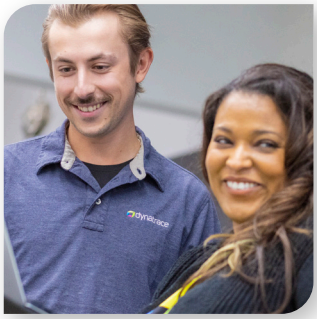
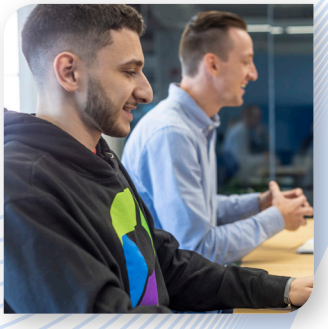
2022 ESG Materiality Update





© 2022 Dynatrace

What's inside

03 **Message from our CEO**

04 **Materiality assessment process**

06 **Materiality matrix**

07 **Current state of our material ESG topics**

12 **Material topic definitions**

16 **About this report**

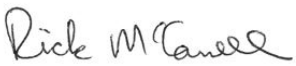
©2022 Dynatrace

Message from our CEO

We believe advancing and strengthening our environmental, social, and governance (ESG) strategy is both paramount to our success and our responsibility as a global company. With that as a guiding principle, we partnered with an outside consultant to lead a comprehensive process to better understand our environmental, social, and governance impacts, as well as the risks and opportunities those factors present, given our market position, business model, and company values. In this report, we are sharing our process for determining our most important ESG topics and the results of the initial analysis.

While this is a critical step, we recognize this is just the beginning of our journey. Our ESG program will continue to develop as we implement and enhance sound policies and practices. In our first full ESG report, scheduled for release during the summer of 2023, we will discuss our strategy and performance on the important ESG topics we have identified.

Overall, we are committed to transparency and accountability to our valued stakeholders, including our employees, customers, partners, shareholders, and communities in which we operate. We look forward to sharing our progress as we continue this journey together.



Rick McConnell
Chief Executive Officer
Dynatrace

©2022 Dynatrace

Materiality assessment process

In 2022, we conducted our first materiality assessment to identify the environmental, social, and governance (ESG) risks and opportunities of highest priority to our company and stakeholders. We engaged a third-party ESG consultancy, qb. consulting, to lead this assessment and provide guidance on navigating environmental, social, human capital, and governance topics.

The findings of this inaugural assessment will inform our ESG strategy and planned inaugural 2023 ESG report.

Step 1: Identification of potentially material topics

A review of external ESG reporting frameworks and research into industry trends served as a starting point to build our list of material topics. By assessing emerging concerns in the software industry through the lens of global reporting guidelines, we initially produced a broad list of 65 potentially material ESG topics.

We defined materiality in alignment with the Global Reporting Initiative (GRI). Our material topics directly or indirectly impact our company's ability to create, preserve or erode economic, environmental, and social value for itself, its stakeholders, and society at large.

Step 2: Definition of material topics and stakeholder engagement

We adapted our initial list of ESG topics to reflect our business model and needs, market position, and stakeholder expectations. To gather these perspectives, we spoke with internal stakeholders regarding key factors that drive our business strategy and contribute to our corporate culture. We engaged with external stakeholders through an assessment of customer questionnaires, investor communications, and ESG rankings and rating submissions. Finally, we reviewed relevant existing company documents and policies.

Step 3: Refinement and prioritization

An analysis of these inputs and insights narrowed our initial list of ESG topics to 15 material topics based on relevance to stakeholders and those most centrally aligned with Dynatrace's business drivers. Each topic was then ranked and plotted according to its relative importance to stakeholder groups and business success, considering the severity and frequency of each topic's impact.

Step 4: Review and validation

A cross-functional working team at Dynatrace, comprised of representatives from investor relations, legal, and human resources, collaborated closely with qb. to validate the materiality matrix. The final materiality matrix and assessment findings were then presented to Dynatrace's leadership team, including our chief executive officer, chief financial officer, and board of directors.

Next steps

Now that we have completed this assessment, our materiality matrix is being leveraged as a tool to inform our ongoing ESG strategy work and internally align company-wide initiatives and communications. This assessment will also guide content development for our first ESG Report, which we will publish in the summer of 2023.

©2022 Dynatrace

Materiality Matrix

Our materiality matrix depicts the relative prioritization levels of our material topics and categorizes them as Tier 1, 2 or 3 according to their importance to stakeholders and business success. We believe the items in Tier 1 present the most significant opportunity to have the greatest impact. This document details the results of our assessment and contains definitions for all material topics.

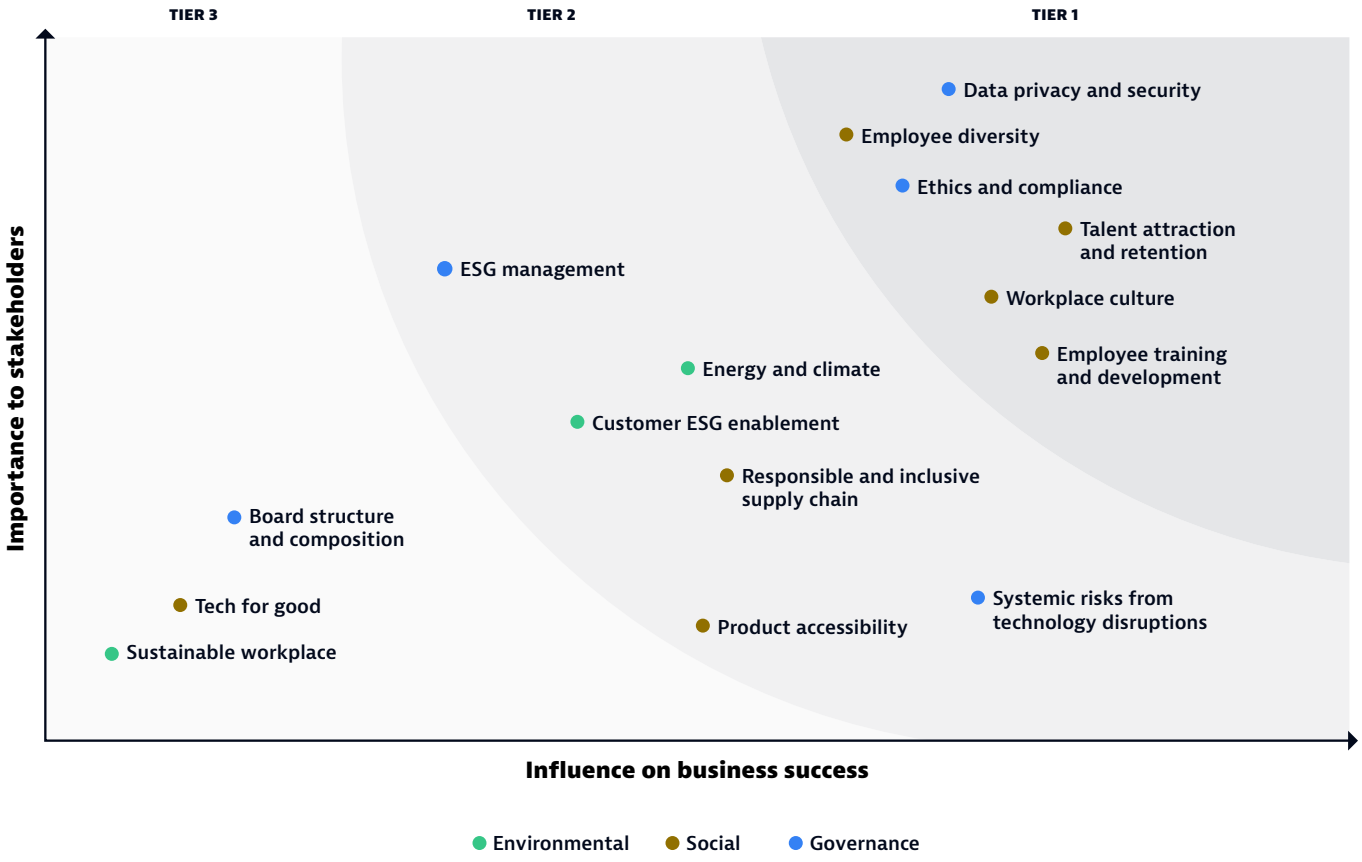
We categorized our material ESG topics into three pillars:

1. Product Innovation

2. Community, People and Culture

3. Responsible Operations

As we develop our ESG strategy at Dynatrace, we will mobilize the necessary resources, including teams, investments, and communications, to enact change on topics most central to our business and stakeholders. Our first ESG Report will elaborate on strategic goals and provide more transparency into our progress.



Current state of our material ESG topics

Product Innovation

Our mission is to deliver answers and intelligent automation from data. This enables flawless and secure digital interactions at scale by simplifying cloud complexity through a combination of deep observability, AIOps, and application security. By delivering the most advanced software intelligence platform, we can achieve our vision of a world where software works perfectly.

Our approach to **data privacy and security** stems from Dynatrace's culture of integrity. We know keeping our customers' data protected is critical, so we continue to evolve our technology and invest in data protection and security features for our platform. Dynatrace enforces proactive security controls throughout the software development lifecycle, including preventive measures, such as threat modeling, code reviews, static code analysis, third-party library analysis, and post-production detection measures, such as penetration tests and vulnerability scans.

Our platform has many data security controls, including user authentication, data encryption, data segregation between customers, and automatic integrity verification. We adhere to regulatory requirements, compliance standards, and certifications across and within the markets we operate, including but not limited to the EU's General Data Protection Regulation (GDPR) and other global privacy laws, FedRAMP, and Cloud Security Alliance (CSA) standards, and SOC 2 Type II Certification. Dynatrace's infrastructure and systems have been built for resilience to counter **systemic risks from technology disruptions.** Our cloud orientation and global operational model help us limit vulnerability to regional power or internet outages.

We are not only committed to protecting our customers' data but to building a mentality for cybersecurity amongst our employees from the

start. All Dynatrace employees receive training on security awareness upon hiring and at least annually thereafter. Our training supplements departmental and role-specific training on these topics and covers data handling, ransomware, credential management, social media, impersonation attack, fraud, phishing, and identity theft.

More information on our security, compliance, and certifications can be found on our Security page.

In addition, regulatory landscapes are shifting on **product accessibility,** and we recognize the importance of product development that considers a broad spectrum of users. Dynatrace aspires to provide high-quality products and services that do not exclude anyone. We seek to address this element of inclusivity via feature development and assistive technologies. To achieve this goal, we are working towards reaching level AA of the Web Content Accessibility Guidelines (WCAG). More information can be found on our Accessibility page.

There are emerging opportunities to leverage our product platform and solutions to enable our customers' ESG goals and spotlight their accomplishments. In this way, Dynatrace can be a complementary partner for spurring positive ESG impacts. This includes efficiency gains harnessed through our cloud operations. We are committed to exploring these avenues of **customer ESG enablement** as our ESG program takes shape.

©2022 Dynatrace

Community, people and culture

We recognize the opportunity to utilize our core competencies to increase community involvement and presence. We are exploring ways to promote and include nonprofit organizations and underrepresented communities through our products, employees, and financial resources. This effort in **Tech for Good** builds on existing ways Dynatrace employees are encouraged to give back, such as participating in our volunteer paid time-off program and/or volunteer days hosted by regional office locations in partnership with local community organizations.

We are proud of our employees' generosity and contribution to their communities. Earlier this year, Dynatrace announced a partnership with the Girls in Tech Australia chapter to support programming aimed to connect and inspire women pursuing careers in technology. In response to the 2022 Russian invasion of Ukraine, Dynatrace employees responded immediately, volunteering over 300 hours and funding 700 refugee beds. In addition, Dynatrace employees donated money to the Red Cross and UNICEF, supplied goods and furnished shelters, and provided transportation. We plan to partner with more local organizations around the world as we continue to expand our program.

At Dynatrace, we take pride in our innovative spirit, and our employees are our most valued asset. Our vibrant **workplace culture** empowers our employees and is integral to our success. Dynatrace strives for a global work model that supports a culture of innovation, collaboration, and flexibility. We recently launched the Dynatrace Work Model, which allows employees to select the best work mode for them across remote and hybrid options. To ensure continuous, open communication and collaboration, we promote a "speak up" culture, encouraging employees to express their thoughts through various channels, including anonymous employee surveys, reporting processes, and regular open-forum town halls.

We are committed to continuous investment in our people through company-wide **employee training and development** programs. Earlier this year, we launched an internal Learn & Grow site that provides resources to support employees' career development journeys.

Our ongoing work in diversity, equity, and inclusion (DEI) is foundational to fostering a sense of belonging for our employees in our work environment. **Employee diversity** positively influences team dynamics, customer relationships, and the solutions we offer through our platform. We seek to provide increased transparency into our talent demographics and build pathways for increased diversity in leadership ranks, with particular attention to gender, race, and ethnicity.

We acknowledge that we have a lot of important work to do to broaden and balance gender, race, and ethnicity. We launched a team dedicated to DE&I that is establishing hiring goals focused on increasing gender, race, and ethnicity. We believe transparency into our current representation in these areas is a critical first step. In fiscal 2022, women represented 24% of our global employee population, an increase of two points over fiscal 2021. And BIPOC represented 24% of the employee population in the U.S., reflecting a three point increase over fiscal 2021.

To create an environment where employees feel they can bring their authentic selves to work, we offer employee-led resource groups or Dynaspaces, including Dynaspace for Women, Dynaspace for Black Employees, Dynaspace for LGBTQ+ Employees, and Dynaspace for Men of Color. These groups provide safe spaces, resources, and programming for employees of underrepresented groups to ensure they feel valued and supported at Dynatrace.

We continue to invest in **talent attraction and retention** efforts. Dynatrace provides a comprehensive benefits package and competitive compensation to attract and retain our employees. We compensate employees with base salaries and equity awards in the form of both RSUs and stock options. Additionally, we grant the opportunity to participate in the Employee Stock Purchase Program (ESPP). As a global company, we adapt our benefits offerings based on local market needs to help us remain competitive across the globe.

Diversity, equity, and inclusion

Global gender

Women **24%**

YoY change **2 pts**

Race and ethnicity in the U.S.

BIPOC **24%**

YoY change **3 pts**

©2022 Dynatrace

Responsible operations

As a rapidly growing public company, we are continually evolving governance structures and mechanisms to maintain the highest standards of **ethics and compliance.** We recognize that innovation is integral to our sustainable success. This warrants a corresponding increase in **ESG management** and governance as our ESG program and capacities grow. We are committed to dedicating resources and headcount to our ESG program as we advance our ongoing ESG strategy work with qb. Consulting, which includes adding a Head of ESG during 2022.

The nominating and corporate governance committee of our board of directors has formal oversight over Dynatrace's ESG efforts, as reflected in its committee charter. The board reviews and assesses our policies, practices, strategies, and reporting on ESG matters on a semi-annual basis.

Energy and climate actions are an additional area of priority for our company. We seek to minimize our carbon footprint, prioritize the use of clean energy, and adopt operationally sustainable practices accordingly. We are currently undergoing a greenhouse gas (GHG) emissions accounting analysis to inventory baseline environmental data and understand our carbon footprint. The outcomes of this will be leveraged in our forthcoming ESG strategy.

A global workforce creates a global real estate presence, and we intend to heighten our sustainability across workplaces. We seek to standardize our environmental policies and bring operational efficiencies across our office and lab locations to further develop **sustainable workplaces.** We maintain offices in the United States certified by Leadership in Energy and Environmental Design (LEED), and our facilities abroad that source renewable energy hold renewable energy credits (RECs). We have invested in localized workplace initiatives, such as recycling IT equipment and prioritizing locally grown produce. Our established initiatives and incentives for public transport use and low- or zero- emissions commuting are being reexamined for company-wide adoption in light of flexible work modes brought on by the pandemic.

As our ESG efforts mature, we seek to extend our expectations and values to our supply chain. We are currently evaluating our vendor network and developing **responsible supply chain** considerations that prioritize sustainable procurement and encourage supplier transparency on ESG topics aligned to Dynatrace's Supplier Code of Conduct. Additionally, our Human Rights Policy outlines our commitment to preserving human rights and the dignity of all people.

©2022 Dynatrace

Material topic definitions

Tier 1

Topic	Definition	Topic Boundary
Data privacy and security	Ensuring that customer, employee, and corporate data are collected, analyzed, stored, shared, and transferred in a secure manner that upholds the human right to privacy and are protected from unauthorized access, such as security threats and cyberattacks.	Operations Customers Employees
Employee diversity	Proactively building diverse teams, at all levels, which reflect a range of genders, races and ethnicities, sexual orientations, cultural backgrounds, lived experiences, and thoughts, with a focus on leadership and managerial diversity.	Employees
Employee training and development	Providing transparent and equitable access to career development resources and promotional opportunities.	Employees
Ethics and compliance	Promoting a strong culture of ethical business conduct, integrity, and accountability throughout our global operations and stakeholder interactions and ensuring compliance with laws and regulations across countries of operation.	Operations Supply Chain Customers Employees Community
Talent attraction and retention	Investing in inclusive, transparent practices related to compensation and benefits to attract and retain top talent. This includes seeking to implement competitive compensation packages, comprehensive benefits, and pay transparency and equity.	Employees Candidates
Workplace culture	Creating a workplace with an inclusive culture where all employees feel respected, supported, and valued. This includes active two-way communication and feedback channels between leadership and employees, strategies to reduce unconscious bias, flexible work arrangements that support physical and mental wellbeing in and outside of our offices, and well-funded employee resource groups.	Operations Employees

©2022 Dynatrace

Tier 2

Topic	Definition	Topic Boundary
Customer ESG enablement	Enhancing continuous product and process innovation of our products to accelerate customers' digital transformation, increase their operational efficiencies, and raise their awareness of opportunities to lessen their environmental impact by using our platform.	Customers
Energy and climate	Understanding and addressing our greenhouse gas (GHG) footprint and climate-related risk across assets and activities with operational control (Scope 1 and 2), as well as our supply chain impact (Scope 3), including the energy consumption of Cloud services.	Operations Supply Chain Customers
ESG management	Implementing optimal policies, processes, and programs across material ESG topics, including internal controls, annual reporting, decision-making approaches, board-level oversight, and executive accountability.	Operations
Product accessibility	Building our products and services to be accessible to and inclusive of all user types, addressing features such as color, language, and assistive technologies.	Customers
Responsible supply chain	Setting standards and internal practices that prioritize sustainable procurement, encourage suppliers to increase their transparency and accountability on ESG topics by aligning to our Supplier Code of Conduct, and increase spend with diverse suppliers.	Operations Supply Chain
Systemic risks from technology disruptions	Mitigating risks related to weather events, natural disasters, technical failures, programming errors, or cyberattacks to ensure the reliability and uptime of business-critical services.	Operations Supply Chain Customers

©2022 Dynatrace

Tier 3

Topic	Definition	Topic Boundary
Board structure and composition	Effectively managing the appropriate experience and skills, independence, diversity, tenure, and compensation of our board of directors.	Operations
Sustainable workplaces	Standardizing the usage and efficiency of natural resources at our various office locations to execute our day-to-day operations, which includes water and energy use across facilities, waste management, and use of renewable energy.	Operations Supply Chain Customers Employees
Tech for good	Promoting and enabling the inclusion of underrepresented communities and nonprofit organizations in the technology industry by offering access to our products, services, talent, and financial resources.	Community

©2022 Dynatrace

About this report

We partnered with qb. consulting, a small women-owned and BIPOC-led consultancy, to develop this update. Information contained in this document reflects certain ESG information at Dynatrace as of July 2022. The timing and content of future actions or updates are based on current expectations and are subject to change at our discretion.

We actively seek input from our valued stakeholders and strive to understand your ESG perspectives. If you have feedback, questions, or suggestions on our ESG initiatives and how we can continue building a company that is sustainable for future generations, we'd love to hear from you at esg@dynatrace.com.

Note that this update speaks as of the date it is published. The contents are preliminary and, as previously noted, we intend to publish our first ESG report in 2023. Neither Dynatrace nor any of its affiliates assume any responsibility or obligation to update or revise any information, data, opinions or activities noted in this update. This update does not, and is not intended to, create any relationship, rights or obligations, legal or otherwise, and you should not rely upon it to do so.

The inclusion of information and data in this update is not an indication that such information or data or the subject matter of such information or data is material to Dynatrace for purposes of applicable securities laws or otherwise.

The goals described in this update are aspirations. They are not guarantees or promises that we will meet all or any of our goals.

No part of this update constitutes, or shall be taken to constitute, an offer to sell or the solicitation of an offer to buy any securities of Dynatrace or any other entity. This update is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, tax considerations, or financial situation or needs of any investor. This update and the information contained herein are not incorporated by reference into and are not a part of any offer to sell or solicitation of an offer to buy any securities of Dynatrace pursuant to any offering registered under or any offering exempt from the Securities Act of 1933.

Dynatrace (NYSE: DT) exists to make the world's software work perfectly. Our unified software intelligence platform combines broad and deep observability and continuous runtime application security with the most advanced AIOps to provide answers and intelligent automation from data at enormous scale. This enables innovators to modernize and automate cloud operations, deliver software faster and more securely, and ensure flawless digital experiences. That's why the world's largest organizations trust Dynatrace® to accelerate digital transformation.

Curious to see how you can simplify your cloud and maximize the impact of your digital teams? Let us show you. Sign up for a free 15-day Dynatrace trial.

dynatrace

dynatrace.com blog @dynatrace

0712.22 17888_WP_USlet_cs