



# Fiscal Year 2022 Environmental, Social & Governance (ESG) Report

March 2023






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# About this Report

2022 marks F5’s third annual Environmental, Social, and Governance (ESG) report. Within this year’s report, we are proud to present the progress we have made towards our ESG commitments, most notably:

-  F5 announced its first-ever climate target to reduce the Scope 1 and Scope 2 emissions from our operations by half by 2030.
-  F5 matched its all-time high of 84% employee favorability for “I feel a sense of belonging at F5,” last achieved in 2020.
-  F5 joined the Responsible Business Alliance (RBA), enabling us to embed our ESG commitments further into our value chain.

In response to stakeholder feedback, we also continue to focus on improving the breadth and depth of our ESG disclosures, including the results of F5’s first double materiality assessment, as well as the pace of our reporting, by delivering the FY22 ESG report a quarter ahead of last year’s report.

If you have any questions or feedback about F5’s ESG report, programs or progress, please contact our team at [esgreport@f5.com](mailto:esgreport@f5.com).

Reporting Period	F5’s fiscal year 2022 (FY22), beginning on October 1, 2021, and ending on September 30, 2022.
Reporting Cycle	Annual
Assurance	In preparation of this report, select FY22 data was reviewed by the F5, Inc. Internal Audit department. F5’s ESG reporting will include external assurance for material disclosure items in the future.
Materiality Assessment and Process	A summary of our double materiality assessment can be found on page 7 of this report.
Stakeholder Engagement	Our key stakeholders are F5 employees, F5 customers, F5 shareholders, communities in which F5 has offices; and F5 business and supply chain partners. All these stakeholders were engaged around ESG topic prioritization specifically related to our Double Materiality Assessment, discussed in more detail on page 7 of this report.
Additional Resources	<ul style="list-style-type: none"> <li>• <a href="#">2022 Annual Report</a></li> <li>• <a href="#">2022 Proxy Statement</a></li> <li>• <a href="#">ESG Policies</a></li> <li>• <a href="#">FY21 ESG Report</a></li> </ul>



# Environmental

We are charting a clear path forward on climate action at F5 and we achieved several major milestones on our decarbonization roadmap in fiscal year 2022.

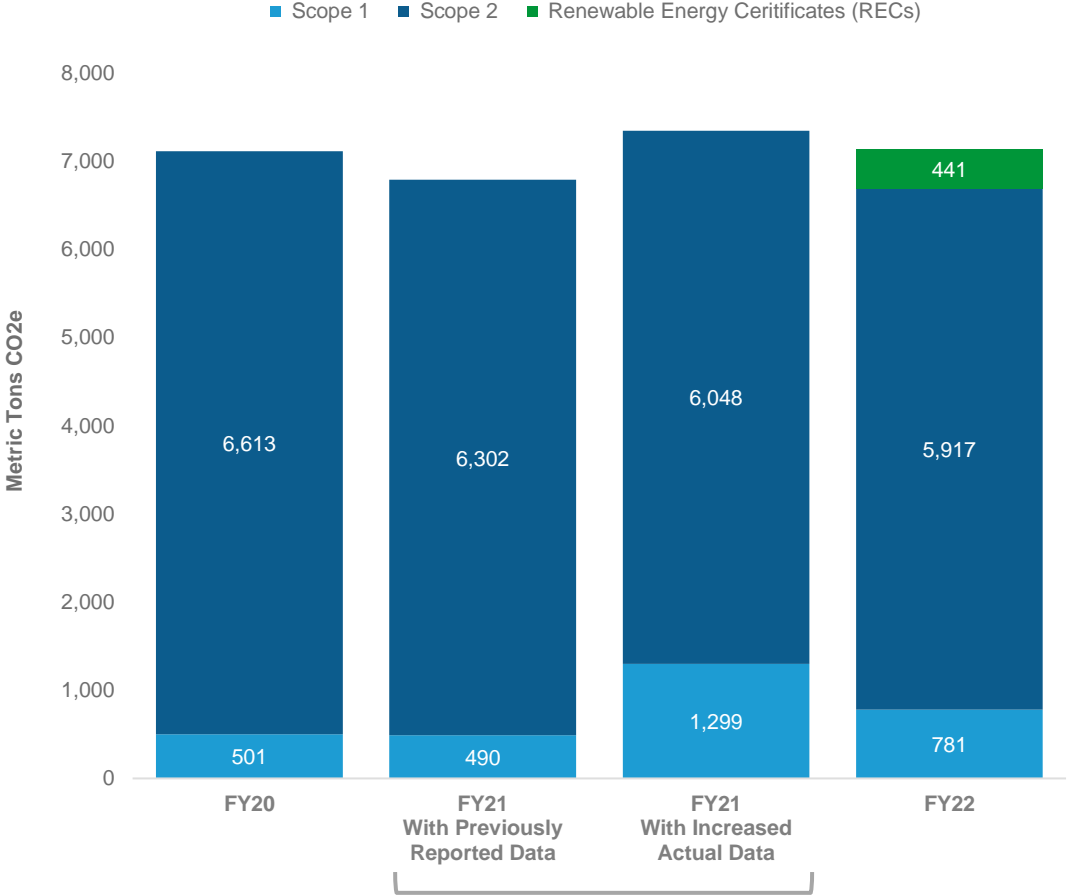
[F5 took its first step towards a climate target](#) by committing to reduce our absolute Scope 1 and Scope 2 emissions 50% by 2030 from a 2021 baseline year.

To start making immediate progress towards our target in fiscal year 2022, F5 made its first-ever purchase of renewable energy certificates (RECs), equal to 10,000 kWh or 14% of our Scope 2 emissions. We focused on buying low carbon, renewable energy in the Western region of the U.S. first, given that our highest volume of emissions worldwide is currently concentrated around our headquarters in Seattle, WA and offices in Spokane, WA and San Jose, CA.

In conjunction with our emissions reduction efforts, we continued to improve our emissions data collection as well. Notably, we identified higher actual emissions than we previously estimated and reported in fiscal year 2021. The result of these improvements in our data collection is a more precise and comprehensive picture of our actual emissions, where we can demonstrate a 9% overall decrease in our Scope 1 and 2 emissions from fiscal year 2021 to fiscal year 2022.

As we prepare to submit our climate target and baseline year submission for validation by the Science Based Target Initiative (SBTi) by the close of fiscal year 2023, we continue to focus on closing the gap between estimate and actual Scope 1 and 2 emissions data and will perform a rebaselining process, if necessary. We are also nearing completion of our Scope 3 emissions inventory across our value chain and have initiated our first lifecycle assessment (LCA), covering more than half of our applicable products.

F5's Annual Emissions



# Social

As one global and diverse team, F5ers put enormous energy into nurturing a culture for the company that is both human-first *and* high performance.

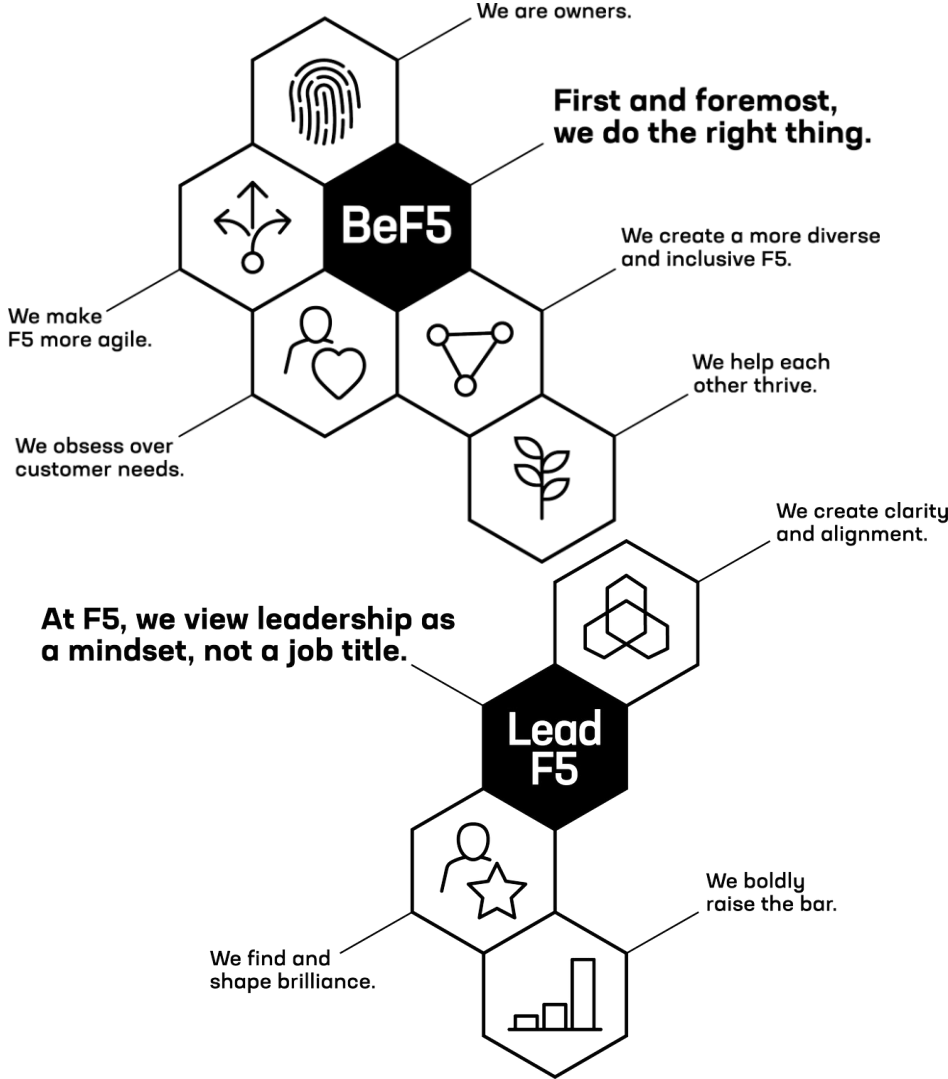
This balance is achieved through the investments F5 makes to support the diverse needs of our employees. In fiscal year 2022, this included human-first commitments to renew our quarterly, four-day “Wellness Weekends,” provide mental health awareness training for all managers and our executive leadership team and more equitable employee health benefits in the U.S.; and is balanced by our market-competitive salary, bonus and equity compensation, customized leadership coaching, mentorship, and sponsorship programs and quarterly “Learning Days” to recognize and accelerate our employees’ high performance.

Because F5 is creating a workplace where everyone can be themselves and reach their full potential, we focus our efforts on [inclusion, diversity, equity and allyship](#) (“IDEA”). F5 embeds “IDEA” into our ways of working through the leadership of our employee inclusion groups (EIGs), the breadth of our company-wide annual training and development programs, and the accountability for diverse representation and employee inclusion score metrics within our executives’ short-term cash incentives. The results of these programs are published annually in our Diversity & Inclusion [report](#).

More than half of all employees also participated in F5’s community development initiatives in fiscal year 2022. Marking the fourth year for [F5 Global Good](#), employees volunteered more than 7,200 hours and directed the entirety of F5’s \$4.6 million in donations, through both the company matching program and our grant selection committees.

During our bi-annual surveys of F5ers, the programs and benefits described above appear repeatedly among the most meaningful factors in our employees’ engagement. As a result, in fiscal year 2022, we are proud to report that F5 saw a 3%-point increase year-over-year in each of the following categories:

- 91% of employees favorably rate “I am proud to work for F5.”
- 90% of employees favorably rate “F5 has a great culture.”
- 84% of employees favorably rate “I feel a sense of belonging at F5.”



# Governance

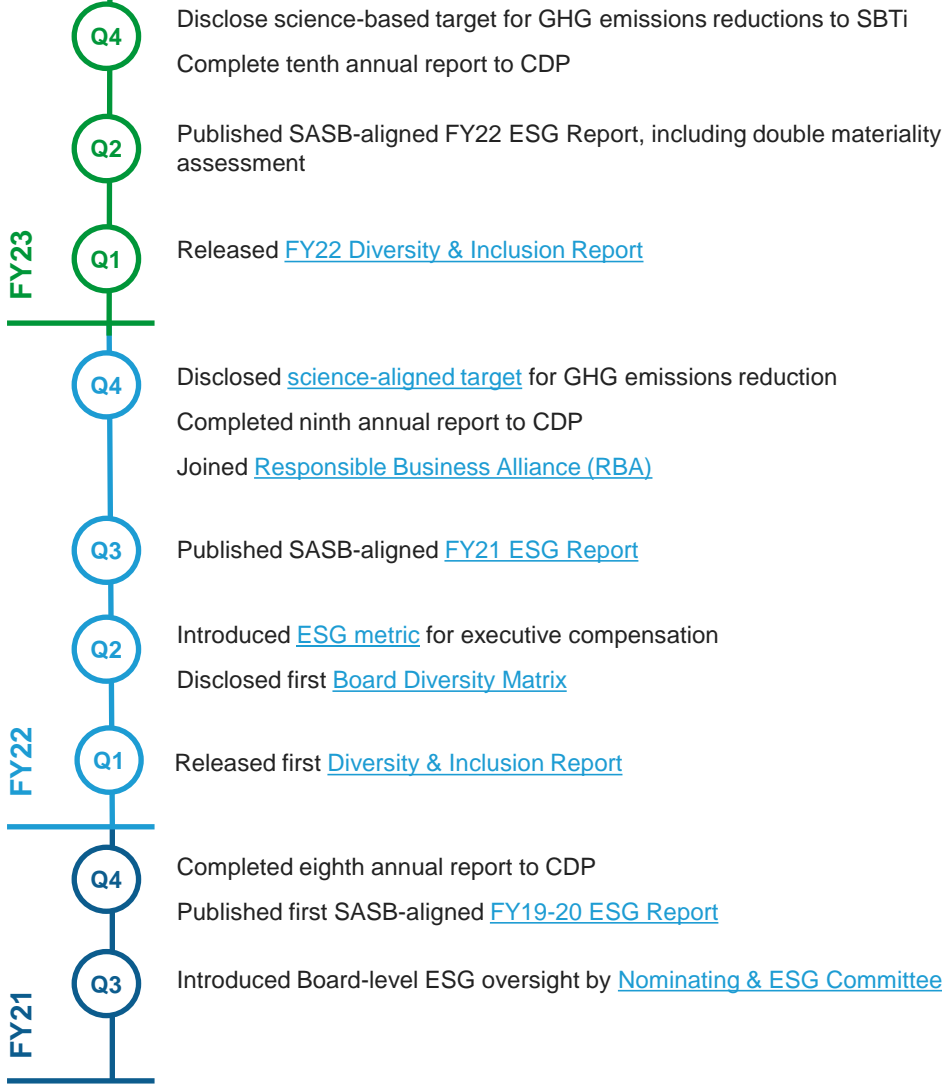
At F5, we care deeply not just about *what* we do, but *how* we do it. Our guiding principle to “do the right thing” for our employees, our customers, our shareholders, and our communities is described in our Code of Conduct and expressed every day through our culture.

This principle also extends to the company’s ESG commitments. Since the F5 ESG team was established in fiscal year 2021, we have built a sound foundation for the program by centralizing the collection, monitoring, and disclosure of material ESG data, programs, and policies across the company. Furthermore, the oversight of our ESG programs is conducted by the Nominating and ESG Committee of the Board of Directors. The Committee reviews F5’s ESG environmental, including climate, social and other governance-related risks, strategy, disclosures and metrics each quarter.

In addition, F5 heightened its governance in several key areas that were of critical importance to our stakeholders in fiscal year 2022:

- ESG risk management and oversight have been added to F5’s multi-disciplinary company-wide risk management process. This includes updates to F5’s climate-related risk reporting hierarchy and frequency, including to the Board of Directors.
- With the company’s increased focus on cybersecurity and enterprise resilience, F5 disclosed that management reviews potential cyber risks associated with our business, in addition to risk mitigation efforts, as part of its overall enterprise risk assessment review with the Audit & Risk Oversight Committee and the full Board. A sub-group of the Audit Committee also meets with management at least quarterly, including F5’s Chief Information Security Officer, Chief Information Officer, Chief Privacy Officer, Executive Vice President of Global Services and General Counsel, to evaluate F5’s cybersecurity posture and operational resilience programs.
- To help ensure F5 builds a culture of belonging and representation, the Talent & Compensation Committee introduced quantitative diversity and inclusion metrics as part of its executive officers’ annual short-term cash incentive program.
- F5 bolstered the due diligence for monitoring the working and environmental conditions in our supply chain by joining the Responsible Business Alliance (RBA).

## F5 ESG GOVERNANCE & DISCLOSURE TIMELINE





# F5 ESG Double Materiality Assessment

### Process

Because we recognize that our business can have specific, salient ESG-related risks, we undertook a double materiality assessment in order to:

- Identify and prioritize ESG issues within F5’s risk management procedures and reporting processes. The inclusion of environmental and climate risk was of particular importance to this process.
- Help F5 prepare for upcoming regulation, including the Corporate Sustainability Reporting Directive (CSRD).
- Align F5 to the European Financial Reporting Advisory Group’s (EFRAG) definition combining ESG impact and financial materiality.

We engaged hundreds of internal and external stakeholders in this process, including employees, customers, partners, suppliers, and shareholders. We assessed topics based on their impact on the environment and society and to enterprise value; and considered ESG reporting frameworks and ESG topics highlighted by our industry peers.

### Priority Topics

Our stakeholders identified seven ESG priority areas as having the highest impact on the environment and society and to our enterprise value. The seven issues listed below, along with additional key ESG priorities, including those highlighted in this report, helped to refine the priorities in F5’s overall, long-term ESG strategy. Two topics, ESG Risk Management and Oversight, have already been added to F5’s multi-disciplinary company-wide risk management process as a result of this assessment.

Double Materiality Priority	ESG Topic	ESG Topic Definition
1	Product Lifecycle Management	Design of hardware products with the entire lifecycle in mind. Specific considerations may include energy efficiency of products, hazardous material inputs, and designing for and facilitating safe end-of-life disposal and recycling.
2	Materials Sourcing & Efficiency	Engagement with suppliers and use of recycled and renewable materials, reduced use of materials, resource efficiency throughout operations, and R&D investments in substitute materials.
3	Energy Management	Non-renewable energy consumption, reduction, management, and renewable energy ambitions.
4	Supply Chain Management	Screening, selection, monitoring, and engagement with suppliers on their environmental and social impacts.
5	Procurement Practices	Purchasing practices that reduce negative environmental and social impacts in supply chain and support local, women, and/or disadvantaged suppliers.
6	ESG Risk Management	Processes in place to identify, assess, manage, monitor, and communicate ESG-specific risks.
7	ESG Oversight	Board and executive level responsibility for ensuring that the company’s ESG strategy is appropriate, takes account of material ESG risks, and is likely to deliver results.



# Hardware

SASB CODE	ACCOUNTING METRIC	FY20	FY21	FY22
<b>Product Security</b>				
TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	Not disclosed	<p>F5 has comprehensive security practices across the company, including secure training and frameworks, testing, internal and external auditing, and <a href="#">vulnerability management and disclosure</a>.</p> <p>F5 further strengthens its security measures through close collaboration with third parties who regularly perform due diligence on and test F5 systems.</p> <p>Because of the ever-evolving nature of cybersecurity threats, F5 continually reviews its processes and procedures, in consultation with third parties, to identify opportunities to further improve F5 products and security practices.</p>	<p>F5 has comprehensive security practices across the company, including security training and frameworks, testing, internal and external auditing, and vulnerability management and disclosure.</p> <p>F5 holds ourselves accountable for the resolution of security and privacy incidents. When issues arise, our global Cyber Incident Response Team (CIRT) responds swiftly, using a playbook with documented resolution procedures. In addition, the CIRT performs a comprehensive incident investigation and prevention through threat assessment and detection, mitigation planning, incident trend analysis, and security architecture review.</p> <p>Because of the ever-evolving nature of cybersecurity threats, F5 continually reviews its processes and procedures, in consultation with third parties, to further identify opportunities to improve F5 products and security practices.</p>



## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) METRICS

SASB CODE	ACCOUNTING METRIC	FY20	FY21	FY22
<b>Employee Diversity &amp; Inclusion</b>				
TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Please see TC-SI-330a.3 on p. 26 of <a href="#">FY19-20 ESG Report</a> .	Please see TC-SI-330a.3 on p. 10-11 of <a href="#">FY21 ESG Report</a> .	Please see TC-SI-330a.3 on p. 14-15.
<b>Product Lifecycle Management</b>				
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	100% of our hardware products may contain small amounts of some chemicals on the IEC 62474 declarable substances list, disclosed in F5's <a href="#">product substance declarations</a> .	100% of our hardware products may contain small amounts of some chemicals on the IEC 62474 declarable substances list, disclosed in F5's <a href="#">product substance declarations</a> .	100% of our hardware products may contain small amounts of some chemicals on the IEC 62474 declarable substances list, disclosed in F5's <a href="#">product substance declarations</a> .
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	No eligible products	No eligible products	No eligible products
TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	No eligible products	No eligible products	No eligible products
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Not disclosed	Not disclosed	Not disclosed

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) METRICS

SASB CODE	ACCOUNTING METRIC	FY20	FY21	FY22
<b>Supply Chain Management</b>				
TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Nothing to disclose <sup>1</sup>	Nothing to disclose <sup>1</sup>	Nothing to disclose <sup>1</sup>
TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances			
<b>Materials Sourcing</b>				
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	<a href="#">2020 Conflict Minerals Report</a>	<a href="#">2021 Conflict Minerals Report</a>	2022 Conflict Minerals Report will be filed before May 31, 2023.

### FOOTNOTES

<sup>1</sup> We outsource the manufacturing of our pre-configured hardware platforms to a third-party contract manufacturer; Flex Ltd. Flex is a founder member of the Responsible Business Alliance (RBA) and reports the results and rates of its RBA Validated Audit Process (VAP) in their [2021 Annual Sustainability Report](#) and [2022 Annual Sustainability Report](#).

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) METRICS

# Software & IT Services

SASB CODE	ACCOUNTING METRIC	FY20	FY21	FY22
<b>Environmental Footprint of Hardware Infrastructure</b>				
TC-SI-130a.1	Total energy consumed (GJ)	109,520	99,563	113,182
	Percentage grid electricity	100%	100%	86%
	Percentage renewable	0%	0%	14%
<b>ADDITIONAL ENERGY &amp; EMISSIONS PERFORMANCE INFORMATION</b>		<b>FY20</b>	<b>FY21 <sup>2</sup></b>	<b>FY22</b>
Energy				
	Scope 1 Natural gas (MWh)	2,766	2,701	4,311
	Scope 2 Electrical power (MWh)	27,656	24,955	27,128
Emissions				
	Scope 1, market-based (MTCO <sub>2</sub> e)	501	490	781
	Scope 2, market-based (MTCO <sub>2</sub> e)	6,613	6,302	5,917

### FOOTNOTES

<sup>2</sup> Previously reported energy and emissions data relied on Commercial Building Energy Consumptions Survey (CBECS) estimates where actual data was not available. See page 4 of this report for FY21 data with additional actuals included.

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) METRICS

SASB CODE	ACCOUNTING METRIC	FY20	FY21	FY22
<b>Environmental Footprint of Hardware Infrastructure (continued)</b>				
TC-SI-130a.2	Total water withdrawn	Not disclosed	Not disclosed	Not disclosed
	Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress			
TC-SI-130a.3	Integration of environmental considerations to strategic planning for data center needs	Not disclosed	The majority of F5's data center needs are fulfilled by third-party data center and colocation providers that incorporate sustainable design and operational practices into their facilities to maximize energy efficiency, leverage renewable energy, reduce water consumption and minimize waste.	Over 80% of F5's offsite data center needs are fulfilled by a third-party provider that is committed to a science-based target and 100% renewable energy by 2030.
<b>Data Privacy &amp; Freedom of Expression</b>				
TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	<a href="#">Privacy Notice</a> <a href="#">EU-U.S. and Swiss-U.S. Privacy Shield Framework Certification</a>	<a href="#">Privacy Notice</a>	<a href="#">Privacy Compliance &amp; Practices</a>
TC-SI-220a.2	Number of users whose information is used for secondary purposes	Not disclosed	Not disclosed	<a href="#">Privacy Notice</a>
TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	None	None	None

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) METRICS

SASB CODE	ACCOUNTING METRIC	FY20	FY21	FY22
<b>Data Privacy &amp; Freedom of Expression (continued)</b>				
TC-SI-220a.4	Number of law enforcement requests for user information	Not disclosed	Not disclosed	Not disclosed
	Number of users whose information was requested			
	Percentage resulting in disclosure			
TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	None	None	F5 provides products and services to its customers, that include large enterprise businesses, public sector institutions, governments, and service providers, subject to the terms of its contract with each customer. F5 does not provide products or services directly to consumers. F5's products and services are subject to customer oversight and contract terms, but are not otherwise subject to government monitoring, blocking, content filtering, or censoring.
<b>Data Security</b>				
TC-SI-230a.1	Number of data breaches	None	None	None
	Percentage involving personally identifiable information (PII)			
	Number of users affected			

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) METRICS

SASB CODE	ACCOUNTING METRIC	FY20	FY21	FY22
<b>Data Security (continued)</b>				
TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	<a href="#">ISO27001 Certification</a>	<a href="#">ISO27001 Certification</a>	<a href="#">ISO27001 Certification</a>
<b>Employee Diversity &amp; Inclusion</b>				
TC-SI-330a.1	Percentage of employees that are foreign nationals	Not disclosed	Not disclosed	Not disclosed
	Percentage of employees that are located offshore	45%	48%	50%
TC-SI-330a.2	Employee engagement as a percentage	Not disclosed <sup>3</sup>	83%	88%
TC-SI-330a.3	Percentage of gender representation			
	Management	Not disclosed	40% Female <sup>4</sup>	Not disclosed
	Technical staff		Not disclosed	
	Worldwide employees	23.2% Female	24.1% Female	25.3% Female

### FOOTNOTES

<sup>3</sup> In our [FY19-20 ESG Report](#), we reported our employee survey results across multiple factors (company culture, team satisfaction, manager satisfaction and sense of belonging) as well as our employee response rate, instead of following SASB's methodology for TC-SI-330a.2. We corrected this reporting for FY21 and FY22 to follow SASB's methodology.

<sup>4</sup> In our [FY21 ESG Report](#), we defined "management" as F5 executive vice presidents, who report to the CEO and are members of the executive leadership team. While this met SASB's management definition of "executive/senior level officials," it did not follow the full scope of SASB's methodology for TC-SI-330a.3.



**SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) METRICS**

SASB CODE	ACCOUNTING METRIC	FY20	FY21	FY22
<b>Employee Diversity &amp; Inclusion (continued)</b>				
TC-SI-330a.3	Percentage of race/ethnic group representation			
	Management	Not disclosed	Not disclosed	Not disclosed
	Technical staff			
	U.S. employees			
	American Indian or Alaskan Native	0.3%	0.3%	0.3%
	Asian	24.6%	24.4%	24.7%
	Black	2.5%	2.7%	3.4%
	Hawaiian or Pacific Islander	0.3%	0.3%	0.4%
	Hispanic/Latino(a)	4.5%	4.5%	4.5%
	Two or more races	2.9%	3.0%	3.3%
	White	64.6%	64.3%	62.7%



## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) METRICS

SASB CODE	ACCOUNTING METRIC	FY20	FY21	FY22
<b>Intellectual Property Protection &amp; Competitive Behavior</b>				
TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Part II, Item 8, Note 13 of <a href="#">2020 Annual Report</a>	Part II, Item 8, Note 13 of <a href="#">2021 Annual Report</a>	Part II, Item 8, Note 12 of <a href="#">2022 Annual Report</a>
<b>Managing Systemic Risks From Technology Disruptions</b>				
TC-SI-550a.1	Number of performance issues	Current performance status and historical uptime for F5 services are available at: <a href="#">F5 Distributed Cloud Services</a> <a href="#">F5 Silverline Managed Services</a>	Current performance status and historical uptime for F5 services are available at: <a href="#">F5 Distributed Cloud Services</a> <a href="#">F5 Silverline Managed Services</a>	Current performance status and historical uptime for F5 services are available at: <a href="#">F5 Distributed Cloud Services</a> <a href="#">F5 Silverline Managed Services</a>
	Number of service disruptions			
	Total customer downtime			
				Additional real-time information at: <a href="#">F5 Bug Tracker</a>
TC-SI-550a.2	Business continuity risks related to disruption of operations	<a href="#">Business Continuity Summary</a> Item 1A (Risk Factors) of <a href="#">2020 Annual Report</a>	<a href="#">Business Continuity Summary</a> Item 1A (Risk Factors) of <a href="#">2021 Annual Report</a>	<a href="#">Business Continuity Summary</a> Item 1A (Risk Factors) of <a href="#">2022 Annual Report</a>

