Environmental, Social, and Governance Overview
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Alexis and I started Datadog 12 years ago with the goal of bringing together siloed teams—at the time Dev and Ops—that didn’t really see eye to eye. We also wanted to create a company that we would both be proud to be part of and that would leave a positive impact on the world around us, starting with each customer’s experience and outcomes.

We’ve come a long way since then. Our small team in New York has grown to over 3,000 employees worldwide. We now serve around 20,000 customers, ranging from small businesses to the largest enterprises and covering every single part of the economy. As we continue to grow at a rapid clip, we are very aware of the increasing number of lives we touch and the tremendous responsibility we have—not only to our customers, but also to all Datadogs and our communities around the world.

In Datadog’s first Environmental, Social, and Governance Report, we’re sharing where we currently stand, along with some of our commitments for the future. Of course we do have room for improvement in many of the areas outlined in this report; as our company history has shown, Datadogs strive to make continuous progress over time and deliver sustainable solutions to hard problems. At its core, our culture is grounded in humility and a desire to learn, and this drive to improve and enable change is what unites us as a team.

I’m incredibly proud and grateful to our teams and customers for Datadog’s success. I’m inspired by what we’ve achieved together. More importantly, I’m excited for what we will accomplish in the future and the impact we can have as a company. We’re only getting started.

Olivier Pomel
CEO & Co-Founder, Datadog
Datadog

Who We Are

Datadog is the monitoring and security platform for cloud applications. Our SaaS platform integrates and automates infrastructure monitoring, application performance monitoring, and log management to provide unified, real-time observability of our customers’ entire technology stack.

Datadog is used by organizations of all sizes and across a wide range of industries to enable digital transformation and cloud migration, drive collaboration among development, operations, security, and business teams, accelerate time to market for applications, reduce time to problem resolution, secure applications and infrastructure, understand user behavior, and track key business metrics.

2021 FINANCIALS

$1.03B +70%
Revenue  Y/Y Growth

16%
Non-GAAP Operating Margin

24%
Free Cash Flow Margin

130%+
Dollar-based net retention rate for 18 consecutive quarters

$1.6B
Cash, cash equivalents, restricted cash, and marketable securities

CUSTOMERS

~18,800
Total

~2,010
$100k+ ARR

216
$1M+ ARR

13 PRODUCTS IN AN INTEGRATED DATA PLATFORM

Infrastructure  Log Management  APM & Continuous Profiler
Serverless  Network Monitoring  Real User Monitoring
Synthetic Monitoring  Incident Management  Security Monitoring
Cloud Security Posture Management  Cloud Workload Security
Database Monitoring  CI Visibility

PLATFORM ADOPTION

78%
Customers using 2+ products

33%
Customers using 4+ products

PEOPLE

~3,200 at 31 locations

We were named a Leader in the 2021 Gartner Magic Quadrant for Application Performance Monitoring

Gartner

All data as of December 31, 2021. Non-GAAP operating margin and free cash flow margin are non-GAAP measures. See Appendix for additional information and a reconciliation to the most comparable GAAP measures.
About This Report

Environmental, Social, and Governance Report

This 2021 Environmental, Social, and Governance Report is Datadog’s inaugural sustainability report. We address those ESG topics that we believe our investors, employees, customers, vendors, and other stakeholders consider the most important and that the Sustainability Accounting Standards Board (SASB) deems most relevant to our industry. We look forward to reporting our progress as we further integrate sustainability into our operations.

Unless otherwise specified, this report highlights activities and metrics related to Datadog’s fiscal year ended December 31, 2021.

UN Sustainable Development Goals

Datadog supports the United Nations Sustainable Development Goals (SDGs). Based on our ESG priorities, we identified six goals where we believe we can most positively impact our employees, customers, and communities. We plan to continue to analyze which of the SDGs are most aligned with our priorities.
ESG is a key priority at Datadog, with direct oversight from the board of directors and management. We recently added ESG oversight to the charter of our Nominating and Corporate Governance Committee (NCG Committee). The implementation and day-to-day management of Datadog's ESG program has been delegated to a cross-functional working group that periodically meets and reports to the NCG Committee. The working group represents teams from across various key functions, including Investor Relations, Legal, Operations, Security, and People.
Governance

Board Independence and Diversity

The members of our board collectively possess the professional and industry knowledge, financial expertise, and high-level management experience that is necessary to oversee our business. For more information about our board, please see our Proxy Statement.

GENDER

- 25% Female
- 75% Male

INDEPENDENCE

- 75% Independent
- 25% Non-independent

RACIAL/ETHNIC REPRESENTATION

- 50% Racially/Ethnically Diverse
- 50% Non-diverse

AVERAGE TENURE

- 3 0–3 years
- 2 4–10 years
- 3 10+ years

AVERAGE AGE

- 2 35–40
- 3 41–50

As of June 2, 2022
Governance

**Business Ethics**

We are committed to maintaining the highest standards of business conduct and ethics and foster an environment where employees are encouraged to come forward with potential violations of our policies or standards.

Our values and expectations around ethical conduct are communicated in our Employee Guide, our [Code of Business Conduct and Ethics](#), and our Anti-Corruption Policy, each of which mention our anonymous, toll-free ethics hotline to encourage reporting any violations or concerns. Hotline activity is escalated directly to our General Counsel, Audit Committee Chair, and Chief People Officer. We encourage employees to be alert to possible violations and raise concerns without fear of retaliation.

Employees are required to undergo various ethics trainings, including with respect to the Code of Conduct, anti-harassment, privacy and cybersecurity, insider trading, and anti-bribery.
Governance

Risk Management

Risk management is a key priority across Datadog. Our Board of Directors oversees an enterprise-wide approach to risk management that is designed to support the achievement of organizational objectives, improve long-term organizational performance, and enhance stockholder value. This involves regularly assessing whether the level of risk we are facing is appropriate, as well as evaluating the steps management is taking to mitigate that risk. While our full Board of Directors has overall responsibility for risk oversight, it has delegated oversight of certain risks to its committees.

Our internal audit function conducts an annual enterprise risk assessment—overseen by our Audit Committee—to identify operational and strategic risks that could pose a threat to our business and how those risks are managed. This process involves reviewing existing risk documentation, performing external research on top industry risks, holding discussions with senior management, and reporting the results to the Audit Committee to consider for further action. The enterprise risk assessment includes ESG risks such as human capital management, security and privacy, and regulation and information management priorities across Legal, IT, Operations, People, Finance, Security, Product, and Revenue. Other environmental or social factors that could pose a risk to our business are also considered through this process. ESG risks are also considered in our ESG working group meetings, and we maintain a Business Continuity Plan that covers the key personnel, resources, services, and actions required to maintain critical business processes and operations.

Intellectual Property Protection

Protection of our intellectual property is critical to our innovation. An important business priority of ours is to obtain, maintain, protect, and enforce our intellectual property rights, including our proprietary technology, know-how, and brand.

We rely on a combination of trademarks, trade secret laws, patents, copyrights, service marks, contractual restrictions, and other intellectual property laws and confidentiality procedures to establish and protect our proprietary rights. We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other third parties, including suppliers and other partners. We control and monitor access to, and distribution of, our software documentation and other proprietary information through the use of internal and external controls. We pursue the registration of domain names and trademarks in the United States and in various jurisdictions outside the United States and actively seek patent protection covering our inventions.
Governance

Data Security and Privacy

We are committed to protecting the integrity and confidentiality of, and access to, our data and information. Data security and privacy are of paramount importance at Datadog and are built into our products and operations. All Datadog personnel are required to undergo annual security and privacy awareness training that weaves security into technical and non-technical roles. All employees are encouraged to participate in helping secure our customer data and company assets. Security training materials are developed for individual roles to equip employees to handle the specific security and privacy challenges of their roles.

Data Security

We have implemented controls to enhance platform security, including identity and access management, multi-factor authentication, robust logging, real-time security monitoring, encrypted operating system volumes, and more. Continuous integration of our product, a philosophy central to DevOps security and the development methodologies that have driven Datadog adoption, allows us to respond rapidly to security issues. Our dedicated global information security team of highly trained professionals is constantly working to protect our ecosystem. We invest heavily in threat intelligence in order to enhance our proactive monitoring programs. In 2020, we added a board member with significant information security expertise to our Audit Committee, which has direct oversight of information security.

We maintain industry-standard certifications, including the International Organization for Standardization's (ISO) information security standard 27001, as well as standards 27017 and 27018. We also maintain active SOC 2 Type II compliance and document security controls on the Cloud Security Alliance's (CSA) Security, Trust & Assurance Registry (STAR). We conduct independent, annual audits for both SOC 2 Type II and ISO compliance and employ an internal team for additional auditing purposes. As of 2021, our federal offering is FedRAMP Moderate Authorized. Our products are regularly tested for security vulnerabilities by security research professionals.

We keep our employees informed about recommended and required security updates, as well as best security practices in our industry. Additionally, our collaboration tools include built-in messaging that provides instructions for handling a suspected phishing attack.

For more information about our security compliance, please visit our Security page.
Governance

Data Privacy

Our global privacy program includes an established set of administrative, technical, and people controls that protect the privacy of customer and employee data. Our goal is to safeguard personal data from the point of initial collection through processing and ultimate usage. We utilize privacy management tools that enable us to regularly conduct data privacy impact assessments, manage incident response, handle Data Subject Access Requests (DSARs), and perform other privacy-related processes. Our team of experienced privacy lawyers and practitioners, with Certified Information Privacy Professional (CIPP) status from the International Association of Privacy Professionals (IAPP), regularly engages with others in the industry to share best practices.

We regularly review our comprehensive Privacy Policy and other internal governance policies such as the Employee Privacy Notice and Candidate Privacy Notice.

We recognize privacy rights under various legal frameworks, such as the GDPR and CCPA, which require companies like ours to enable individuals to directly assert those rights.

Vendor Management and Human Rights

We believe our commitment to the highest standards of business conduct extends to our network of vendors, contractors, consultants, and other providers. Our vendors are primarily in the IT industry and based in countries with low ESG risk. Our security team analyzes the confidentiality, integrity, and reliability of our SaaS vendors that have a direct impact on Datadog’s infrastructure.

We are intentional about sourcing from companies that share our values. We use environment-friendly products in our offices, purchase from local vendors, and support minority-owned businesses, particularly as a part of our marketing and communication efforts. Our purchasing department favors sophisticated companies that have their own ESG policies and goals, and we recently adopted a Vendor Code of Conduct to reflect the basic business practices we require of our vendors.

We are committed to periodically reviewing and assessing the risk of slavery, human trafficking, child labor, or other human rights issues in our supply chain. Please see our Modern Slavery Statement.
Social / Human Capital

Our employees are the driving force behind the Datadog culture, and they are integral to delivering value to our customers.

We foster an environment where diversity is embraced and everyone is positioned to succeed. This is accomplished by providing resources that help people develop in the organization and increasing opportunities for engagement.
Employee Health, Safety, and Well-Being

The health, safety, and well-being of our employees is a top priority at Datadog. We are committed to providing our teams with a safe and healthy working environment, along with comprehensive benefits that support their physical, mental, and financial wellness.

BENEFITS

We believe our employees should have the support they need to maintain a strong work-life balance, grow personally and professionally, and save for their future. We offer a range of industry-leading benefits aimed at strengthening the health and financial wellness of our employees and their dependents in most of our locations. These include:

Healthy Body and Mind
- Health, dental, and vision plans, including a zero-cost option
- Mental health care and awareness programs, including 10 free appointments annually with a licensed mental health professional
- Unlimited paid time off
- Fitness subsidy for expenditures
- Fitness and wellness activities, including on-site classes, local sports leagues, and virtual lessons

Inclusive Benefits
- Fully paid, gender-neutral parental leave benefits
- Comprehensive family-forming benefits (adoption, fertility, fertility preservation, surrogacy)
- Child care subsidy
- Pet adoption subsidy

Financial Wellness
- 401(k) and pension matching program
- Financial planning assistance
- Employee stock purchase program

While the philosophy around our benefits is the same worldwide, specific benefits vary regionally due to local regulations and preferences. For more information, see our US and global benefits.
Talent Development

We’re focused on supporting Datadog employees in their pursuit of growth—whether that means deepening their expertise, expanding their skillset, or pursuing a new role—through a diverse range of formal and informal learning solutions and performance-management strategies.

Onboarding
Setting up our new employees for success

Starting a new job is never easy, but at Datadog, we go the extra mile to welcome our new hires into our pack. In collaboration with hiring managers, other teams, and key stakeholders, we ensure the onboarding process helps new hires feel prepared, supported, and included.

We offer an extensive onboarding program to quickly and consistently ensure all new employees get up to speed on Datadog’s policies, procedures, and culture. New employees also take part in our 30/60/90-day onboarding plan, which helps them connect with others, set goals, measure progress, and better understand the tools and resources available to them. These activities are accompanied by department-specific onboardings and tailored online coursework. We also encourage our managers to make themselves available to new hires and offer additional guidance throughout the onboarding process.

Learning and Development
Helping our teams unlock their highest potential

We curate, develop, and deliver quality learning moments and tools for our employees to support continuous learning and professional development. Our internal course catalog includes over 100 training courses and live workshops that are designed to help employees thrive and be successful. Additionally, we host a focused week-long learning event twice per year that empowers employees to learn and teach others about various areas of professional interest. We also support peer learning groups that meet throughout the year to share knowledge across the business. We request feedback after live workshops and initiatives in order to measure their impact and identify areas in need of improvement.
In addition to our internal resources, all employees have access to over 3,500 external online learning courses. These courses cover a variety of skills and content areas that support professional development. We also offer a language-coaching service for select employees who would like to strengthen their English or French language skills.

**Manager Training**
**Empowering current and future leaders**

Built by Datadog for Datadogs, our robust manager training shares effective tools and frameworks around recruiting, managing, and developing team members. We help managers develop the core skills to coach their team members, drive performance results, and foster a positive work culture. Participants learn what is expected from managers at Datadog while collaborating with peers to craft a management style that makes sense for their team.

In addition to supporting the development of current people managers, we also help prepare employees who are interested in, or are actively pursuing, a future role in people management. This is done through a curated collection of learning resources that sets clear expectations about people management and also provides opportunities for them to begin to practice and develop relevant skills.

**Employee Culture and Engagement**
**Working together to be better**

All of us at Datadog are driven by the desire to deliver a product that our customers love. In order to do that, we strive to create a culture that our employees love—one that promotes a healthy work-life balance, career growth, low drama, and a friendly working environment. To make sure our culture remains positive and strong, we conduct global engagement surveys periodically to gain a better understanding of what is important to our employees. We use their feedback to help us prioritize our initiatives, develop action plans, and monitor our progress. We are proud of our high employee engagement, which has consistently been above industry benchmarks.
Diversity, Equity, and Inclusion (DEI)

At Datadog, diversity means making a conscious effort to reflect the many experiences and identities of the world outside while treating each other with fairness and without bias. Inclusion is the choice we make every day to foster an environment where people of all backgrounds not only belong, but excel, so that we can succeed together as a company. Datadog strives for an inclusive community, both inside and out of the office.

We believe in the importance of safe spaces for community members with shared backgrounds and experiences, and we strive to create a culture where employees feel welcome, respected, and valued for who they are.

Community Guilds

Our Community Guilds (launched in 2021) bring together groups of individuals based on common backgrounds or demographic factors, and are open to the allies who support them. Community Guilds help us foster an inclusive environment, encouraging collaboration and an increased sense of belonging across departments and regions.

Meet our employee-driven Community Guilds:

**Asian Middle Eastern Pacific Islander Employees at Datadog (AMPED)**
AMPED strives to celebrate and build awareness of diverse Asian cultures while creating a safe and inclusive space for Asian-identifying individuals and allies.

**Black in Technology (BiT)**
BiT is committed to creating a comfortable, safe, and inclusive space for Black individuals and allies to grow and thrive together.

**Parents**
Parents was established to provide working families with a supportive community to share experiences and resources to help balance work and home responsibilities.
In addition to these Community Guilds, we also have groups that meet regularly to drive DEI initiatives within their own departments, such as Women in Sales (WISE), Tech Solutions Affinity Group, and Interns in Engineering.

**Heritage and History Month Events**

As a company, we recognize moments of celebration and observance relevant to the diverse identities of our teams. To help our communities honor these moments and to facilitate difficult discussions around DEI, we host inclusion talks throughout the year. Here are some events from 2021:

- During Black History Month, Margot Lee Shetterly, author of Hidden Figures, spoke with us about two topics that are important to our business: diversity and STEM.

- We celebrated International Women’s Day by hosting a panel on supporting women in the workplace.

- During Asian American Pacific Islander Heritage Month, author and activist Jeff Chang spoke about the cultural history of Asians in America.

- For Latinx & Hispanic Heritage Month, we invited writer and storyteller Gabby Rivera to discuss how joy can be revolutionary and art can be used to defy norms and foster belonging in our communities.
**Our Workforce**

We recognize that we still have room to improve in our workforce demographics, but increasing transparency is important to us.

**Gender (Global)**

Datadog recognizes that gender identity is not binary and is actively working to more inclusively reflect the full spectrum of gender identity.

**Race/Ethnicity (U.S.)**

We are an Affirmative Action and Equal Opportunity Employer and are proud to offer equal employment opportunity to everyone regardless of race, color, ancestry, religion, sex, national origin, sexual orientation, age, citizenship, marital status, disability, gender identity, veteran status, and more. We also consider qualified applicants regardless of criminal histories, consistent with legal requirements.

Datadog workforce data as of December 31, 2021:
- Data is based on self-identification information voluntarily provided.
- Gender data reflects our global employee base.
- Race and ethnicity information is reported based on EEO-1 categories.
- We classify "Technical roles" as those within our Engineering and Technical Solutions departments. We recognize there are positions with technical responsibilities and knowledge outside of these departments across the company.
RECRUITMENT

Our recruiting team is dedicated to building a more inclusive company, and we are working constantly to improve our recruitment practices and foster diverse teams.

We know that we cannot singlehandedly build strong teams without cultivating meaningful relationships with organizations, universities, and nonprofits that help members of underrepresented groups launch great careers. Some of our partners include:

- **breakline**: An education and coaching resource for veterans, women, and people of color pivoting into the tech industry.
- **PowerFly**: A recruiting platform for mid-career level women in tech.
- **Grow with Google**: Creates opportunities for non-traditional talent to kickstart their career in IT, user experience design, data analytics, or project management.
- **Rise**: Supports a community of women empowering one another to move up the ladder in their fields. This community is focused on those who are more tenured in their roles.

- **FlockJay**: An entry-level sales bootcamp that aims at training and graduating folks who have been historically excluded from tech, reaching people of color and career changers with non-traditional backgrounds.
- **Project Basta**: A community focused on supporting and coaching first-generation students and students of color who are preparing to graduate and haven’t had adequate access to career services.
- **50 inTech**: On a mission to establish a 50% representation of women in tech by 2050. Their global platform is a unique space where women in tech and game changers meet, share, and build an inclusive tech industry together.
- **Circa**: A job post, resume search, and compliance tool that supports diversity and facilitates outreach to diverse organizations.

We also offer multiple global internships throughout the year and target candidates from diverse backgrounds.

FOSTERING INCLUSIVE BEHAVIORS

We strongly believe that company-wide inclusivity training is crucial to building strong teams and helping us accomplish great things. Every Datadog employee is required to attend our unconscious bias training, Behaviors of Inclusion, and the action-oriented follow-up workshop, Inclusion in Action. These training sessions provide our teams with the tools and knowledge to help them practice inclusive behaviors that support a culture of belonging. We also require all new managers to attend inclusive hiring and management workshops as part of our larger, global manager training initiative.
Datadog believes that giving back to our communities is the right thing to do. Together with our global employees, we donated over $4 million in 2021 to causes that impact our employees and the world around us.

### Social Responsibility and Philanthropy

$175,000

In recognition of the Black Lives Matter movement and to honor Juneteenth, the Datadog community donated to five Black nonprofits: the NAACP Legal Defense and Educational Fund, Black Lives Matter, Black Organizations for Leadership and Development, the Marsha P. Johnson Institute, and Black Girls Code.

### COVID-19 Support and Relief

$1.1 million

Datadog and our employees donated to a number of global organizations as part of our COVID-19 support and relief program.

### DASH Donations

$50,000

Datadog held a virtual version of DASH, our largest conference of the year. We donated 100 percent of the admission proceeds—over $50,000—to nonprofits dedicated to fostering talent in tech across underrepresented groups, including PowerToFly, BreakLine, and Flockjay.

### Employee-Driven Giving

$3.1 million

Our employees helped us donate over $3 million by designating company-sponsored funds to meaningful causes of their own selection, including various organizations chosen by, and aligning with the mission of, our Community Guilds.
**Upward Scholarship**

Creating opportunities in tech for underrepresented high school graduates

Breaking down silos is in our DNA. That extends to the systemic and cultural silos that have historically prohibited certain underrepresented communities access to the tech industry—specifically those who identify as women or non-binary and members of the Black and Latinx communities.

As part of an effort to open new pathways to those groups, we launched the Upward Scholarship in 2021 for U.S. high school seniors interested in majoring in computer sciences or related fields. We awarded $15,000 scholarships to three recipients and paired them with a Datadog employee to provide mentorship as they transition from high school into their first year of college. For 2022, we have expanded the program to award $15,000 scholarships to five recipients.

**Upward Scholarship Mentor**

ROMOLI BAKSHI (she/her)
Engineering Team Lead
Internal Analytics, Infrastructure
New York

"Mentorship means being a resource; a support system and cheerleader, a person to bounce ideas off of, and someone who can give advice based on prior career experiences. Navigating a career can be overwhelming and confusing for people, but having a mentor reminds them that they’re not alone, and they have someone rooting for them along the way.

I’m especially passionate about mentoring groups who haven’t historically been supported in the tech industry. It’s amazing to be able to support people who may be feeling similar to how I did, and help them feel more confident in themselves as they follow their own paths."

**Upward Scholarship Mentor**

CLAUDIA D’ADAMO (she/her)
Engineering Team Lead
Azure Integrations
Boston

"Having a mentor is essential for growth. A mentor is that person that pushes you to the next level, not necessarily by showing you what to do and how to do it, but by bringing to light ideas about the world and yourself that were previously not in your realm of consciousness. Mentors provide perspective and ultimately help shape you into the best form of yourself."

**Upward Scholarship Mentor**

NELSON ONYIBE (he/him)
Engineering Team Lead
Revenue Query
New York

"Mentorship means learning. It means friendship and understanding; learning about your mentee’s interests and inclinations, and the understanding that it is a relationship that grows gradually. It is also the understanding that you are there as a guide to help her find her way and not necessarily prescribe a way for her."
Environment

We have taken several steps to mitigate the environmental impact of our operations and product development processes. We look forward to initiating a carbon footprint analysis in 2022.

Energy Management

Datadog was born in—and runs in—the cloud. This eliminates server infrastructure in our offices, gives our employees more space to work, and makes it easy for them to store and share information. Our platform also enables our customers to undergo digital transformations and cloud migrations, which saves energy and reduces their own carbon footprint.

We use energy indirectly through cloud providers, which allows us to leverage economies of scale regarding carbon emissions and electricity usage. We only work with reputable vendors such as AWS, GCP, and Azure, as these companies often source renewable energy or purchase carbon offsets to cover their electricity usage.

Reducing resource consumption is a central part of our product development strategy, and we have made dramatic improvements in the CPU usage of our basic Agent. CPU usage correlates with energy usage,
and Versions 6 and 7 of the Agent use 60 percent less CPU than Version 5. With millions of copies of the Datadog Agent running around the world, we believe this results in a meaningful global impact.

### Waste Management

We are continually developing and implementing strategies to reduce the amount of waste we produce. Our offices have established recycling and composting practices, and we have removed most single-use plastic products. Compostable utensils and kitchenware are stocked in each location, including compostable champagne flutes for office celebrations.

Other environmental initiatives within our offices include:

- **Repurposing leftover food in our office cafeterias through multi-year partnerships with food rescue vendors**
- **Selecting office products and employee gifts that are organic, recycled, or sustainably made**
- **Stocking office bathrooms with sanitary products that are safe and sustainable**
- **Making rechargeable batteries available across our offices**
- **Choosing office buildings with accredited green building certifications, including Leadership in Energy and Environmental Design (LEED)***
- **Collecting and recycling e-waste through a third-party vendor**
- **Returning printer cartridges and toners to the manufacturer for recycling**
# Sustainable Accounting Standards Board (SASB)

## Frameworks & Standards

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>SASB CODE</th>
<th>DATADOG DISCLOSURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Footprint of Hardware Infrastructure</td>
<td>TC-SI-130a.3</td>
<td>With 3,200 employees worldwide as of December 31, 2021, Datadog’s operational footprint is small. See Environment section on pages 22-23 of this report.</td>
</tr>
<tr>
<td>Data Privacy &amp; Freedom of Expression</td>
<td>TC-SI-220a.1, TC-SI-220a.3</td>
<td>See Data Privacy section on page 11 of this report and our Privacy Policy disclosed on our website. No material monetary losses as a result of legal proceedings associated with user privacy in 2021.</td>
</tr>
<tr>
<td>Data Security</td>
<td>TC-SI-230a.2</td>
<td>See Data Security section on page 10 of this report and our Security Website.</td>
</tr>
<tr>
<td>Recruiting &amp; Managing a Global, Diverse &amp; Skilled Workforce</td>
<td>TC-SI-330a.1</td>
<td>As of December 31, 2021, we had 3,200 employees operating across 31 countries. Approximately 39% of our full-time employees as of that date were located outside of the United States, 39% of whom were located in France. For more information on our diversity metrics, see page 18 of this report.</td>
</tr>
<tr>
<td>Intellectual Property Protection &amp; Competitive Behavior</td>
<td>TC-SI-520a.1</td>
<td>No material monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations in 2021.</td>
</tr>
</tbody>
</table>
Appendix
Forward-Looking Statements

This report contains “forward-looking” statements, as that term is defined under the federal securities laws. These forward-looking statements are based on Datadog’s current assumptions, expectations and beliefs and are subject to substantial risks, uncertainties, assumptions and changes in circumstances that may cause Datadog’s actual results, performance or achievements to differ materially from those expressed or implied in any forward-looking statement.

The risks and uncertainties referred to above include, but are not limited to (1) our recent rapid growth may not be indicative of our future growth; (2) our history of operating losses; (3) our limited operating history; (4) our business depends on our existing customers purchasing additional subscriptions and products from us and renewing their subscriptions; (5) our ability to attract new customers; (6) our ability to effectively develop and expand our sales and marketing capabilities; (7) risk of a security breach; (8) risk of interruptions or performance problems associated with our products and platform capabilities; (9) our ability to adapt and respond to rapidly changing technology or customer needs; (10) the competitive markets in which we participate; (11) risks associated with successfully managing our growth; (12) general market, political, economic, and business conditions; and (13) the impact that the ongoing COVID-19 pandemic and any related economic downturn could have on our or our customers’ businesses, financial condition and results of operations.

These risks and uncertainties are more fully described in our filings with the Securities and Exchange Commission (SEC), including in the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021 and other filings and reports that we may file from time to time with the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements, or events and circumstances reflected in the forward-looking statements will occur. Forward-looking statements represent our beliefs and assumptions only as of the date of the dates indicated. We disclaim any obligation to update forward-looking statements.

About Non-GAAP Financial Measures

Datadog discloses non-GAAP operating margin and free cash flow margin in this report. Datadog uses each of these non-GAAP financial measures internally to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, for short- and long-term operating plans, and to evaluate Datadog’s financial performance. Datadog believes they are useful as a supplement to GAAP measures, in evaluating its operational performance, as further discussed below. Datadog’s non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in its industry, as other companies in its industry may calculate non-GAAP financial results differently, particularly related to non-recurring and unusual items. In addition, there are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact on Datadog’s reported financial results.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. A reconciliation of the historical non-GAAP financial measures to their most directly comparable GAAP measures has been provided in the financial statement tables included below in this press release.

Datadog defines non-GAAP operating margin as the respective GAAP operating margin, adjusted for, as applicable: (1) stock-based compensation expense; (2) the amortization of acquired intangibles; (3) non-cash benefit related to tax adjustment; (4) employer payroll taxes on employee stock transactions; and (5) amortization of issuance costs. Datadog defines free cash flow as net cash provided by operating activities, minus capital expenditures and minus capitalized software development costs. You are encouraged to review the reconciliation of these historical non-GAAP financial measures to their most directly comparable GAAP financial measures.

Management believes these non-GAAP financial measures are useful in assessing Datadog’s operating performance due to the following factors:

Stock-based compensation. Datadog utilizes stock-based compensation to attract and retain employees. It is principally aimed at aligning their interests with those of its stockholders and at long-term retention, rather than to address operational performance for any particular period. As a result, stock-based compensation expenses vary for reasons that are generally unrelated to financial and operational performance in any particular period.

Amortization of acquired intangibles. Datadog views amortization of acquired intangible assets as items arising from pre-acquisition activities determined at the time of an acquisition. While these intangible assets are evaluated for impairment regularly, amortization of the cost of acquired intangibles is an expense that is not typically affected by operations during any particular period.

Employer payroll taxes on employee stock transactions. Datadog excludes employer payroll tax expense on equity incentive plans as these expenses are tied to the exercise or vesting of underlying equity awards and the price of Datadog’s common stock at the time of vesting or exercise. As a result, these taxes may vary in any particular period independent of the financial and operating performance of Datadog’s business.

Additionally, Datadog’s management believes that the non-GAAP financial measure free cash flow is meaningful because management reviews cash flows generated from operations after taking into consideration capital expenditures and the capitalization of software development costs due to the fact that these expenditures are considered to be a necessary component of ongoing operations.
## Gross profit margin ($000s)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,028,784</td>
</tr>
<tr>
<td>GAAP gross profit</td>
<td>$794,539</td>
</tr>
<tr>
<td>GAAP gross profit margin</td>
<td>77%</td>
</tr>
<tr>
<td>Add: Share-based compensation expense included in cost revenue</td>
<td>4,565</td>
</tr>
<tr>
<td>Amortization of acquired intangibles</td>
<td>3,792</td>
</tr>
<tr>
<td>Employer payroll taxes on employee stock transactions</td>
<td>345</td>
</tr>
<tr>
<td>Non-GAAP gross profit</td>
<td>$803,241</td>
</tr>
<tr>
<td>Non-GAAP gross profit margin</td>
<td>78%</td>
</tr>
</tbody>
</table>

## Operating expenses ($000s)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,028,784</td>
</tr>
<tr>
<td><strong>RESEARCH &amp; DEVELOPMENT</strong></td>
<td></td>
</tr>
<tr>
<td>GAAP R&amp;D expense</td>
<td>$419,769</td>
</tr>
<tr>
<td>GAAP R&amp;D expense as a % of revenue</td>
<td>41%</td>
</tr>
<tr>
<td>Less: Share-based compensation expense</td>
<td>101,942</td>
</tr>
<tr>
<td>Less: Employer payroll taxes on employee stock transactions</td>
<td>8,143</td>
</tr>
<tr>
<td>Add: Other Non-GAAP adj.(1)</td>
<td></td>
</tr>
<tr>
<td>Non-GAAP R&amp;D expense</td>
<td>$309,684</td>
</tr>
<tr>
<td>Non-GAAP R&amp;D expense as a % of revenue</td>
<td>30%</td>
</tr>
<tr>
<td><strong>SALES &amp; MARKETING</strong></td>
<td></td>
</tr>
<tr>
<td>GAAP S&amp;M expense</td>
<td>$299,497</td>
</tr>
<tr>
<td>GAAP S&amp;M expense as a % of revenue</td>
<td>29%</td>
</tr>
<tr>
<td>Less: Share-based compensation expense</td>
<td>35,035</td>
</tr>
<tr>
<td>Less: Amortization of acquired intangibles</td>
<td>600</td>
</tr>
<tr>
<td>Less: Employer payroll taxes on employee stock transactions</td>
<td>6,349</td>
</tr>
<tr>
<td>Add: Other Non-GAAP adj.(1)</td>
<td></td>
</tr>
<tr>
<td>Non-GAAP S&amp;M expense</td>
<td>$257,513</td>
</tr>
<tr>
<td>Non-GAAP S&amp;M expense as a % of revenue</td>
<td>25%</td>
</tr>
<tr>
<td><strong>GENERAL &amp; ADMINISTRATIVE</strong></td>
<td></td>
</tr>
<tr>
<td>GAAP G&amp;A expense</td>
<td>$94,429</td>
</tr>
<tr>
<td>GAAP G&amp;A expense as a % of revenue</td>
<td>9%</td>
</tr>
<tr>
<td>Less: Share-based compensation expense</td>
<td>22,195</td>
</tr>
<tr>
<td>Less: Employer payroll taxes on employee stock transactions</td>
<td>1,248</td>
</tr>
<tr>
<td>Add: Other Non-GAAP adj.(1)</td>
<td></td>
</tr>
<tr>
<td>Non-GAAP G&amp;A expense</td>
<td>$70,986</td>
</tr>
<tr>
<td>Non-GAAP G&amp;A expense as a % of revenue</td>
<td>7%</td>
</tr>
</tbody>
</table>

(1) Non-cash benefit related to the release of a non-income tax liability

## Free Cash Flow ($000s)

<table>
<thead>
<tr>
<th></th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,028,784</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>$286,545</td>
</tr>
<tr>
<td>Capex</td>
<td>(9,956)</td>
</tr>
<tr>
<td>Capitalized software developmental costs</td>
<td>(26,069)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$250,520</td>
</tr>
<tr>
<td>Free cash flow margin</td>
<td>24%</td>
</tr>
</tbody>
</table>