 2018, QTS launched the Women Inspiring Leadership (W.I.L.) initiative, which seeks to support and foster women at QTS and within the technology industry through discussion, education and networking. QTS offers a curriculum track for QTS women, which is intended to have a broader impact on women in technology and to aid in closing the gender gap in our industry.



Since its inception, W.I.L. has grown to support community at QTS and achieved many noteworthy accomplishments. Below is a recap of these accomplishments.

#### General Highlights:

- 126 Active participants via events and social channels
- 10 motivated women have stepped up to take on key leadership roles (7 core leadership team members, 2 advisors, 1 executive sponsor) that work to provide growth opportunities for QTSers through Mentorship, Development Opportunities and Philanthropic Efforts

#### Mentorship Program:

- 18 participants completed our first cohort (mentees and mentors)
- Many mentees reported learning more about the company, gaining professional confidence and expanding their leadership abilities as part of this program

#### Development Opportunities:

- Speakers to date include the QTS executive team, board members and other great examples of women inspiring leadership in our communities. Our guest speakers allow QTSers to connect with external organizations, encourage diversity of thought and provide opportunities to see women who have been successful in many different roles
- W.I.L. has hosted multiple skill-building classes, covering topics such as building personal brands, radiating confidence and learning about the influence of women in the workplace
  - Between the live and virtual sessions, up to 50 people have attended each class
- W.I.L. has hosted panels focused on business functions (Women in Sales and Women in IT Operations) to highlight achievements of QTS women and provide networking opportunities across the organization

#### Philanthropic Efforts:

Since it was founded, W.I.L. has collected hundreds of sample-sized toiletries for local organizations that serve unsheltered poverty survivors and domestic violence survivors. This will be an ongoing collection effort throughout 2020 (and possibly beyond).



## Employee Recognition

QTS adheres to the integrity, leadership, execution, agility, development (iLEAD) mentality, which we define as a shared understanding that everyone is a leader. iLEAD is an acronym we created for a set of competencies that support QTS' Core Values. All employees use iLEAD as part of our Performance Management Criteria. By embracing this commitment to our Core Values, we bring out the best in ourselves and position QTS for continued growth and success. We believe it is important to show gratitude and recognize the numerous ways in which employees go above and beyond, whether it is from an internal or external perspective. Some of our recognition programs include:

**The Wingman Award:** This award recognizes employees who have gone above and beyond the call of duty to help fellow employees and customers, or who generally help to make QTS a world-class organization. Employees nominate one another for this award, and it can be given to any QTSer, no matter the level or department. Each winner is given a write-up in QTS' bi-weekly PluggedIn! newsletter and an Amazon gift card.

**Elevate Award:** QTS places great importance on customer service. We measure it in several ways, including providing regular Net Promoter Score surveys to all of our customers. Each QTS site takes great pride in its NPS score, and to recognize the employees who help achieve high scores, QTSers who are mentioned by name in survey responses receive an Amazon gift card.



## Eagle Club

### Purpose and Goal

QTS Eagle Club was created to give recognition and acknowledgment to employees for their exceptional contributions and accomplishments within their role throughout the year. Eagle Club members are those employees who have performed far above expectations in terms of their work ethic and effort, their leadership, their volunteerism, and their overall contribution to the success of the company and their fellow employees. Each year, approximately 25 employees are selected for induction into the Eagle Club. QTS has inducted 199 Eagle Club members since its inception in 2011 and 34 active employees have been inducted into Eagle Club multiple times. In 2019, we had a 97.6% retention rate of Eagle Club members.



### Membership Reward

Each employee selected for induction into the Eagle Club, along with his/her spouse/significant other, is invited to attend the annual Eagle Club Retreat typically held in June. Each Eagle Club member is presented with an engraved eagle statue and lapel pin to commemorate his/her induction. In addition to the retreat and Eagle Club award, all inductees (prior and current) are asked to participate in periodic follow-up luncheons/dinners and/or forums with the CEO or other corporate leaders to glean valuable insight and input through dialogue with the company's top performers. Inductees also may be invited to participate in periodic webinar roundtable events throughout the year.

### Selection Process

The Employee Selection Committee (a group of seven employees from various sites and roles within the company that changes each year) reviews each nomination to determine the final Eagle Club inductee list. Special attention is given to the specific job performance activities and volunteerism that managers, directors, VPs and senior executives indicate made their nominees stand out.



## Benefits

QTS is proud to offer a comprehensive and competitive benefits program for our full-time employees and their families. Full-time employees working 30 hours or more per week are eligible for medical, dental, and vision insurance on the first of the month following the date of hire. We offer group life insurance for full-time employees, as well as short- and long-term disability, a 401(k) plan, and workers compensation. We also offer an Employee Assistance Program, which is a 24/7 resource that provides confidential and experienced help for employees dealing with issues that impact their professional and personal lives. In order to ensure we are meeting the benefit needs of our employees, we administer a benefits survey on an annual basis, which allows us to incorporate important employee feedback when we review enrollment packages.

In 2019 we initiated a number of exciting changes to our benefits program that were activated in January 2020. This includes new maternity and paternity leave policies, adoption benefits, pet insurance, and the inclusion of a Healthcare Blue Book in our benefits package. The Healthcare Blue Book allows our employees to make informed decisions about their care providers, and the medical institutions they choose to rely on. Additionally, we understand what a vital role pets play in our employees' lives, as well as the cost burden of vet bills. This is why we offer 3 reimbursement options and a wellness benefit for our pet owners through Nationwide.

## Parental Leave Policy

We believe that our updated parental leave policy, which covers 100% of our full-time male and female employees, sets us apart from others. Under this policy, new mothers receive 12-weeks of maternity leave that is 100% paid, in addition to Short-Term Disability and 12 weeks of FMLA job protection. We understand that raising a family doesn't end once our employees return to work, which is why our policy also includes full pay for reduced work weeks throughout the first 6 months (post-leave) of an employee's return to work. New fathers are allotted two weeks of fully paid paternity leave, with the option to take time off at any point during the child's first year. Lastly, QTSers who choose to adopt receive these same paternity and maternity benefits.

## Employee Emergency Crisis Fund

QTS recognizes that unexpected catastrophic events can happen to anyone at any time. We partnered with Helping Hands Ministries Inc. to create the Employee Emergency Crisis Fund. This fund exists so that QTSers can assist one another in times of critical need. The fund provides assistance to employees or eligible dependents (in the case of the death of an employee) experiencing serious financial hardship and who are unable to afford housing, utilities, and other basic living expenses due to a natural disaster, life-threatening illness or injury, death or other catastrophic or extreme circumstances beyond the employee's control. Employees or their eligible dependents are eligible for up to \$2,000 per qualifying event in any given year.



## Employee Student Scholarship Program

To aid in living out our Support for Family Core Value, QTS is pleased to offer the QTS Student Scholarship Program. This program provides five competitive, need-based scholarships of \$5,000 to each recipient per year, which can be used to cover higher education expenses including tuition, room and board, and other institutional expenses related to receiving a degree. The scholarship is renewable for a total of four years of college education as long as the student meets the renewal requirements. The scholarship is available to any child of all non-executive level employees in the company, which represents more than 90% of the workforce. Selection of scholarship recipients is determined by the Greater Kansas City Community Foundation Scholarship Selection Committee based upon academic achievement, the requirement of financial assistance to attend college, personal recommendations, as well as participation and leadership in school and community activities.

## Training and Education

An effective and thorough training program is important to us, as it impacts both our internal operations and our external relationships. QTSers are required to complete approximately 3 hours of compliance training on an annual basis, which includes Active Shooter, Security Awareness, and Workplace Harassment trainings. In 2020, we are adding an anti-bribery and anti-corruption course to give our employees the tools they need to recognize and mitigate risks associated with bribery and corruption. In 2019, 100% of our employees completed the training. Managers are able to track the learning progress for their direct reports to ensure every team member is taking

part in these important trainings as execution and accountability are core aspects of how QTS continues to win, grow and achieve success.

In 2019, QTS teamed up with Udemy, a leading Business online training platform, which offers engaging training content on a host of topics such as development and stress management, and marketing and strategy for our employees. This is a testament to our desire to foster continued education and growth in all of our employees. Udemy gives our staff the opportunity to explore topics that interest them and develop new skillsets to grow their career.

At QTS, we aim to hire internally as much as possible to provide career growth and development opportunities for our own QTSers. In instances where we are unable to hire internally, we offer a \$1,000 referral bonus to any employee who refers a future hire for any QTS position up to management (no executive level positions).

QTS offers The Lead the Way Leadership Program, where approximately 155 people managers are required to complete a leadership training curriculum. These leaders represent 25% of our population. In addition to this leadership training, every employee on our facilities operations team has a defined Career Path that includes specific job-related training requirements. Typically each employee in our data centers will spend about 100 hours in training every year, and QTS is very supportive of promoting optional learning and development and certifications that are helpful for our employees to have. All certifications for our Facilities Operations, IT and Information Security personnel are 100% paid for by QTS.



## Community Impact

QTS recognizes that a healthy community provides a healthy environment to conduct business. We have a responsibility as a steward of people to actively support the communities in which our employees live, work and do business. As a **team-oriented** organization whose core values include **integrity, character and trust**, there is a conscious emphasis on support of **family, faith and community volunteerism** which we live out through the QTS Community Impact program. Along with the QTS pledge of superior services, expertise and personal attention, comes an emphasis on a company-supported and managed effort to provide assistance to organizations that work in the communities where QTS facilities are located. Our emphasis is on the support of programs and agencies whose purpose is to strengthen and enhance our communities.

In 2012, we created the QTS Community Impact program with a central mission to enrich the lives of QTSers and members of the communities in which we serve. This is achieved by providing time, talent and treasure to benefit local programs and agencies that strive to enhance the care and improvement of human life. The focus is on better communities and changed lives.



We focus our philanthropy on programs and projects that strengthen communities and improve life for its citizens and future generations. We provide resources to programs and agencies that QTS believes serve the most critical needs of the community and that could realize the greatest benefit from funding, employee volunteerism, or technology services or any combination of the three. To help support this program we created an internal initiative to commit our time, talent and treasure to help those in need.

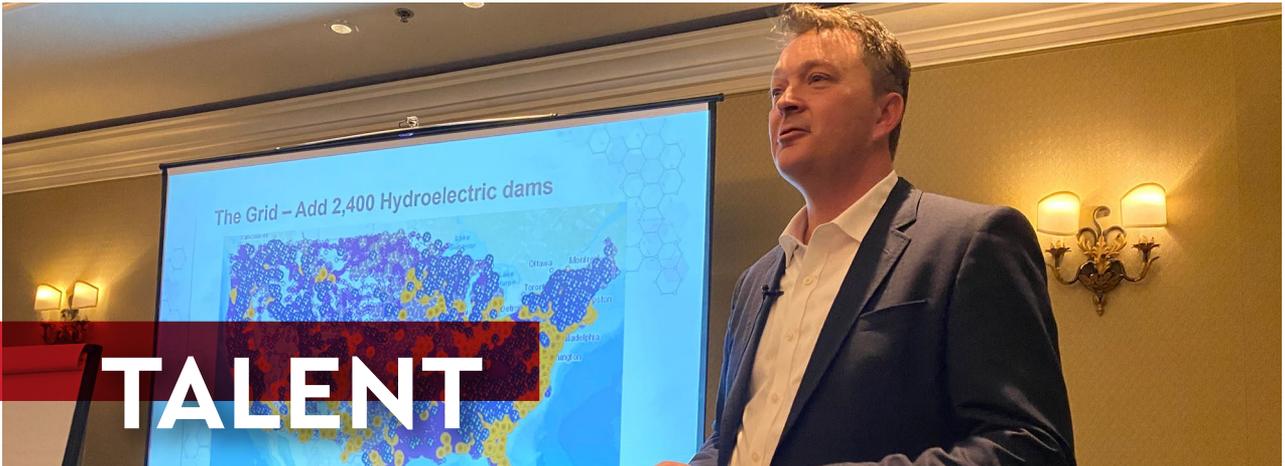
We encourage and facilitate our employees serving their communities, including our Executive Team and CEO. That is why every QTSer is allocated 24 hours per year of volunteer time. In 2019, QTSers donated over 3,000 volunteer hours to various communities, and provided over 80 different organizations with charitable contributions amounting to over \$700,000.

To further support community at QTS, we encourage each of our sites to sponsor volunteerism projects and host family events, where employees of all disciplines can gather to celebrate and get to know one another. In 2019, 100% of our operational facilities chose to partner with local community organizations to deliver time and resources to volunteer initiatives.





**TIME**



**TALENT**



**TREASURE**



## QTS Gifts Matching Program

The QTS Matching Gift Program is designed to support QTSers in their personal giving to eligible 501(c)(3) non-profit organizations within the United States. This program reflects our continuing commitment to providing encouragement to our employees, while investing in those agencies who are having a positive impact on the quality of life within our communities. QTS matches 100% of any gift of at least \$50, to a maximum of \$250 per employee per calendar year, to any eligible organization.

Charitable partnerships include more than 170 organizations since 2012 including:

- Big Brothers & Big Sisters
- Children's Advocacy Groups
- Habitat for Humanity
- Local Food Depositories
- U.S. Dream Academy
- American Forests – Grow with QTS program – 2020 and beyond
- World Vision – 2020 and beyond
- Cupanion – 2020 and beyond

### Cupanion

QTS has chosen to partner with Cupanion in support of global water initiatives. Every time you refill (your water bottle), Cupanion 'Fills it Forward' by giving clean water to a person in need. Cupanion believes in a healthy planet and clean water for all, which led them to create a product that makes giving water as easy as drinking water. They work with many of the top universities and schools, as well as some of the most innovative companies and events to build meaningful and engaging programs that focus on sustainability and charitable giving. Cupanion chooses to work with multiple charitable partners, each taking a unique approach to building sustainable (long-term 5-10 year) solutions locally and globally.



 **Big Brothers Big Sisters.**  
OF AMERICA



 **AMERICAN FORESTS**



**CUPANION**<sup>®</sup>  
FILL IT FORWARD



## Our Commitment to Veterans

QTS is deeply committed to the U.S. military, law enforcement and first responders which is why we are proud to report that 8.4% of our total workforce and over 20% of our operations staff has served our country. We have an active recruitment process in place focused on veterans, reservists and members of the National Guard.

To further our commitment to continuous improvement in policies related to the treatment of veterans, reservists and members of the National Guard, we enhanced our benefits in 2019. These changes will allow members of the Reserves and National Guard to serve with fewer financial burdens and more QTS support during their deployments.

- Enhance paid leave policy to up to one month of full pay for all employees to fulfill training commitments.
- Addition of \$500/mo deployment allowance for employees to use toward child or home care.
- Provide one week of paid time off for every six months of deployment to allow employees to decompress and transition.

QTS is proud to announce that we were the 2019 recipient of the Employer Support of the Guard and Reserve (ESGR) Above and Beyond Award, which is the most prestigious of all ESGR awards. This award recognizes employers who have gone above and beyond the legal requirements of the Uniformed Services Employment and Re-employment Rights Act by providing Guard and Reserve employees with additional, non-mandated benefits. This was the first time that we have received the award, and we feel that it is a direct embodiment of our commitment to our veterans. Additionally in 2019, we received the ESGR Pro Patria Award, and the ESGR Patriot and ESGR Seven Seals award for the third year in a row.

9. <https://www.esgr.mil/Employer-Awards/Above-and-Beyond-Award>

10. <https://www.esgr.mil/Employer-Awards/Patriot-Award>

## Awards and Recognition

### ESGR Above and Beyond Award

The Above and Beyond Award is given in limited numbers by State Committees to employers who have had at least one of their managers recognized with a Patriot Award, and who have signed or agree to sign an ESGR Statement of Support. The Kansas Committee presented the award in 2019.<sup>9</sup>

### ESGR Patriot Award

The Patriot Award reflects the efforts made to support citizen warriors through a wide-range of measures including flexible schedules, time off prior to and after deployment, caring for families, and granting leaves of absence if needed. This award was given to COO, David Robey and VP of People Services, Jana Moore in 2019.<sup>10</sup>

### ESGR Seven Seals Award

The Seven Seals Award is the broadest and most inclusive award given by ESGR and is presented at the discretion of the State Chair or by ESGR senior leadership. The Award is presented in recognition of significant individual or organizational achievement, initiative, or support that promotes and supports the ESGR mission, to include the efforts of the more than 4,500 volunteers who carry out ESGR's mission across the Nation on a daily basis. The Kansas Committee presented the award in 2019.<sup>11</sup>

### ESGR Pro Patria Award

The Pro Patria Award is presented annually by each ESGR State Committee to one small, one large, and one public sector employer in their state or territory. This is the highest level award that may be bestowed by an ESGR State Committee and was awarded to QTS as the best large company in the state of Kansas.<sup>12</sup>

11. <https://www.esgr.mil/Employer-Awards/Seven-Seals-Award>

12. <https://www.esgr.mil/Employer-Awards/Pro-Patria-Award>





## Governance

---

QTS' corporate governance is structured in a manner we believe closely aligns with both the interests of the company as well as our stockholders. The Board of Directors receives formal quarterly updates on ESG initiatives and progress. The Sustainability Leadership Team reports directly to the CEO and Governance Committee and updates them regularly through informal meetings, emails and conference calls.

### Board of Directors

QTS' Board of Directors is comprised of experienced independent directors who are committed to enhancing shareholder value by aligning with corporate governance best practice. The Board is comprised of 10 members, 9 of whom are determined to be independent for the purposes of the NYSE's corporate governance listing standards and Rule 103A-3 under the Exchange Act. Each of the Board's directors is subject to annual re-election. There is no stockholder rights plan, and there are no family relationships among our executive officers and directors. In addition, QTS stockholders may amend any bylaws by a majority vote.

CEO has served as our Chairman, President and Chief Executive Officer since May 2013 and was the Chairman and CEO of our predecessor from 2003 until our initial public offering. The CEO has more than 29 years of experience in the management and development of various private companies and more than 20 years of experience in the ownership, management and development of commercial real estate, the last 14 of which have been focused on data center properties. The CEO has been directly involved in every aspect of our business, from strategic acquisitions and financing, to site selection, design, development and construction and customer management.



To strengthen the role of our independent directors and encourage independent Board leadership, the Board also has established the position of lead independent director, which currently is held by Philip P. Trahanas. In accordance with our Corporate Governance Guidelines, the responsibilities of the lead independent director include, among others:

- Serving as liaison among (I) the management, including the CEO, (II) independent directors, (III) employees reporting misconduct that by their nature cannot be brought to management, and (IV) interested third parties and the Board;
- Presiding at executive sessions of the independent directors;
- Serving as the focal point of communication to the Board regarding management plans and initiatives;
- Ensuring that the role between Board oversight and management operations is respected;
- Providing the medium for informal dialogue with and among independent directors, allowing for free and open communication within that group; and
- Serving as the communication conduit for third parties who wish to communicate with the Board.

The Nominating and Corporate Governance Committee has set forth in a written policy, minimum qualifications that director candidates must possess. At a minimum, a director candidate must possess:

- High personal and professional ethics and integrity;
- An ability to exercise sound judgment;
- An ability to make independent analytical inquiries;

- An ability and willingness to devote adequate time and resources to perform Board duties diligently, including attending regular and special Board and committee meetings;
- Appropriate and relevant business experience and acumen; and
- A reputation, both personal and professional, consistent with the image and reputation of the Company.

In addition to the minimum qualifications, the written policy sets forth certain additional qualities and skills that, while not a prerequisite for nomination, should be considered by the Nominating and Corporate Governance Committee when evaluating a particular candidate. These additional qualities and skills include, among others, the following:

- Whether the person possesses specific industry knowledge, expertise and/or contacts, including the commercial real estate industry generally and/or the data center industry, and familiarity with general issues affecting the Company's business;
- Whether the person's nomination and election would enable the Board to have a member that qualifies as an "audit committee financial expert" as such term is defined by the SEC; fit of the individual's skills, experience, and personality with those of other directors in maintaining an effective, collegial, and responsive Board;
- Whether the person would qualify as an "independent" director under the rules of the NYSE and the Company's Corporate Governance Guidelines;
- The importance of continuity of the existing composition of the Board; and
- The importance of a diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise.



## Stock Ownership Guidelines

We believe that equity ownership by our directors and officers can help align their interests with our stockholders' interests. To that end, we have adopted formal share-ownership guidelines applicable to all of our directors and named executive officers. On an annual basis, we evaluate the ownership status of the directors and named executive officers.

Our Chief Executive Officer is required to own securities of the Company equal in value to at least five times his or her base salary. Each of our other named executive officers is required to own securities of the Company equal to at least three times his or her base salary. Our Chief Executive Officer and other named executive officers must comply with the ownership requirement within five years of being so named.

Our stock ownership guidelines with respect to our directors require stock ownership by our directors of five times the annual base cash retainer. Directors must comply with the ownership requirement within five years of becoming a member of the Board and are required to hold shares at this level while serving as a director.

## Hedging and Pledging of Company Securities

We do not permit hedging and permit only limited pledging of our securities by our directors and employees, including our named executive officers. Our Insider Trading Policy prohibits our directors and employees, including our named executive officers, from engaging in the following transactions: (i) trading in call or put options involving our securities and other derivative securities; (ii) engaging in short sales of our

securities; (iii) holding our securities in a margin account; and (iv) pledging our securities to secure margins or other loans, subject to limited exceptions.

## Board and Committee Self-Evaluation

The Board Self-Evaluation Policy was adopted in 2015 to establish and follow best practices in board governance and oversight. Pursuant to the policy, each year the chair of the Nominating and Corporate Governance Committee initiates the self-evaluation process by having detailed questionnaires distributed to each member of the Board soliciting input on matters such as board structure and composition, committee structure, board and committee meeting conduct, board support, education and compensation and overall board performance. Results of the questionnaires are tabulated and analyzed at one of the Board's regularly scheduled meetings. After discussing the results of the questionnaires, management and the Nominating and Corporate Governance Committee work with the Board to implement the necessary changes.

## Policy on Personal Loans to Directors and Executive Officers

Our Policy on Personal Loans to Directors and Executive Officers was adopted in 2015 to help ensure our compliance with Section 402 of the Sarbanes-Oxley Act of 2002, which prohibits companies with securities registered in the United States or that are required to file reports with the SEC from extending, arranging or renewing personal loans to or for directors or executive officers. Our policy prohibits the Company or any



company affiliated with the Company from, directly or indirectly, extending or maintaining credit, arranging for the extension of credit, or renewing an extension of credit in the form of a personal loan to or for any director or "executive officer" (as that term is defined in Rule 3b-7 under the Exchange Act) of the Company, or to any immediate family members.

### **Clawback Policy**

Our Executive Compensation Recovery Policy was adopted in 2015. Pursuant to this policy, in the event of a restatement of the Company's financial results (other than a restatement caused by a change in applicable accounting rules or interpretations), the result of which is that any cash or equity performance-based compensation paid to our Chief Executive Officer and Chief Financial Officer would have been a lower amount had it been calculated based on such restated results, a committee consisting of the non-management members of the Board (the "Independent Director Committee") shall review such performance-based compensation. If the Independent Director Committee determines that our Chief Executive Officer or Chief Financial Officer engaged in fraud or intentional illegal conduct which materially contributed to the need for a restatement, the committee may seek to recover from the executive the after-tax portion of the difference between the performance-based compensation actually paid and the amount that would have been paid had the performance-based compensation been calculated based on the restated financial statements for the three-year period prior to the restatement.

The Board currently has four standing committees: an Audit Committee, Compensation Committee, Governance Committee and a Security Committee. The Audit, Compensation and Governance Committees are comprised of only independent

directors. The Security Committee has at least three members who are independent directors, as defined by the NYSE listing standards and SEC rules. Additionally, each Committee operates under a written charter adopted by the Board, which can be found at [www.qtsdatacenters.com](http://www.qtsdatacenters.com).

One of the key functions of the Board is informed oversight of QTS' risk management process. The Board administers oversight directly, with support from the four standing committees. Each committee addresses risks specific to their respective areas of oversight.

The Board and standing Committees also hear reports from members of management to understand and discuss risk identification and risk management. More information regarding how risks are addressed by each of the below committees can be found in the 2019 Proxy Statement, located on the QTS website: [www.qtsdatacenters.com](http://www.qtsdatacenters.com).

### **Audit Committee**

The Audit Committee oversees aspects such as major risk exposures including financial monitoring and control, the performance of the internal audit function, and the financial and accounting reporting processes.

### **Compensation Committee**

The Compensation Committee assesses and monitors compensation policies to ensure that such practices are designed to balance risk and reward in relation to the company's overall business strategy and to mitigate excessive risks. The Compensation Committee evaluates the performance of the CEO on an annual basis, reviews and approves executive officer compensation and any associated compensation policies and plans, determines stock shares,



options and awards to be granted to directors and executive officers based on the plans, and assists management with the Proxy statement and annual report disclosure requirements. Members of the Compensation Committee actively engage with investors on executive compensation matters and incorporate investor feedback into compensation plan structuring.

### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee monitors the general operations of the Board, the effectiveness of QTS' Corporate Governance Guidelines, and assists the Audit Committee with oversight and approval of company-wide enterprise risk management practices and compliance with legal and regulatory requirements. This includes company-wide success in preventing illegal or improper liability-creating conduct, overseeing the Board's evaluation of management, recommending Board nominees for each Board Committee, and identifying and recommending qualified Board member candidates. The Committee identifies director candidates based on input provided by numerous sources, including the members of the Committee, directors of the Company and stockholders of the Company.

Our stock ownership guidelines require our directors to own securities of the company equal to at least five times his or her annual base cash retainer. The CEO is required to own at least five times his or her base salary and our executive officers are required to own at least three times their base salary. Additionally, Executive compensation is tied to business outcomes and stockholder value creation through the use of equity that vests based on the achievement of specified Operating

Funds from Operations per Share and relative TSR targets. These rules help to ensure that our Board and executives are aligned with the interests of our shareholders, which includes many of our employees.

### **Security Committee**

The main purpose of the Security Committee is to provide oversight and leadership for the company's information technology security framework. The Committee helps to identify, manage and mitigate risk related to cybersecurity privacy and disaster recovery.

### **Corporate Governance Guidelines**

The Board has adopted a set of governance guidelines, the QTS Realty Trust, Inc. Corporate Governance Guidelines, which reflect the Board's commitment to monitoring the effectiveness of decision-making at the Board and Management level, and ensuring adherence to good corporate governance principles, all with the goal of enhancing stockholder value over the long term. The Corporate Governance Guidelines address, among other things:

- The responsibilities and qualifications of directors, including director independence;
- The functioning of the Board;
- The responsibilities, composition and functioning of the Board committees;
- The appointment and role of the lead independent director;
- Principles of director compensation; and
- Management succession and review.



## Code of Business Conduct

QTS adheres to a Code of Business Conduct and Ethics, which applies to directors, officers, and employees. The Code of Business Conduct and Ethics aims to deter wrongdoing and promote honest and ethical conduct; full, fair, accurate, timely and understandable public disclosures; regulatory compliance; and accountability for adherence to this code. We provide our employees with numerous outlets for reporting potential violations of the Code of Business Conduct, including an Ethics Hotline, which grants employees anonymity and confidentiality when they are reporting. More details on the Code of Business Conduct and Ethics can be found at [www.qtsdatacenters.com](http://www.qtsdatacenters.com).

## Anti-Corruption

All employees, including Executives and all Board members have received information on the company's anti-corruption policies. Mandatory training is required on this topic of all employees. All vendors must acknowledge QTS' anti-corruption policies. The Corporate Governance Guidelines and Code of Business Conduct, both of which cover anti-corruption, can be found on the company's website. Through our Enterprise Risk Management (ERM) program, we have not assessed any risks as significant related to corruption. These risk factors are reported annually as part of our SEC reporting. Please refer to our 10-K filing for 2019.

## Management

We continue to strive to improve, and believe that in order to do so, we must have clearly defined goals and reliable processes in place to measure our progress. This is why every department is responsible for setting, tracking, and achieving quarterly and annual goals that support the improvement of their roles and as a result, the company. We also have company-wide targets, including ESG goals and initiatives managed by the QTS Sustainability Leadership Team. QTS utilizes a standardized approach to providing continued training and resources to our management team. Managers are provided access to a training database via the research and advisory company Gartner. The Gartner database provides training resources on subjects such as coaching and mentoring, preparing and executing performance, and effective business communication. Additionally, monthly webinars are provided that address high priority topics for internal success, such as department goal setting and employee retention.

### Extended Leadership Team

The QTS Executive Team has relied on an Extended Leadership Team (ELT) of approximately 50 leaders to lead key departments, communicate company strategy and performance, and set and achieve high performance for all QTS employees. This is done through transparent communication and feedback with the Executive Team, as well as active participation engaging QTS employees in the company culture, mission and vision, and through employee recognition.



## QTS Sustainability Leadership Team

QTS is committed to developing a company-wide approach that demonstrates a commitment to the future of our environment, drives data center efficiency, and encourages employee engagement. We believe that the QTS Sustainability Leadership Team is a direct embodiment of this commitment. The Team is responsible for leading and implementing ESG initiatives across the company, reporting directly to the CEO, and is led by the VP of Energy and Sustainability Travis Wright. Executive sponsorship of this Team and its initiatives demonstrates the high level of dedication to environmental and social responsibility at QTS. ESG team members bring expertise from a variety of departments spanning the organization, including people services, finance, product management, stakeholder marketing and communications, and operations. The varied composition of the Team reflects QTS' understanding that ESG initiatives provide intersectional opportunities for company-wide improvements.

### Contact Information

For questions regarding report content, please contact:

#### Travis Wright

VP, Energy and Sustainability  
sustainability@qtsdatacenters.com



**Travis Wright**  
VP, Energy & Sustainability



**Stephen Douglas**  
EVP, Finance



**Megan Hofmeyer**  
Director, Strategic  
Marketing



**Kelly Michael**  
Director, Marketing  
Operations &  
Communications



**Jon Sizemore**  
Project Manager,  
Operations Leadership  
Development Program





## Risk and Resilience

---

Continuous computing in our data centers is a key ingredient to maintaining both our corporate lifeblood and our business model. Site location is an integral aspect of this, as it allows us to avoid any expected natural and foreseeable man-made risks to our computing operations.

We take great care in selecting sites for future QTS Data Centers, taking into special consideration the ever-changing extremity of weather patterns. Prior to moving forward with a site, we evaluate not only feasibility of cost and timing, but hundreds of other issues regarding internal and external diligence, land zoning and entitlements, power sources, water and other utilities, construction and master planning, and connectivity. Each question with regards to the topics above are given a score, and only sites with the highest scores across all categories are pursued.

Our facilities are designed to withstand hurricanes, tornadoes, earthquakes and other natural disasters. We evaluate the risk of nearby airports, surrounding businesses, weather and seismic activity, proximity to high value terrorism targets, and nuclear power plants. We design our facilities with redundant utility feeds and 100% UPS and generator backup. We procure multiple fuel contracts and adhere to strict maintenance procedures throughout the lifetime of the facility. At QTS, we can proudly say that we build, own, and operate some of the most advanced and resilient facilities in the world, and this is backed up by data showing 10 years of 99.999% uptime.



# Security, Compliance and Privacy

## Physical Security

Customers expect strong physical security controls to protect their information technology and the data center infrastructure that ensures continuous availability of power and environmental control. Our onsite experts focus on physical security to ensure an uncompromising level of security 24x7x365 from the property perimeter to the data center floor. Physical security controls include setbacks, fencing, active guard patrols, ID checks, visitor screening, active video monitoring, proximity card readers and biometric access controls. QTS Facilities are built and operated to meet or exceed FISMA High physical security and environmental control requirements. These controls are implemented to ensure that only authorized personnel have access to customer information technology and data center infrastructure. Additionally, QTS has implemented an extensive training program for our security staff to ensure that our employees are prepared to respond to a wide range of emergency events to keep our customers, and their information technology assets safe. QTS also has digitized physical security through the QTS Service Delivery Platform (SDP) which provides near real-time access to physical security activity, granting customers unprecedented access to physical security event data available both through the SDP web application user interface as well as the API.



## Cyber Security

Today's cyber threat landscape is very dynamic, and organizations must adapt to an increasing volume and sophistication of cyber threat actors. QTS has built a risk-based cyber security program that focuses on continuous identification and assessment of risks to QTS assets, including the critical information technology systems that are needed to deliver data center colocation services. The QTS cyber security program is led by the QTS Chief Information Security Officer, who ensures recurring communication on the state of the program to executive leadership and the QTS Board of Directors. The program is based upon a risk-based and balanced approach to prevention and detection of, as well as response to, cyber threats.

QTS understands that every member of the organization has an important role in safeguarding the confidentiality, integrity, and availability of QTS and stakeholder assets. All QTS staff receive annual security awareness training that includes cyber threat overview, cyber policies, and reporting procedures. Recognizing the severity and prevalence of email threats, QTS runs multiple phishing simulation training exercises for all employees each year to ensure staff understand how to recognize and report email threats.

## Compliance

QTS understands that all organizations must manage third party risk, and in response QTS has implemented an extensive compliance program to provide customers with independent third-party reports and certifications for leading compliance programs such as SOC 1, SOC 2, ISO-27001, HITRUST, and PCI-DSS. These compliance reports and certifications enable customers to have independent confirmation about the policies, procedures and controls that QTS has implemented. Customers can use these compliance reports and certifications to meet the requirements of their third-party risk management program and as a foundation for their own compliance programs.

## Privacy

QTS has a privacy program, and the privacy policies are available on the [QTS website](#). QTS participates in the [Privacy Shield program](#) and is GDPR & CCPA compliant.

## Security Committee

The main purpose of the Security Committee is to provide oversight and leadership for the company's information technology security framework. The Committee helps to identify, manage and mitigate risk related to cybersecurity privacy and disaster recovery.



# QTS Compliance Matrix - Owned Facilities

	SOC 1	SOC 2	PCI	ISO 27001	FISMA HIGH	HITRUST
<b>Ashburn-Broderick</b> 22271 Broderick Drive Sterling, VA 20166	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)
<b>Ashburn-Moran</b> 1506 Moran Road Dulles, VA 20166	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)
<b>Atlanta</b> 1033 Jefferson Street NW Atlanta, GA 30318	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)
<b>Chicago</b> 2800 S. Ashland Ave. Chicago, IL 60608	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)
<b>Eemshaven</b> Huibertgatweg 2 9979 XZ Eemshaven Netherlands						
<b>Fort Worth</b> 14100 Park Vista Blvd. Fort Worth, TX 76177	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)		YES (CDC/COLO)
<b>Groningen</b> Zernikelaan 16 9747 AA Groningen Netherlands				YES (CDC/COLO)		
<b>Hillsboro</b> 4951 NE Huffman St Hillsboro, OR 97124	Planned ~ November 2021	Planned ~ November 2021	Planned ~ April 2021	Planned ~ December 2021		Planned ~ November 2021
<b>Irving</b> 6431 Longhorn Drive Irving, TX 75063	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)
<b>Jersey City</b> 95 Christopher Columbus Drive 16th Floor Jersey City, NJ 07302	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)		YES (CDC/COLO)
<b>Manassas</b> 9340 Godwin Drive Manassas, Virginia 20110	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)		
<b>Miami</b> 11234 NW 20th Street Miami, FL 33172	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)		YES (CDC/COLO)
<b>Overland Park</b> 12851 Foster Street Overland Park, KS 66213	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)		YES (CDC/COLO)
<b>Piscataway</b> 101 Possumtown Rd. Piscataway Township, NJ 08854	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)		YES (CDC/COLO)
<b>Richmond</b> 6000 Technology Blvd. Sandston, VA 23150	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)
<b>Sacramento</b> 1100 North Market Blvd Sacramento, CA 95834	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)		YES (CDC/COLO)
<b>Santa Clara</b> 2805/2807 Mission College Blvd. Santa Clara, CA 95054	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)
<b>Suwanee</b> 300 Satellite Blvd. NW Suwanee, GA 30024	YES (CDC/COLO)	YES <sup>1</sup> (CDC/COLO)	YES (CDC/COLO)	YES (CDC/COLO)		YES (CDC/COLO)

Footnote: <sup>1</sup> Includes Security, Availability & Confidentiality Trust Services Criteria

CDC - Custom Data Center

COLO - Colocation





## Looking Ahead

---

As a leader in the data center industry, we have the opportunity to set a strong standard of world-class ESG principles and goals. We believe that to whom much is given, much is required and we are focused on enabling not only QTS but others within our industry to positively impact our surrounding communities and people. That is why we fight so hard for cost-effective and impactful renewable energy that is easy for anyone to procure. It is why we take our knowledge and expertise to conference gatherings with our peers, our customers, and our competitors and we offer solutions to their most pressing challenges. We host podcasts, conduct interviews and host conferences in our facilities. It is why we are so proud to have set one of the most aggressive renewable energy goals in our industry and are now advancing our efforts toward promoting sustainable social improvements in the world.

In 2020, QTS plans to focus increased time and attention on the social component of ESG. We are very excited about a number of partnerships on the horizon, including those with American Forests, World Vision and Cupanion. We are committed to continuing our transition to renewable energy procurement and will expand our renewable energy program into 2020 and beyond.

Looking into the future, Sustainability will continue to be a core differentiator for QTS as part of our long-term strategic plan. We have already committed to sourcing 100% of our power from renewable sources by 2025, and we will do this through cost effective, impactful opportunities. We will strive for our facilities to be among the most energy and water efficient in the world, and we will continue to embrace transparency of operational data. Through the strength of our people, we will accelerate our industry leadership in sustainability.



# Appendix: Data Index

## Energy

### Energy Intensity

2019 Energy Intensity Ratio	2.48
Calculation	kWh / Total Annual Revenue = Energy Intensity
The energy represented above substantially covers all of the energy used within the organization	

### 2019 Energy Reductions

Energy reductions due to conservation and efficiency initiatives	23,548,404 kWh
Types of energy included in reductions	Electricity
Basis for calculating reductions	Year over Year corporate wide PUE improvement
Standards Methodologies	<ul style="list-style-type: none"> <li>QTS installed an additional 34,220 blanking panels in 2019. This resulted in average savings of approximately 5,660,307 kWh throughout the 2019 calendar year.</li> <li>The installation and use of blanking panels is part of a broader QTS effort to reduce environmental impact, increase energy efficiency, and maintain compliance with our PUE (power utilization effectiveness) requirements. Customer compliance has been mandated as being required.</li> <li>QTS Green blanking panels are single rack unit (RU) metal plates that secure, without the use of tools, to the cold aisle-facing front of an open four-post rack or cabinet. These panels improve the equipment performance and efficiency, prevent possible overheating, extend the life span of equipment, and decrease energy consumptions due to the fact less power is used when equipment runs cooler.</li> </ul>
Green Power Usage 2018–2019	304,397,000 kWh <ul style="list-style-type: none"> <li>Green power is defined as a subset of renewable energy and represents renewable energy sources and technologies that provide the highest environmental benefit. The purchasing of green power allows us to positively impact our overall emission profile and carbon footprint.</li> <li>Wind Project: Bearkat II Wind, Radford's Run installed in 2019. This project is projected to provide approximately 69,768,000 kWh per year of windpower to our data center located in Richmond, VA, and will become active in the spring of 2020.</li> <li>On-site solar photovoltaic generation at our Piscataway and Princeton mega data center campuses.</li> </ul>



## Emissions

### Emissions Intensity

2019 Emissions Intensity Ratio	814.9
Calculation	Metric Tons of CO <sub>2</sub> e / Total Annual Revenue in Millions of \$ = Emissions Intensity
Gasses Included	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, CO <sub>2</sub> e, NOX

Direct Scope 1 GHG emissions and Energy indirect (scope 2) GHG emissions

We have seen a consistent year over year decrease in greenhouse gas emissions. In 2018, QTS saved 78,835 MT of CO<sub>2</sub> emissions through procurement of carbon free renewable energy, whereas in 2019 we saved 137,907 MT of CO<sub>2</sub> emissions. We are projecting to save 191,331 MT of CO<sub>2</sub> emission in 2020. QTS follows the eGrid approach to calculating Scope 2 emissions, which includes emissions of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, CO<sub>2</sub>e, NOX, and SO<sub>2</sub> gasses in the makeup of CO<sub>2</sub>e. QTS' consolidation approach for emissions includes all sites that are under our operational control.

### Emissions – CO<sub>2</sub>e – Metric Tons

	2017	2018	2019
Scope 1	725	620	581
Scope 2	412,757	409,569	391,210

Gasses Included: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, CO<sub>2</sub>e, NOX

Method: eGRID <https://www.epa.gov/energy/emissions-generation-resource-integrated-database-eGRID>

## Employment

### Employee and Worker Information

#### Employment

Number of Employees		612	
Number of Employees with tenure of 5+ years		48.3%	
Number of Employees Who Identify as a Veteran		8.5%	
Number of Employees by Gender	Male	469	
	Female	143	
Number of Full Time Employees by Gender	Male	468	
	Female	141	
Number of Part-Time Employees by Gender	Male	1	
	Female	2	
	Did Not Disclose	36	
Number of Temporary (Seasonal/Contract) Employees by Gender	Male	58	
	Female	3	
	Did Not Disclose	36	
Number of Employees by Region		<b>Permanent</b>	<b>Temporary</b>
	North America	611	97
	EMEA	1	0



## Employee and Worker Information (continued)

### Assumptions:

- The majority of the organization's activities are performed by full-time employees
- QTS employees are not covered by Collective Bargaining Agreements. Supporting the QTS Core Values, the company supports dialogue on changes impacting our current and future employees even where there is no obligation to do so.
- QTS "Full-Time" (FTE) employees represent at-will employees who are not in a temporary/seasonal status and are regularly scheduled to work the Company's full-time schedule of thirty (30) or more hours per week.
  - QTS "Part-Time" employees represent at-will part-time employees who are not in a temporary/seasonal status and are regularly scheduled to work less than thirty (30) hours per week.
  - QTS "Temporary/Seasonal" employees represent at-will employees who are hired temporarily for a pre-established, limited/finite period or for a specific task. These workers are notified of the temporary nature of their work assignments, although they may work a full-time or part-time schedule.

## New Employee Hires and Turnover

New Hires and Hire Rate		17%
New Hires by Gender	Male	72
	Female	32
New Hires by Age Group	<30 years old	25
	30-50 years old	62
	>50 years old	17
New Hires by Region	North America	103
	EMEA	1
Employee Turnover and Turnover Rate		16.3%
Employee Turnover by Gender	Male	74
	Female	26
Employee Turnover by Age Group	<30 years old	18
	30-50 years old	47
	>50 years old	35
Employee Turnover by Region	North America	100
	EMEA	0

## Diversity & Inclusion

### Diversity of Governance Bodies and Employees

#### Diversity of Governance Body

Gender	Male	90%
	Female	10%



## Diversity of Governance Bodies and Employees (continued)

Race	White	10%	
	Did Not Disclose	90%	
Age Group	30–50 years old	20%	
	>50 years old	80%	
<b>Diversity of Employees</b>			
Number of Employees		612	
Number of Employees by Gender	Male	76.6%	
	Female	23.4%	
Number of Employees by Age Group	<30 years old	61	
	30–50 years old	376	
	>50 years old	175	
Number of Employees by Race	White	65.2%	
	Black or African American	12.1%	
	Hispanic	10.3%	
	Asian	6.7%	
	Did Not Disclose	3.1%	
	2 or More Races	2.1%	
	Hawaiian (NHOP)	0.3%	
	Native American	0.2%	
Number of Employees by Management Level, By Gender	<b>SVP/VP and Above</b>	Male	40
		Female	10
	<b>Director/Manager</b>	Male	86
		Female	37
	<b>Non-Management</b>	Male	343
		Female	96



# Appendix: GRI Index

## General Disclosures

GRI Standard		Location
102-1	Name of the organization	Pg. 5 About QTS; QTS Realty Trust, Inc. (NYSE: QTS)
102-2	Activities, brands, products and services	Pg. 5 About QTS; QTS is able to deliver secure, compliant infrastructure solutions, robust connectivity and premium customer service to leading hyperscale technology companies, enterprises and government entities.
102-3	Location of headquarters	Pg. 5 About QTS; Overland Park, Kansas
102-4	Location of operations	Pg. 5 About QTS; Operates throughout the United States and the Netherlands
102-5	Ownership and legal form	2019 10k; <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
102-6	Markets served	The QTS customer base is comprised of more than 1,200 different companies that range in size and represent an array of industries with unique and varied business models and needs. We serve Fortune 1000 companies as well as small- and medium-sized businesses which include financial institutions, healthcare companies, retail companies, government agencies, communications service providers, software companies and global Internet companies.
102-7	Scale of the organization	Pg. 5 About QTS; 2019 Proxy Statement <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
102-8	Information on employees and other workers	Pg. 54 Appendix: Data Index
102-9	Supply chain	The QTS supply chain remained substantially unchanged and primarily includes our energy and water utilities, all of our hard-working contractors, the data center equipment manufacturers we have developed long-standing relationships with and our building materials suppliers.  <a href="#">QTS Sustainable Procurement Policy</a>
102-10	Significant changes to the organization and its supply chain	Pg. 5 About QTS; In 2019, we acquired two new facilities in the Netherlands, opened a new data center in Manassas, VA and began development on new facilities in Atlanta, GA, and Hillsboro, OR which we anticipate opening in 2020.  The QTS supply chain remained substantially unchanged.
102-11	Precautionary principle or approach	QTS does not specifically apply the precautionary principle; the company strives to exceed local, regional, and federal laws and regulations. We strive to act in accordance with the QTS Core Values, operating with the highest levels of integrity and accountability and respect for our customers, community and all stakeholders. In conjunction with our highest governing body and Governance Committee, we implement initiatives using a risk-based approach to ensure that we meet or exceed industry standards in environmental, social and governance initiatives.
102-12	External initiatives	Pg. 14 External Initiatives & Voluntary Disclosure Frameworks; GRESB, CDP, ECOVadis, RE100, SASB
102-13	Membership of associations	Pg. 14 Organization Associations; Renewable Energy Buyers Alliance (REBA), RE100, Data Center Coalition, CERES, U.S. Dream Academy, Veteran's Advantage
102-14	Statement from senior decision-maker	Pg. 2 Letter From Our CEO
102-15	Key impacts, risks and opportunities	Pg. 2 Letter From Our CEO



## General Disclosures (continued)

GRI Standard	Location
102-16 Values, principles, standards and norms of behavior	<p>Pg. 6 Core Values; Our mission and purpose of serving something greater than ourselves drives us to empower people and technology, and we firmly believe that we can accomplish this while maintaining character and integrity in the manner in which we execute and achieve our goals. QTS demonstrates this by caring for and improving the lives of current and future employees, customers, investors and community members. Our stewardship of people and capital extends to the caretaking of our environment and communities.</p> <p>At the heart of what we do is a core set of values that sets QTS apart from others. At QTS we place great importance on integrity, character and trust in everything we do, both internally and externally. Our team would not be able to deliver high-quality results without action, innovation and accountability. We realize how important it is to build and maintain a team-oriented workforce that respects our customers and one another. This is the foundation of the high-quality work we deliver. Lastly, we believe that how we deliver our services is just as important as caring for each other and the communities in which we work, demonstrated by our support of family, faith and community volunteerism.</p>
102-17 Mechanisms for advice and concerns about ethics	<p>Pg. 47 QTS adheres to a Code of Business Conduct and Ethics, which applies to directors, officers, and employees. The Code of Business Conduct and Ethics aims to deter wrongdoing and promote honest and ethical conduct; full, fair, accurate, timely and understandable public disclosures; regulatory compliance; and accountability for adherence to this code. We provide our employees with numerous outlets for reporting potential violations of the Code of Business Conduct, including an Ethics Hotline, which grants employees anonymity and confidentiality when they are reporting. More details on the Code of Business Conduct and Ethics can be found at <a href="http://www.qtsdatacenters.com">www.qtsdatacenters.com</a>.</p>
102-18 Governance structure	<p>Pg. 42 Governance; 2019 Proxy <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a></p>
102-19 Delegating authority	<p>Pg. 48 QTS Sustainability Leadership Team; QTS is committed to developing a company-wide approach that demonstrates a commitment to the future of our environment, drives data center efficiency, and encourages employee engagement. We believe that the QTS Sustainability Leadership Team is a direct embodiment of this commitment. The Team is responsible for leading and implementing ESG initiatives across the company, reporting directly to the CEO, and is led by the VP of Energy and Sustainability Travis Wright. Executive sponsorship of this Team and its initiatives demonstrates the high level of dedication to environmental and social responsibility at QTS. ESG team members bring expertise from a variety of departments spanning the organization, including people services, finance, product management, stakeholder marketing and communications, and operations. The varied composition of the Team reflects QTS' understanding that ESG initiatives provide intersectional opportunities for company-wide improvements.</p>
102-20 Executive-level responsibility for economic, environmental, and social topics	<p>Pg. 48 QTS Sustainability Leadership Team; The Sustainability Leadership Team is responsible for leading and implementing ESG initiatives across the company, reporting directly to the CEO, and is led by the VP of Energy and Sustainability Travis Wright. Executive sponsorship of this Team and its initiatives demonstrates the high level of dedication to environmental and social responsibility at QTS.</p> <p>Also, refer to Disclosure 102-33.</p>



## General Disclosures (continued)

GRI Standard		Location
102-22	Composition of the highest governance body and its committees	2019 Proxy <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
102-23	Chair of the highest governance body	2019 Proxy <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
102-24	Nominating and selecting the highest governance body	2019 Proxy <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
102-25	Conflicts of interest	2019 Proxy <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
102-26	Role of highest governance body in setting purpose, values, and strategy	2019 Proxy <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
102-27	Collective knowledge of highest governance body	2019 Proxy <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
102-28	Evaluating the highest governance body's performance	2019 Proxy <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
102-32	Highest governance body's role in sustainability reporting	Pg. 9 About this Report; This Report was formally reviewed and approved by the CEO and Board of Directors, in collaboration with the Sustainability Leadership Team.
102-33	Communicating critical concerns	The Board of Directors receives formal quarterly updates. The Sustainability Leadership Team reports directly to the CEO and Governance Committee and updates them regularly through informal meetings, emails and instant message communications.
102-40	List of stakeholder groups	Pg. 10-13 Commitment to ESG; Anyone who affects or is affected by our business - full-time and contracted employees; local community members; investors; current and future QTS customers; suppliers.
102-41	Collective bargaining agreements	Refer to Disclosure 102-8
102-42	Identifying and selecting stakeholders	The QTS Sustainability Leadership Team conducted an initial materiality assessment with the help of a third-party ESG consultant to define Stakeholders, which were determined to be anyone who affects or is affected by our business. That list includes both full-time and contracted employees, local community members, our investors, current and future QTS customers, and our suppliers. Each group of stakeholders is an essential component to our success as a business. In order to ensure we meet and exceed our stakeholders' expectations, we engage in continued education, transparent reporting and communication, and give our stakeholders the opportunity to provide us with feedback. Engaging with stakeholders is the key to building strong, long-lasting relationships with those we impact and those who are crucial to our success. Please refer to the Materiality Assessment on pg. 10 for further information.
102-43	Approach to stakeholder engagement	Pg. 11 Key Stakeholders and Engagement; A full list of stakeholder engagement activities, including frequency of engagement by type and stakeholder group can be found in the Key Stakeholders and Engagement section. All activities are conducted for the betterment of the organization and our stakeholders.
102-44	Key topics and concerns raised	Pg. 13 Key Stakeholders, Engagement Approach and Topics
102-45	Entities included in the consolidated financial statements	2019-10k <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>



## General Disclosures (continued)

GRI Standard	Location
102-46 Defining report content and topic Boundaries	<p>Pg. 10 Commitment to ESG; QTS conducted an initial materiality assessment in 2018, where we received input from our Executive Leadership, and a third-party ESG consultant. We reflected upon the larger environmental, economic, and social implications of the organization and its associated activities. This approach allowed us to determine which topics directly influence our environmental, economic, and social impacts, as well as the decisions and assessments of our stakeholders.</p> <p>Topic boundaries defined as internal took into consideration our employees and investors, whereas external boundaries encompass our customers, the communities where our data centers and offices are located, and the larger environmental, economic, and social impacts of our activities. The topics resulting from the materiality assessment align with our Core Company Values.</p>
102-47 List of material topics	<p>Pg. 10 Commitment to ESG – Community Engagement; Water Consumption and Conservation; Diversity &amp; Inclusion; Employee Health and Wellness; Risk &amp; Resilience; Public Financial Disclosure; Energy Use and Reductions; Renewable Energy Procurement; Corporate Transparency; Occupational Health &amp; Safety; GHG Emissions &amp; Reduction Targets; Anti-Corruption; Employee Training &amp; Education; Community Leadership; Executive Sponsorship &amp; Senior-Level ESG Management; Stakeholder Engagement; Green Building Certifications; Safety &amp; Security; Materials Recycling; Environmental Disclosure &amp; Transparency; Data Security; Employee Recognition; Environmental Regulatory Compliance.</p>
102-48 Restatements of information	N/A
102-49 Changes in reporting	N/A
102-50 Reporting period	<p>Pg. 9 About this Report; This document reports on the highest priority ESG data and initiatives for the 2019 calendar year, including projects that were initiated before the reporting period but continued into 2019, as well as forward-thinking goals developed in 2019 for projects that are yet to begin.</p>
102-51 Date of most recent report	Pg. 9 About this Report
102-52 Reporting cycle	<p>Pg. 9 About this Report; annual report <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a></p>
102-53 Contact point for questions regarding the report	Travis Wright, VP of Energy and Sustainability, sustainability@qtsdatacenters.com
102-54 Claims of reporting in accordance with the GRI Standards	<p>Pg. 9 About this Report; The current report has been prepared in accordance with the GRI Standards: Core option.</p>
102-55 GRI content index	Pg. 58 Appendix: GRI Index
102-56 External assurance	This report does not have external assurance this year.

## Economics

GRI Standard	Location
103-1 Explanation of the material topic and its Boundary	2019-10k <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
103-2 The management approach and its components	2019-10k <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
103-3 Evaluation of the management approach	2019-10k <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>
201-1 Direct economic value generated and distributed	2019-10k <a href="http://investors.qtsdatacenters.com/annual-report-proxy">http://investors.qtsdatacenters.com/annual-report-proxy</a>



## Energy

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 20 Energy; Pg. 10 Materiality Assessment
103-2	The management approach and its components	Pg. 20 Energy
103-3	Evaluation of the management approach	Pg. 20 Energy
302-1	Energy consumption within the organization	Pg. 20 Energy; 1,186,054,598 kWh consumed in 2019
302-3	Energy intensity	Pg. 20 Energy; Pg. 54 Appendix: Data Index
302-4	Reduction of energy consumption	Pg. 20 Energy; Pg. 54 Appendix: Data Index; 23,548,404 kWh conserved in 2019 due to reduction measures

## Emissions

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 24 Greenhouse Gas Emission Reductions; Pg. 10 Materiality Assessment
103-2	The management approach and its components	Pg. 24 Greenhouse Gas Emission Reductions
103-3	Evaluation of the management approach	Pg. 24 Greenhouse Gas Emission Reductions
305-1	Direct (Scope 1) GHG emissions	Pg. 24 Greenhouse Gas Emission Reductions; Pg. 54 Appendix: Data Index
305-2	Energy indirect (Scope 2) GHG emissions	Pg. 24 Greenhouse Gas Emission Reductions; Pg. 54 Appendix: Data Index  We have seen a consistent year over year decrease in greenhouse gas emissions. In 2018, QTS saved 78,835 MT of CO <sub>2</sub> emissions through procurement of carbon free renewable energy, whereas in 2019 we saved 137,907 MT of CO <sub>2</sub> emissions. We are projecting to save 191,331 MT of CO <sub>2</sub> emission in 2020. QTS follows the eGrid approach to calculating Scope 2 emissions, which includes emissions of CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, CO <sub>2</sub> e, NOX, and SO <sub>2</sub> gasses in the makeup of CO <sub>2</sub> e. QTS consolidation approach for emissions includes all sites that are under our operational control.
305-4	GHG emissions intensity	Pg. 24 Greenhouse Gas Emission Reductions; Pg. 54 Appendix: Data Index
305-5	Reduction of GHG emissions	Pg. 24 Greenhouse Gas Emission Reductions; Since QTS only recently began tracking emissions, reduction information is not currently available
305-6	Emissions of ozone-depleting substances (ODS)	Pg. 24 Greenhouse Gas Emission Reductions; Does not apply to QTS' operations
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Pg. 24 Greenhouse Gas Emission Reductions; Does not apply to QTS' operations

## Water & Effluents

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 21 Water; Pg. 10 Materiality Assessment
103-2	The management approach and its components	Pg. 21 Water
103-3	Evaluation of the management approach	Pg. 21 Water
303-5	Water consumption	Pg. 21 Water



## Effluents & Waste

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 22 Waste; Pg. 10 Materiality Assessment
103-2	The management approach and its components	Pg. 22 Waste
103-3	Evaluation of the management approach	Pg. 22 Waste
306-2	Waste by type and disposal method	Pg. 22 Waste

## Environmental Compliance

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 10 Materiality Assessment
103-2	The management approach and its components	Pg. 49 Risk and Resilience
103-3	Evaluation of the management approach	Pg. 49 Risk and Resilience
307-1	Non-compliance with environmental laws and regulations	QTS did not identify any significant non-compliance with environmental laws and/or regulations during the 2019 reporting year.

## Employment

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 29 Social; Pg. 10 Materiality Assessment
103-2	The management approach and its components	Pg. 29 Social
103-3	Evaluation of the management approach	Pg. 29 Social
401-1	New employee hires and employee turnover	Pg. 54 Appendix: Data Index
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pg. 36 Benefits
401-3	Parental leave	Pg. 36 Parental Leave Policy

## Occupational Health and Safety

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 27 Occupational Health & Safety; Pg. 10 Materiality Assessment
103-2	The management approach and its components	Pg. 27 Occupational Health & Safety
103-3	Evaluation of the management approach	Pg. 27 Occupational Health & Safety
403-1	Occupational health and safety management system	Pg. 27 Occupational Health & Safety
403-2	Hazard identification, risk assessment, and incident investigation	Pg. 27 Occupational Health & Safety



## Occupational Health and Safety (continued)

GRI Standard		Location
403-3	Occupational health services	Pg. 27 Occupational Health & Safety
403-5	Worker training on occupational health and safety	Pg. 27 Occupational Health & Safety
403-8	Workers covered by an occupational health and safety management system	Pg. 27 Occupational Health & Safety
403-9	Work-related injuries	Pg. 27 Occupational Health & Safety
403-10	Work-related ill health	Pg. 27 Occupational Health & Safety – QTS had no fatalities as a result of work-related ill health.

## Training & Education

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 29-41 Social; Pg. 10 Materiality Assessment
103-2	The management approach and its components	Pg. 29-41 Social
103-3	Evaluation of the management approach	Pg. 29-41 Social
404-1	Average hours of training per year per employee	Pg. 29-41 Social
404-2	Programs for upgrading employee skills and transition assistance programs	Pg. 29-41 Social

## Diversity & Inclusion

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 31-33 Diversity and Inclusion; Pg. 10 Materiality Assessment
103-2	The management approach and its components	Pg. 31-33 Diversity and Inclusion
103-3	Evaluation of the management approach	Pg. 31-33 Diversity and Inclusion
405-1	Diversity of governance bodies and employees	Pg. 54 Appendix: Data Index

## Security Practices

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 49-52 Risk & Resilience; Pg. 10 Materiality Assessment
103-2	The management approach and its components	Pg. 49-52 Risk & Resilience
103-3	Evaluation of the management approach	Pg. 49-52 Risk & Resilience
410-1	Security personnel trained in human rights policies or procedures	Pg. 49-52 Risk & Resilience



## Local Communities

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 38 Community Impact; Pg.10 Materiality Assessment
103-2	The management approach and its components	Pg. 38 Community Impact
103-3	Evaluation of the management approach	Pg. 38 Community Impact
413-1	Operations with local community engagement, impact assessments, and development programs	Pg. 38 Community Impact

## Anti-Corruption

GRI Standard		Location
103-1	Explanation of the material topic and its Boundary	Pg. 10 Materiality Assessment
103-2	The management approach and its components	Pg. 42-48 QTS' Governance and Ethics Efforts can be found in Governance or on our website <a href="http://investors.qtsdatacenters.com/governance-documents">http://investors.qtsdatacenters.com/governance-documents</a> .
103-3	Evaluation of the management approach	Pg. 42-48 QTS' Governance and Ethics Efforts can be found in Governance or on our website <a href="http://investors.qtsdatacenters.com/governance-documents">http://investors.qtsdatacenters.com/governance-documents</a> .
205-1	Operations assessed for risks related to corruption	Through our ERM program, we have not assessed any risks as significant related to corruption. These risk factors are reported annually as part of our SEC reporting. Please refer to our 10-K filing for 2019 <a href="https://investors.qtsdatacenters.com/sec-filings">https://investors.qtsdatacenters.com/sec-filings</a> .
205-2	Communication and training about anti-corruption policies and procedures	All employees, including executives and all board members have received information on the company's anti-corruption policies. Mandatory training is required on this topic of all employees. All vendors must acknowledge QTS' anti-corruption policies. The Corporate Governance Guidelines and Code of Business Conduct, both of which cover anti-corruption, can be found on the company's website.
205-3	Confirmed incidents of corruption and actions taken	During the relevant period, there were zero confirmed incidents of corruption.





---

Integrity, Character, Trust  
Action, Innovation, Accountability  
Team Oriented

Respect Our Customers  
Support of Family, Faith & Community Volunteerism



## FREEDOM WALL

DEDICATED TO THE BRAVE MEN AND WOMEN OF THE UNITED STATES ARMED FORCES,  
LAW ENFORCEMENT AGENCIES, AND FIRE AND EMERGENCY SERVICES PERSONNEL  
FOR THEIR DEVOTION, SERVICE AND SACRIFICE THAT ENABLES OUR FREEDOMS  
AND SAFETY. WE PRAY THAT GOD CONTINUES TO BLESS THIS COUNTRY AND PROTECT  
THE BRAVE MEN AND WOMEN WHO CHOOSE TO SERVE AND DEFEND IT.

GOD BLESS AMERICA

12851 FOSTER STREET, OVERLAND PARK, KS 66213 | 913.814.9988 | QTSDATACENTERS.COM

©2020 QTS REALTY TRUST, INC. ALL RIGHTS RESERVED.