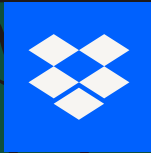2021

ESG Impact Report

Dropbox

A message from our CEO

Dear colleagues, customers, investors, and partners:

At Dropbox, our mission is to create a more enlightened way of working. We can only succeed if all of our stakeholders—customers, employees, shareholders, partners—are able to thrive. The past few years certainly have been challenging. Despite that, communities have demonstrated remarkable courage, strength, and resilience in overcoming hardship and seeking solutions for a better future. At Dropbox, we believe that there's never been a greater opportunity to put the well-being of people front and center in the way we build products and conduct business.

To accomplish this, we at Dropbox are committed to achieving our sustainability goals, investing in social impact initiatives, and being a force for good both inside and outside our (virtual) walls. I'm proud to share our inaugural Environmental, Social, and Governance (ESG) Impact Report. A lot of this work has been going on behind the scenes for years, so I'm excited to share our progress publicly for the first time. We know we have more work to do and are committed to being transparent as we build upon our efforts.

Over the last few years, we've invested heavily in our people, shining a light on the need for flexible work options and increased employee wellness in the remote environment, as well as investing in our diversity, equity, and inclusion efforts. We've created a new way of working through our Virtual First operating model—allowing employees more flexibility in how and where they work, and enabling us to significantly expand our recruiting footprint.

We've made substantial headway on our 2020 sustainability goals by sourcing 100% renewable

Drew Houston
Co-founder & CEO, Dropbox

energy for all of our data center IT power. This means our users can store data with us, knowing it's covered by 100% renewable electricity. In addition, last year Dropbox became a signatory to the United Nations Global Compact (UNGC) on human rights, labor, environment, and anti-corruption. In doing so, we've integrated the UNGC and its 10 principles into our strategy, culture, and day-to-day operations.

I'm also humbled by the work of our Dropbox Foundation partners. These organizations promote and protect human rights by fighting for equal opportunity, basic freedoms, and fundamental necessities for people around the world. Witnessing their impact, particularly throughout the pandemic, gives me hope for the future. We're honored to support them.

I believe that business is uniquely positioned to create positive change in society, change that is also important to our own success. We're working hard to seize on that unique opportunity at Dropbox, and I look forward to continuing this journey.

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About Dropbox

We're creating a new way of working

Dropbox is one place to keep life organized and keep work moving. We were founded in 2007 with a simple idea: Life would be a lot better if everyone could access their most important information anytime from any device. Over the past 15 years, we've largely accomplished that mission by building tools to help people work from anywhere—and along the way we recognized that for most of our users, sharing and collaborating on the Dropbox platform was even more valuable than storing files.

2021 Stats
2,667* EMPLOYEES
9 CENTERS
$2.15 B REVENUE
700 M+ REGISTERED USERS
San Francisco HEADQUARTERS
DBX NASDAQ

Today, we're reimagining the way work gets done. We're focusing on reducing the inordinate amount of time and energy the world spends on "work about work"—tedious tasks like searching for content, switching between applications, and managing workflows. The Dropbox platform breaks down silos by centralizing the flow of information between the products and services our users prefer, even if they're not our own. In a world where using technology at work can be fragmented and distracting, the Dropbox platform makes it easy to focus on the work that matters.

But there's more to our success than simply building great products. Our actions have impact, and we believe our long-term success depends on supporting equity and sustainability for our users, our employees, and our communities. Dropbox only succeeds if our stakeholders succeed. And we believe accomplishing our environmental, social, and governance objectives is essential to that success.

*2,293 were in the United States, and 374 were outside of the United States

Our products and notable awards

Dropbox

Dropbox DocSend

Dropbox Sign

Dropbox named one of the "Most Innovative Companies" in 2022 by Fast Company.

Dropbox named "Best Place to Work for LGBTQ Equality" for the 8th year in a row.

Our values and culture

Values are a compass and part of everyday life for Dropbox employees. Since our founding, we've recognized the importance of values and made sure that they're built into everything we do—from how we create new products and support our users to the ways we interact with and advocate for each other. Every value at Dropbox is an aspiration for how we treat each other and our users.

1. Be Worthy of Trust.
Integrity is the foundation of our culture. We strive to always do the right thing.

2. They Win, We Win.
Our users come first. When they succeed, our business (and everything else) falls into place.

3. Keep It Simple.
Simple things work better—and make more sense. We don't over complicate life at Dropbox, whether it's a plan or a process.

4. Own It.
We take responsibility for our work, from start to finish. We learn from our mistakes and keep going—until we have real impact.

5. Make Work Human.
Our mission is to design a more enlightened way of working. So we make products that prioritize our needs as humans and build a compassionate culture where employees can do their best work—no matter who they are or where they're from.

About this report

About this report

This 2021 Dropbox Environmental, Social, and Governance (ESG) Impact Report is our first ESG report, building on the ESG Fact Sheet we released last year. Even though much of this work isn't new, we're still just getting started building our ESG infrastructure. To develop this report, Dropbox consulted with a broad range of internal and external stakeholders, including investors, Dropbox employees and executives, and users.

Reporting frameworks

The contents of this report are informed by our ESG priority assessment, which was informed by the Global Reporting Initiative (GRI) standards. Our sustainability reporting is aligned with the Sustainability Accounting Standards Board (SASB) standards. Dropbox is a signatory of the UN Global Compact (UNGC), and this report also serves as our UNGC Communication on Progress (CoP).

Reporting period and boundary

This report includes information on Dropbox's ESG performance from January 1, 2021, through December 31, 2021, unless otherwise indicated. The boundary of this report includes the activities of Dropbox, Inc. and its wholly owned subsidiaries.

Assurance

Dropbox received a limited assurance verification of our greenhouse gas (GHG) emissions performance, disclosed in this report, from Apex Companies, LLC. A copy of the assurance statement is available here.

Online content

Additional content related to the Dropbox ESG program can be found online at www.dropbox.com/esg.

Forward-looking statements

Certain statements in this report constitute "forward-looking statements," which are made pursuant to the safe-harbor provisions of Section 21E of the Securities Exchange Act of 1934 and other federal securities laws. These statements are based on management's opinions, expectations, beliefs, plans, objectives, assumptions, or projections regarding future events or results as of the date of this report, including, but not limited to, our ESG commitments, strategies, and initiatives and the impact of those commitments, strategies, and initiatives on our business; our business plans and strategy; our business operations; our technology and services; our opportunities for growth; and our stakeholder engagement efforts. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements, and events could differ materially from those stated, anticipated, or implied by such forward-looking statements. While Dropbox believes that its assumptions are reasonable, there are many risks and uncertainties that could cause actual results to differ materially from forward-looking statements, including the risks discussed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the U.S. Securities and Exchange Commission (SEC) as well as other factors described in our filings with the SEC. Dropbox undertakes no obligation to update or revise any forward-looking statement contained in this report, except as otherwise required by law.

Our ESG priorities and strategy

ESG highlights

Environmental

> 100% renewable energy[1]

> 98% YoY reduction in Scope 1, Scope 2 (market-based), and Scope 3 business travel emissions[2]

> Achieved carbon neutrality for Scope 1, Scope 2 (market-based), and Scope 3 business-travel emissions

Social

> 42% of senior leaders are women

> 12% of workforce identifies as an underrepresented minority (URM)[3]

> Co-developed the Black Equity Index to drive change in racial equality in the workplace

> $1.68 million total employee donations and corporate gift matching

> Our partner, the Dropbox Foundation, donated $1.3 million to human rights organizations

Governance

> Completed first ESG priority assessment, mapping a path for comprehensive management of ESG issues and transparent reporting

> Delegated oversight of ESG activities, programs, and disclosures to the Nominating and Corporate Governance committee of our board of directors in May 2022

> Delegated oversight of human capital management activities to the Compensation committee of our board of directors in May 2022

[1]Renewable energy goals and performance reflect electricity use for corporate offices and data center IT load. Direct combustion fuels (e.g., natural gas, diesel) and data center heating and cooling energy (outside of Dropbox's control boundary) are excluded.

[2]**GHG Protocol provides the following definitions for Scope 1, 2, and 3 emissions:**
SCOPE 1: Direct greenhouse gas emissions that occur from sources that are controlled or owned by an organization.
SCOPE 2: Indirect emissions associated with the purchase of electricity, steam, heat, or cooling.
SCOPE 3: Emissions resulting of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain. Scope 3 emissions include all sources not within an organization's scope 1 and 2 boundary.
SCOPE 3 Business Travel Emissions: This category includes emissions from the transportation of employees for business related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars.
Market-based emissions: A market-based method calculates emissions based on the electricity that organizations have chosen to purchase, often spelled out in contracts or instruments like Renewable Energy Certificates (RECs).

[3]At Dropbox, underrepresented minorities (URMs) are defined as Black/African American, Hispanic/Latinx, Native American, or Pacific Islander.

Our ESG priority assessment

We believe long-term success at Dropbox depends on helping to create a more equitable and sustainable world for our stakeholders. And that begins with assessing impacts, setting priorities, and creating a strategy for improving our performance across environmental, social, and governance topics.

To inform our ESG strategy and reporting, we conducted a priority assessment in 2021 to identify the most important ESG topics for our business, based on the views of external and internal stakeholders, including investors and users. The process was led by our Social Impact team, which handles Dropbox philanthropic and sustainability initiatives, with support from an external sustainability expert.

We identified 34 ESG topics that we believe are most relevant to Dropbox, and used a survey to collect data on our perceived impacts on each topic, together with the relative importance of each topic to our stakeholders. We collected data from four stakeholder groups: employees, internal leadership, users, and investors. We validated the survey results through discussions between our Social Impact team and leadership. These priority topics were subsequently approved by internal leadership and discussed with our board.

Our ESG priority assessment

Through this assessment, we narrowed the list to 12 ESG priority topics, which inform the content of this report. We'll conduct this process regularly to reassess priorities and evaluate our performance.

The next step of the journey is to develop a comprehensive ESG strategy that is in line with our business strategy and identifies important risks. Cross-functional working groups and expertise will drive progress toward our ESG goals.

Dropbox priority topics

Environmental impact	IT infrastructure sustainability Energy, emissions, and climate
Employee experience	Talent attraction and engagement Employee health, safety, and well-being
Diversity, equity, and inclusion	Diversity, equity, and inclusion Equal pay and wage gap Accessibility
Ethical business practices	Business ethics and integrity Product responsibility and data ethics Human and labor rights
Privacy and data security	Privacy and data security Risk management

ESG commitments

UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are a set of 17 goals aimed at sustainably achieving peace and prosperity for people and the planet. We support these goals through our commitment to the UNGC and aspire to further integrate the SDGs with business operations going forward.

ESG commitments

Sustainability goals

In 2020, we set the following Sustainability Goals for 2030:

1. Achieve carbon neutrality for Scope 1 and Scope 2 (market-based) emissions, as well as Scope 3 business travel emissions

2. Source 100% renewable energy for operations, including data centers[1,2]

3. Support organizations working for climate action, such as the Natural Resources Defense Council and the Environmental Justice Foundation[3]

4. Mobilize employees to use volunteer time off for environmental causes

Diversity, equity, and inclusion goals

At Dropbox, diversity, equity, and inclusion (DEI) are infused in our culture. In 2021, we focused on how to further incorporate DEI into our Virtual First operating model.

In addition to sustainability goals, we have three multi-year diversity commitments:

1. Hire a diverse team

2. Develop and advance people equitably

3. Engage in personal growth

[1]Our renewable energy goal reflects electricity use in corporate offices and data center direct IT load, and excludes direct combustion fuels (e.g., natural gas, diesel) and data center heating and cooling (outside of Dropbox control boundary). This includes the use of renewable energy credits ("RECs") to cover our energy consumption. We achieved our goal to source 100% renewable energy by reducing our energy needs as described and purchasing enough RECs to cover our remaining corporate office and data center direct IT electricity consumption.

[2]More than 90% of our users' data is stored on our own infrastructure in our data center colocation facilities. We utilize Amazon Web Services (AWS) for the remainder of our users' storage needs and purchase RECs to cover energy used by AWS on behalf of Dropbox.

[3]We support the Environmental Justice Foundation through our partner, the Dropbox Foundation, and employee gift matching.

Environmental

Energy efficiency and renewables

Dropbox relies on data centers in order to run our business, and use of electricity is one of the largest causes of our greenhouse gas emissions. Proper energy management is an important component of operating our business in a sustainable manner. That is why we've set a goal of sourcing enough renewable energy to meet 100% of our electricity consumption, including corporate offices and data center IT power. To reach this goal, we've taken a multitiered strategy of improving energy efficiency, working with property managers to directly source renewable energy for colocated data centers, and purchasing renewable energy certificates (RECs) for the rest of our energy footprint.

Facilities and studios

In April 2021, we transitioned to a Virtual First operating model in which remote work is the primary mode for employees. We also believe in-person connection with teammates is incredibly important, so we optimized our offices as "studios" for that purpose. In addition to sourcing renewable energy for our data centers, we're also focused on reducing energy consumption within studios by occupying sustainability-certified space wherever possible. In 2021, 79% of our office/studio footprint was covered by either LEED Platinum or LEED Gold certification, and our San Francisco location was both LEED and WELL certified.

Overall, the shift to Virtual First has allowed us to reduce total office space. We're still working to understand how the remote work model—including employees' at-home energy consumption—will affect our total energy consumption and emissions.

Energy efficiency and renewables

2021 performance

In 2021, we reduced total energy consumption in leased offices/studios and data centers by 26% from 2020. Data-center energy use decreased 25% from 2020 to 2021 due to switching to newer, more efficient servers. The 47% reduction in energy use in leased offices/studios was largely due to the shift to Virtual First, which led to reductions in overall leased space and resource use in the remaining locations. Total energy use, shown below, includes natural gas, diesel in emergency generators, and purchased electricity.

We're proud to report that in 2021, we sourced 100% renewable electricity for our directly-managed offices/studios[1] and our data center direct IT load.

Energy Use
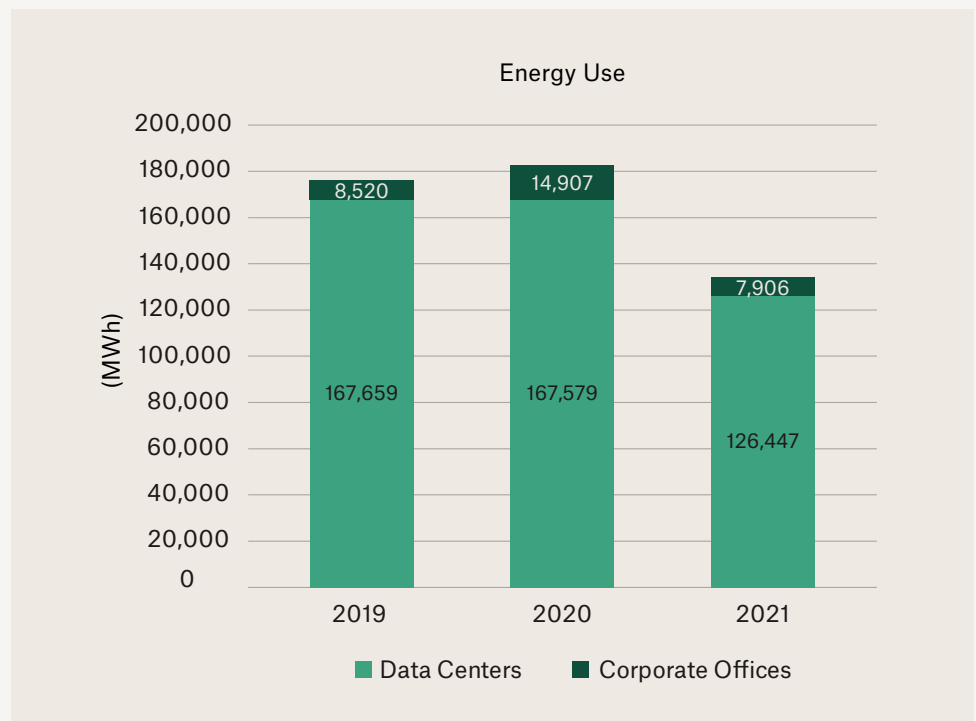
[1]Excludes serviced offices/studios, which fall under our Scope 3 emissions.

**IT infrastructure
sustainability**

"Data centers are critical to our business, but we know they can also be energy intensive. We're taking account-ability for our emissions and reducing our impact. Not only is renewable energy a primary focus for our data center strategy, we're also doubling down on reducing our emissions through innovative technologies."

—LATANE GARETSON, HEAD OF DATA CENTER PHYSICAL INFRASTRUCTURE

In 2020, we committed to sustainability in IT infrastructure. We set a goal of carbon neutrality for Scope 2 emissions, including those from our data centers, as well as a goal of sourcing renewable energy that covers 100% of electricity consumption, including at data centers.

While sourcing renewable energy is an important component of our ESG strategy, we know that reducing overall consumption of energy is just as important for our long-term sustainability goals. The Dropbox Physical Infrastructure team is responsible for managing the lifecycle of our network and server fleet and for monitoring the facilities in which they reside. The team is focused on maintaining our position as one of the top global performers for power usage effectiveness (PUE) and overall power consumption.

We are actively working with our landlords to ensure that the spaces we use are state of the art in terms of energy efficiency. Currently, five of nine data centers have been certified for energy efficiency by EnergyStar, and three have earned at least LEED Gold certification.

Energy efficiency and renewables

We're also enhancing our server design and management. One way of optimizing consumption is by quickly powering down decommissioned hosts. At the data centers, we have a continuous flow of servers reaching their end of life. We used to decommission servers manually, but now we're leveraging a new system created in-house called Pirlo, which automatically powers down a server host after it's out of service. This has saved us an estimated 5% in power over each server's lifespan. We also have servers that sit in an idle state yet still use power. To address this, we're in the process of introducing a new state in the data centers—hard-drive disk (HDD) standby—which will yield power savings of 25% to 50%, depending on server type, while still allowing the servers to be accessible when needed.

In 2021, we saw an increase in energy efficiency at our data centers. We now operate them at a PUE level well below industry average.

Data Center PUE Benchmark

Category	PUE
Dropbox 2019	1.27
Dropbox 2020	1.32
Dropbox 2021	1.2
Google	1.1
Facebook	1.1
Microsoft	1.18
IBM	1.53
Global average	1.59

Energy efficiency and renewables
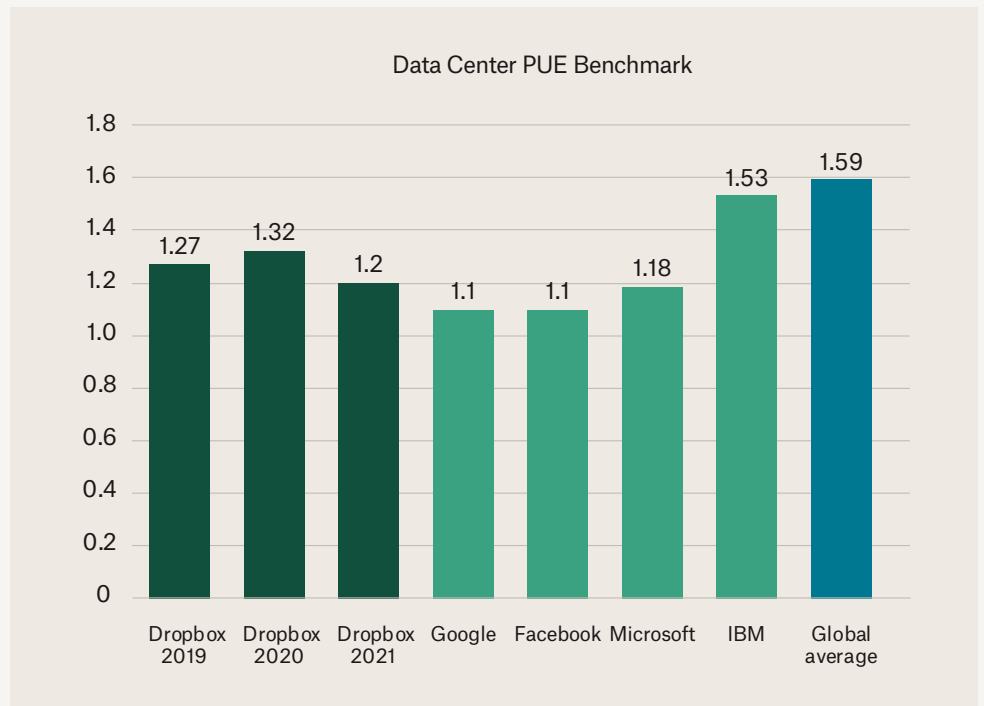
Greenhouse gas emissions

Dropbox measures direct and indirect GHG emissions from energy consumption in our facilities and our data centers, and fugitive emissions from refrigerants—Scope 1 and Scope 2 GHG emissions. We also measure Scope 3 GHG emissions from business travel.

GHG emissions by scope

Metric tons of carbon dioxide equivalent (MTCO$_2$e)

■ Scope 1   ■ Scope 2—Market-based   ■ Scope 3—Business travel

Energy efficiency and renewables
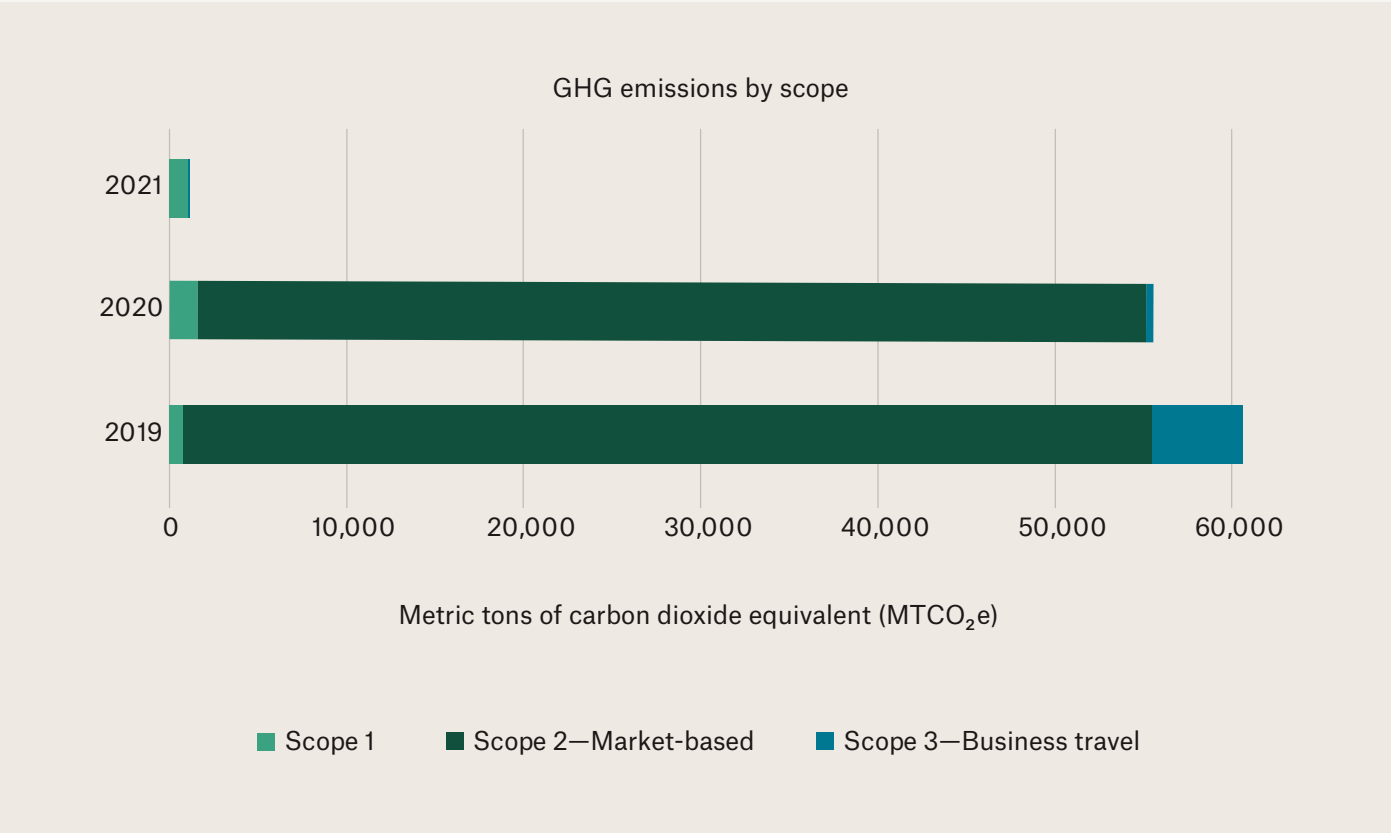
2021 performance

In 2021, we reduced absolute Scope 1 and Scope 2 (location-based) emissions[1] by 31%, compared with 2020. Some of this reduction was due to our shift to remote work. We also reduced emissions by transferring our data center loads to more efficient locations. Specifically, we moved out of legacy data center designs to sites with lower PUE. We also optimized our underutilized sites by increasing capacity throughout the year.

We achieved the remainder of our carbon neutrality goal by procuring renewable energy credits (RECs) to address scope 2 market-based emissions and carbon offsets to cover scope 1 and scope 3 business travel emissions. The figure on the previous page reflects our scope 1, scope 2 (market-based), and scope 3 business travel emissions prior to accounting for carbon offsets.

The tables below compare procured energy attribute certificates (EACs) with actual electricity use in 2021. We procured EACs to cover electricity use in all leased offices/studios[2], and to cover data center IT power in both colocated and third party-operated data centers.

DATA CENTER ELECTRICITY USE (MWh)	DATA CENTER EACs (MWh)
128,582	128,582

OFFICE/ STUDIO ELECTRICITY USE (MWh)	OFFICE/ STUDIO EACs (MWh)
3,198	3,198

[1]Location-based emissions are calculated using average electricity grid factors for each region or sub-region and do not account for REC purchases. Market-based emissions are calculated based on the electricity that organizations have chosen to purchase, often spelled out in contracts or instruments like RECs.
[2]Excludes serviced offices/studios reported under our Scope 3 emissions.

The table below compares carbon offsets procured in 2021 with greenhouse gas emissions.

SCOPE 1 EMISSIONS (MTCO$_2$E)	SCOPE 3 BUSINESS TRAVEL EMISSIONS (MTCO$_2$E)	PERCENTAGE OF CARBON EMISSIONS OFFSET
1,053	41	100%

While we're proud of our achievements, we still have work to do. We'll continue to emphasize reducing overall emissions, favoring carbon reductions over offsets, and seeking opportunities to partner with our landlords to directly procure renewable energy.

Carbon-offset projects

Our Social Impact team reviewed a wide range of carbon-offset projects and selected several to achieve our carbon neutrality goals, reduce our carbon footprint, and make progress on the UN Sustainable Development Goals (SDGs). We select offset projects based on the following guidelines:

1. **CERTIFICATION:** We only select offset projects that undergo certification or verification to ensure that they genuinely offset GHG emissions as they claim.

2. **CO-BENEFIT:** We strive to support projects that not only reduce emissions but also provide other positive impacts. Specifically, we prioritize projects that achieve progress on as many UN SDGs as possible.

3. **LOCATION:** We're a global company, and our partner Dropbox Foundation supports human rights work all around the world. To that end, we aim for geographic diversity in our projects.

PROJECT / PRODUCT NAME	PROJECT MARKET	CERTIFICATION/ VERIFICATION	TECHNOLOGY TYPE
Acre Amazonian Rainforest Conservation REDD+ Portfolio	Brazil	Climate, Community, Biodiversity (CCB) Standard Verra VCS	Forestry
Bondhu Chula Stoves	Bangladesh	Gold Standard VER	Clean cookstoves
Acapa REDD+ Avoided Deforestation	Colombia	Verra VCS	Forestry
Agrocortex REDD	Brazil	Verra VCS	Forestry
Crow Lake Wind Emissions Reduction	USA	Verra VCS	Renewable energy

Read about one of the projects we supported in 2021 on the following page.

Case study

The Acre Amazonian rainforest is 90% forested, but at the current rate of destruction it's expected to drop to 65% by 2030. This collection of three projects is working to prevent deforestation across 105,000 hectares of rainforest in the Amazon basin, where some of the world's most biodiverse habitats exist.

With the support of carbon finance, the projects work with local communities and conservation groups to protect economies dependent on a healthy ecosystem by providing alternative models of development.

In addition to protecting critical rainforest habitat and delivering approximately 360,000 metric tonnes of emissions reduction each year, this project delivers several sustainable development benefits that are relevant to these UN SDGs: No Poverty, Zero Hunger, Life on Land, Good Health and Well-being, Quality Education, Decent Work and Economic Growth, and Life Below Water.

Acre Amazonian Rainforest Conservation REDD+ Portfolio

Project location
Brazil

Project type
Natural climate solutions, forest conservation

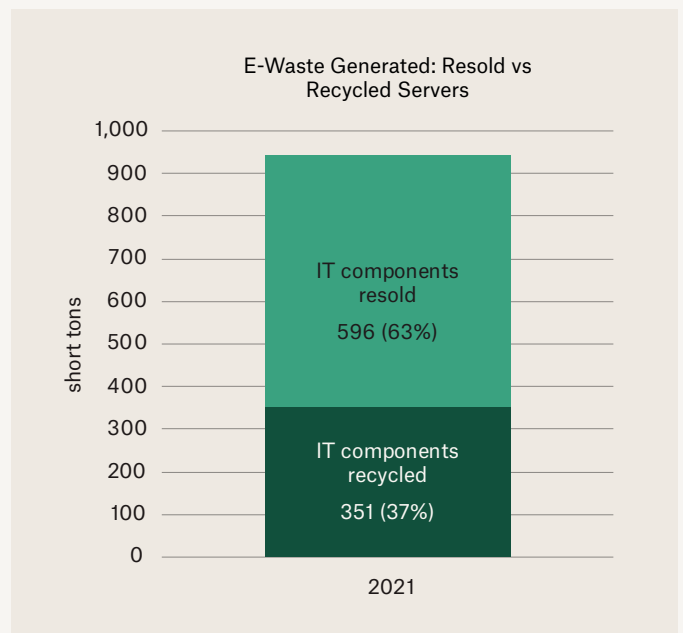**Quantity of offsets purchased**
1,350 (mtCO$_2$e)

Electronic waste

Maintaining resource efficiency and reliability in our data centers requires periodic upgrades to IT hardware. It's critical that we do our best to dispose of decommissioned hardware responsibly.

We partner with a leading provider of services for refurbishing and recycling electronic waste so that IT hardware is handled responsibly and that as much material as possible is salvaged. Our recycling partner first tries to repair broken equipment. When equipment becomes obsolete, most parts are either repurposed or recycled.

In 2021, we achieved a 63% reuse rate for data center hardware by refurbishing and reselling decommissioned servers. The remainder of data center IT equipment was recycled.

Our total landfill diversion is 84% including compost and recycling in studios, and recycled and resold IT equipment from data centers.

E-Waste Generated: Resold vs Recycled Servers

(short tons)

IT components resold
596 (63%)

IT components recycled
351 (37%)

2021

Social

Our people

At Dropbox, we believe the strength of our workforce is one of the most significant contributors to our success. We take immense pride in investing in our people, and strive to cultivate a community that is authentic, inclusive, and connected. That's why we're consistently cited as a leader in people-first culture, which celebrates and underscores a commitment to our employees.

As we've navigated the ever-changing reality of the world, we prioritized employee flexibility by officially becoming a Virtual First company in April 2021. Remote work (outside of an office) is now the primary experience for all employees and the day-to-day default for individual work. The Dropbox studios are designed to provide space for in-person collaboration and team gathering. While we're still learning and adapting as we go, we believe Virtual First has promoted a more balanced and meaningful way of life for our employees, and allowed us to expand our talent pool by recruiting from a broader set of locations.

We've also invested heavily in employee education and development, offering robust opportunities such as team effectiveness sessions to foster cohesion, skills-building workshops, and coaching pods to support connection and peer learning in a remote context. Employees also have access to live workshops, one-on-one coaching, and annual career development days to support them.

Our people

2021 Highlights

1. **CAREER DEVELOPMENT:** In April, we held <u>Career Development Days</u> focused on "Designing Your Virtual First Career." Each week of the month we focused on a different aspect of how employees can think about their careers.

2. **PERKS AND ALLOWANCE:** In 2021, we started offering a flexible quarterly allowance that can be used to cover expenses related to health and fitness, family and caregiver support, productivity and ergonomics, financial wellness, and learning and development programs.

3. **COMPANYWIDE PAID TIME OFF:** To help facilitate work–life balance, we now offer monthly companywide PTO days for full-time employees. Having the entire workforce off at the same time helps reduce notifications and pings so that employees can truly recharge.

4. **ENGINEERING CAREER FRAMEWORK:** This enlightening <u>resource</u> describes what's expected of engineers at every career level. We made the framework available to the public last year to be transparent about leveling and career progression in the Engineering team at Dropbox.

Talent attraction and engagement

We want all employees to grow, develop, and thrive in their careers here at Dropbox. To help employees succeed here, we provide access to skills-building programs, on-demand learning options, mentoring programs, and leadership courses.

We also offer extensive onboarding and training programs to prepare employees at all levels for career progression and personal development, including how-tos for managing up, delivering constructive feedback, and improving financial wellness.

In addition, we conduct a biannual engagement survey called "Soapbox," which provides employees and company leaders with a formal channel for submitting feedback on what's going well and where we need to improve. In 2021, 90% of employees responded to a Soapbox survey.

Total rewards—compensation and benefits program

Our compensation program is designed to attract and reward talented people who have the skills necessary to support the business, contribute to strategic goals, and create long-term value for stockholders. We provide employees with competitive compensation packages that include base salary, annual incentive bonuses, 401(k) plan with company match, and equity awards tied to the value of our stock price. Our highly competitive benefits package includes medical, dental, vision, life, and disability plans. In addition to these core packages, Dropbox provides enhanced mental health benefits, family formation benefits, and an adoption and surrogacy assistance program. These comprehensive programs also provide various leave benefits—including 24 weeks for new parents.

Diversity, equity, and inclusion

We want Dropbox employees to reach their full potential and reflect the diverse customers we serve. We believe DEI is important to the success of our business. We're focused on building diverse teams and providing opportunities for all employees at Dropbox to succeed.

We encourage employees to contribute to our overall DEI goals by committing to these diversity commitments:

- **HIRE A DIVERSE TEAM**: working with recruiters to use fair and equitable processes during screening, interviewing, and hiring.

- **DEVELOP AND ADVANCE EQUITABLY:** providing equitable opportunity for growth and development at Dropbox.

- **ENGAGE IN PERSONAL GROWTH:** expanding an individual's understanding of diversity in the workplace, whether through trainings by the DEI team or numerous opportunities each year for learning through employee resource groups (ERGs).

Diversity, equity, and inclusion

2021 highlights

1. **ESTABLISHED AN HBCU PARTNERSHIP** (historically black colleges and universities) with the Thurgood Marshall College Fund for internships with the User Success team.

2. **LAUNCHED THE DEI TRAILBLAZER AWARD,** which recognizes employees who've gone above and beyond to make Dropbox a more diverse, equitable, and inclusive place to work.

3. **HOSTED MORE THAN 60 VIRTUAL EVENTS** and seven major awareness months to engage, highlight, and educate communities and allies across Dropbox.

4. **COLLABORATED WITH OTHER COMPANIES** in the tech industry to develop the Black Equity Index, a set of standards for driving measurable change, tracking true progress, and demonstrating commitment to racial equity in the workplace.

5. **PUBLISHED OUR ANNUAL DIVERSITY REPORT.** We've published a diversity report every year since 2019

As we look ahead to the second half of 2022 and beyond, we'll continue investing in programs that promote DEI in the workplace, and help Dropbox continue to diversify our workforce.

Diversity, equity, and inclusion

2021 diversity performance

In 2021, we set an aspiration to maintain or exceed representation of women and URMs at the mid-career level and higher due to an increasingly competitive talent environment. Setting these annual aspirations are key to achieving business objectives, increasing the quality of the work experience, and creating a stronger sense of belonging for all employees.

Over the past five years, we've seen an overall increase in representation for both URMs and women at Dropbox, however in 2021, overall representation for women was slightly down (year over year) and for URMs was flat (year over year).

A key benefit of the Virtual First remote-work strategy is that we're able to remove most geographic barriers to hiring within the United States, giving us access to more-diverse talent pools. In 2021, we saw this reflected in candidates we interviewed and in new hires at all levels.

Our DEI team provides trainings and workshops that focus on topics such as unconscious bias, creating an inclusive workplace, leading and developing teams equitably, and much more.

DEI training progress to date:

- 62% of employees have completed the DEI fundamentals course
- 60% of people managers have completed inclusive leadership training
- 56% of managers have completed the DEI Pathways assessment

Board diversity

At Dropbox, we're committed to maintaining an independent and diverse board of directors. We believe that a diverse board strengthens the overall company, giving us more unique knowledge and viewpoints, a more inclusive company culture, a broader view of risk management, and an enhanced brand and business reputation through alignment of company values and actions. As of May 19, 2022, five of the eight members of our board were members of underrepresented communities (URC)[1] or self-identified as a woman.

The chart on the following page provides summary information about our board directors with respect to their diversity.

[1]Dropbox uses the following definition to define "member of an underrepresented community": an individual who self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, or Alaska Native, or who self-identifies as gay, lesbian, bisexual, or transgender.

Diversity, equity, and inclusion

2022 board diversity snapshot[1,2]

	FEMALE	MALE	NON-BINARY	DID NOT DISCLOSE GENDER
Number of directors based on gender identity	3	5		
Number of directors who identify in any of the categories below				
African American or Black	0	1		
Alaskan Native or Native American				
Asian	1	1		
Hispanic or Latinx				
Native Hawaiian or Pacific Islander				
White	2	3		
Two or more races or ethnicities				
LGBTQ+				
Did not disclose demographic background				

[1]As of May 19, 2022
[2]Categories are based on NASDAQ Rule 5606(a)

Pay equity

Dropbox pay structures are designed with equity in mind. We conduct annual compensation reviews and promote pay equity across the company through programs, processes, and trainings.

Our compensation philosophy is based on the following principles:

1. Market competitiveness
2. Alignment to business and individual results
3. Fairness and equity
4. Alignment with Dropbox culture and values

At Dropbox, "fairness and equity" means that employee pay accurately reflects legitimate factors—such as experience, performance, role level, and time in role—and is in line with the pay of similarly situated peers.

Health, safety, and well-being

Dropbox is committed to a safe and healthy work environment for employees and considers it a key component of continued success. This commitment is led by the Global Physical Security and Safety team, which includes a Global Security Operations Center (GSOC). GSOC helps employees whenever there's an emergency or incident, and is the main contact during a crisis response by Dropbox. GSOC provides around-the-clock support for employees whether they're in a studio, on a business trip, or at home.

At the start of the pandemic, we established Global COVID-19 Workplace Health & Safety standards for when employees or other personnel needed to enter our offices or gather together. These standards mandated locally compliant health screening, social distancing, and face covering and advised all visitors to follow personal health and hygiene best practices. The standards were reviewed and updated as we received further guidance from public health authorities.

In 2021, Dropbox implemented an array of digital tools and working groups to expand wellness resources for employees—emphasizing mental health above all.

To holistically support employees during the transition to Virtual First, we revamped our employee program (Dropbox Cares) to better support a distributed workforce. We provided all employees with access to tools and resources for creating a fully functional home office. This included accommodations funds, ergonomic best-practices guidelines, and online training. Soapbox, the biannual engagement survey, also helps refine our employee wellness and development initiatives.

2021 highlights

1. **LAUNCH OF THE WELL-BEING KIT**: As part of the Virtual First initiative, we launched a digital toolkit that helps employees guide, evaluate, and incorporate well-being into their work and their personal life. Useful tips focus on strategies for rethinking unhelpful thoughts, managing energy levels, and setting healthy boundaries.

2. **VIRTUAL WELLNESS WEEK:** Over 1,050 employees throughout the world participated in 19 workshops.

3. **IMPLEMENTATION OF THE MODERN HEALTH PARTNERSHIP**: This program ensures that our employees have access to an expanded array of mental health and wellness benefits. It includes up to eight sessions each of therapy and eight sessions of coaching. Ninety-one percent of employees who utilized the benefit reported an increase in health and well-being as a result of the program.

Philanthropy

At Dropbox, we're committed to leveraging our people, products, and resources for good, which we believe positively contributes to our work culture and helps us recruit and retain talented employees. We firmly believe that all people deserve a life that has dignity, freedom, and safety. Led by our Social Impact team, many of our philanthropic initiatives are grounded in human rights and focus on supporting organizations that fight for equal opportunities, basic freedoms, and fundamental necessities for people around the world.

Dropbox for Good

Dropbox for Good is an employee-led group that encourages people to use their skills and time to serve their communities. We provide 32 hours of volunteer time off per year, donations of Dropbox products, and charitable gift matching up to $2,000 per year per full-time employee. Employee donations and corporate gift matching in 2021 totaled $1.68 million.

Dropbox Foundation

We partner with the Dropbox Foundation, which provides unrestricted grants and empowers Dropbox employees to give back through skills-based volunteering. Learn more about the Dropbox Foundation in the 2021 Year in Review. As of December 2021, the Dropbox Foundation had donated $4.22 million to human rights organizations.

2021 highlights

1. **IMPACT DAYS**: Dropbox for Good launched a day of service for every quarter, with both in-person and virtual volunteer activities. These Impact Days encourage global Dropbox employees to use their "doing good benefits"—volunteer time off, company gift matching, and product donations—to give to, learn from, and be immersed in their local communities. With the help of global ambassadors, the leads of Dropbox for Good, and committed employees, we supported over 1,500 nonprofit causes, including Missing Maps, SF Marin Food Bank, CASA, and Sydney's Children's Hospital. We also mobilized employees to use volunteer time off for environmental causes such as Clean Coasts, Forterra, and San Francisco Recreation & Parks.

2. **DOING GOOD AWARD**: We launched this award to recognize Dropbox employees who are outstanding members in their communities and taking some time to give back.

3. **APPRENTICESHIP PROGRAM** (FORMERLY KNOWN AS IGNITE): Mentorship and hands-on learning opportunities are being provided to new software engineers who have nontraditional computer science backgrounds. We hosted 19 apprentices in 2021.

4. **NEXT CHAPTER:** We've sponsored two cohorts of apprentices from Next Chapter, a program founded by Slack that provides opportunities in the tech sector to formerly incarcerated individuals. We're excited to continue this program at Dropbox with a third cohort in 2023.

5. **EDUCATION PARTNERS:** Dropbox employees have long supported local schools and educational programs. Our main partners:

- San Francisco Education Fund: Supporting schools like Mission High and Bret Harte Elementary through teacher-appreciation months and in-kind donations such as technology and air purifiers.

- Oakland Public Education Fund: Supporting Skyline High through career panels, graduation sponsorships, and read-aloud activities for heritage months such as Black History, Asian American and Pacific Islander, and Pride.

- Code Nation: (New York City, San Francisco Bay Area) The 2020–21 school year marked our first bicoastal partnership with Code Nation, which we've been supporting for three years. Code Nation equips students in under-resourced high schools with the skills, experiences, and connections that create access to careers in tech. In addition to partnering with students and schools in the greater New York area, we also now work with students in the San Francisco Bay Area.

Human and labor rights

Dropbox is committed to the protection of internationally recognized human and labor rights within our operations and supply chains. These efforts are important to retaining many of our users and employees, and to maintaining our brand and reputation. As outlined in our Worldwide Code of Business Conduct and Ethics, respect for all people and maintaining ethical working conditions and business operations are integral to the work we do and reflective of the impact we strive for. We prohibit all forms of slavery, human trafficking, and discrimination in our operations, and we strive to ensure that our policies and procedures are reflective of our commitment to human and labor rights.

Protection of human rights also includes protecting against discrimination. Dropbox is committed to providing equal employment opportunities for all Dropbox employees and people who apply to work at Dropbox. We celebrate diversity and are committed to creating an inclusive environment. We're committed to promptly addressing reports of discrimination and harassment.

We advise any employee who observes, suspects, or is subjected to slavery or human trafficking, discrimination or harassment, or any other behavior that violates our Worldwide Code of Business Conduct and Ethics to immediately contact their manager or human resources business partner (HRBP).

The Supplier Code of Conduct establishes our expectations of a supplier's commitment to safeguarding human rights in their own operations. Within our operations and supply chains, we respect employees' rights to associate freely, bargain collectively, join or refrain from joining labor unions, seek representation, and join workers' councils.

Human and labor rights

2021 and recent highlights

- **DROPBOX BECAME A SIGNATORY OF THE UN GLOBAL COMPACT,** joining over 10,000 businesses that have entered a pact with the United Nations to help solve major global issues such as protection of human and labor rights. As a signatory of the UN Global Compact, we're educating employees about the UN SDGs and evaluating opportunities for further embedding human rights protections into our supply chains.

- For the eighth year in a row, Dropbox was named **BEST PLACE TO WORK FOR LGBTQ EQUALITY** using the Human Rights Campaign Foundation's Corporate Equality Index, a national benchmarking tool for corporate policies, practices, and benefits pertinent to lesbian, gay, bisexual, transgender, and queer employees.

Accessibility

Our mission is to design a more enlightened way of working—for everyone who uses our products. Inclusion is at the heart of our mission. The <u>Dropbox for All</u> initiative is a commitment to making Dropbox more inclusive and broadens the possibilities of who can work together, how they can contribute, and what it means to be part of a team. This means designing our products for people who have varying functional abilities, and using a range of assistive technologies that make it possible for everyone to access our tools and services.

2021 highlights

We saw tremendous advancements in the way we design for accessibility. By directing new resources to these efforts in a proactive and time-sensitive manner, we've enabled our products to continue meeting the needs of users and promoted a better, more inclusive Dropbox experience.

- **VOLUNTARY PRODUCT ACCESSIBILITY TEMPLATE**: By shifting this report from biannual to annual, we're continuing to meet the WCAG 2.1 AA standard and ensuring the transparency of our accessibility efforts.

- **ENABLE**: Launched in late 2020, the newest employee resource group helps empower those who identify as challenged by visible or hidden disabilities.

Governance

Board of directors

At Dropbox, we're committed to strong corporate governance to support our mission of creating a more enlightened way of working. It's the duty of our board of directors to exercise its power in the best interest of the company and our shareholders. Our board and its committees oversee management and set standards for ensuring that Dropbox operates with integrity, business excellence, and ethical and honest conduct.

Board highlights

- 87.5% of directors are independent (as of May 19, 2022)
- One class of directors elected annually
- Annual board and committee evaluations
- Lead independent director

Dropbox had eight directors—seven of whom qualified as an "independent" director—as of the date of our annual shareholder meeting (May 19, 2022). Drew Houston, our chief executive officer and chair of the board, is not considered independent, as defined in the Nasdaq listing rules. Drew has served as a board member and CEO for the past 15 years, and is best positioned to identify strategic priorities, lead critical discussions, and execute our business plans.

Because Drew is not an independent director, the board has determined—in accordance with our Corporate Governance Guidelines—that it is in the best interest of our shareholders to have a lead independent director to preside over meetings of the independent directors and help set the agenda for board meetings. Donald Blair, a director since 2017, has served as lead independent director since March 2020.

As discussed in the Board Diversity section above, our board of directors is also diverse—five of our eight directors are members of an URC or self-identify as a woman. At the time of our last annual shareholder meeting, the average tenure for directors was four years.

During the fiscal year ended December 31, 2021, the board of directors held seven meetings. Each director attended at least 75% of the aggregate of (i) the overall board meetings held while they served as director, and (ii) the total number of meetings held by committees on which they served.

Board of directors

Although we don't have a formal policy regarding director attendance at our annual shareholder meetings, 100% of our directors who then served on our board attended the 2021 annual meeting of our stockholders.

Board diversity snapshot[1]

Director independence

7 out of 8 directors are independent

■ independent
■ non-independent

Racial/ethnic diversity[2]

37.5% directors are members of a URC

■ member of an URC
■ not a member of an URC

Gender diversity

37.5% directors are women

■ female
■ male

Director tenure

4 years average tenure of directors

■ <5 years
■ 5–9 years
■ >9 years

[1]As of May 19, 2022.
[2]Dropbox uses the following definition to define "member of an underrepresented community": an individual who self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, or Alaska Native, or who self-identifies as gay, lesbian, bisexual, or transgender.

Business ethics and integrity

At Dropbox, we're not just changing the way people work—we're designing a more enlightened way of working, and it starts from within. Our <u>Worldwide Code of Business Conduct and Ethics</u> (previously discussed in the <u>Human and labor rights</u> section) reflects a belief that all work at Dropbox should be consistent with our values and be held to the highest standards of ethical business conduct. Our <u>values</u> serve as a compass, and we expect them to guide how we treat each other and our users.

The Worldwide Code of Business Conduct and Ethics is designed to deter wrongdoing and promote integrity, honesty, compliance with laws, rules, and regulations, fiscal responsibility, and accountability. All employees are required to take an annual code of conduct training, in addition to annual security and privacy trainings. This training includes information about policies for anti-corruption, anti-facilitation of tax evasion, insider trading, external communications, and global gifts. In 2021, 99% of full-time employees completed this training.

Anti-corruption policy

Bribery, corruption, facilitation of tax evasion, and other unethical or illegal behavior are prohibited by our Anti-Corruption and Anti-Facilitation of Tax Evasion policy. All employees, officers, directors, and contingent workers at Dropbox are required to seek approval from our Chief Legal Officer before giving anything of value to a government official. In addition, employees must comply with dollar guidelines and exercise good judgment in accepting or providing gifts, travel, or entertainment, and are encouraged to contact a member of the legal team when in doubt about whether a gift is appropriate.

Vendors and resellers are required to go through an FCPA (Foreign Corrupt Practices Act) compliance screening prior to onboarding.

In addition to compliance screening, Dropbox standard form agreements contractually require vendors and resellers to comply with applicable anti-bribery, anti-corruption laws, and our company's <u>FCPA and Anti-Bribery Policy</u> and <u>Supplier Code of Conduct.</u>

Anti-competitive behavior policy

At Dropbox, we want to win, and win fairly. We strive to compete vigorously for business based on the merits of our products and services and detailed guidance can be found in our Worldwide Code of Business Conduct and Ethics.

Business ethics and integrity

Whistleblower policy

We're committed to having a workplace where employees can report concerns free from any harassment, discrimination, or retaliation in violation of Dropbox policies.

As detailed in our Whistleblower Policy, if an employee, officer, director, or contingent worker discovers questionable behavior that might violate our policies, they're encouraged to report it immediately by talking to their manager, human resources business partner, our chief legal officer, or our chief financial officer, or through our third-party whistleblower hotline, which can be done anonymously.

All reported violations will be investigated, and specific actions will be based on the nature and gravity of the conduct. The Audit committee directs and oversees the investigation of significant complaints regarding accounting and financial matters.

The Audit committee reports to the board when there are significant complaints, including the results of any investigation into a complaint and corrective actions taken.

Business ethics and integrity

The board's role in risk management

Risk is inherent with any business, and managing it is critical to the sustainability of our company. We face a number of risks and we've implemented processes for addressing them. Managers are responsible for day-to-day oversight of strategic, business and operational, legal and compliance, cybersecurity, and financial risks. The board of directors, assisted by its committees, is responsible for our risk management framework, which establishes priorities for managing the risks our company faces.

The Audit committee assists the board in fulfilling its responsibilities for risk management in financial reporting and disclosures, as well as in legal and regulatory compliance. The Audit committee also oversees initiatives related to operational infrastructure—such as reliability, business continuity, cybersecurity, and data privacy—as well as enterprise risk management. The Audit committee also discusses risk assessment guidelines with managers and the independent auditor.

The Compensation committee assesses risks related to executive compensation plans and arrangements and our compensation policies and programs.

The Nominating and Corporate Governance committee assesses risks related to corporate governance practices, board independence, and potential conflicts of interest.

The committees regularly report on their risk management efforts to the full board. The board believes its current leadership structure is appropriate for its risk oversight responsibilities.

ESG governance and oversight

ESG governance and ethical business practices are a collaborative effort. Multiple teams, with oversight from our board of directors, play a role in managing our ESG governance structure. Ultimately, Dropbox employees share responsibility for operating ethically.

In May 2022, the board approved an amendment to the Nominating and Corporate Governance committee's charter to delegate oversight of Dropbox's ESG activities, programs, and disclosures to its Nominating and Corporate Governance committee.

The board also approved an amendment to the Compensation committee's charter to delegate oversight of Dropbox's human capital management activities to its Compensation committee.

Additionally, the Audit committee oversees initiatives related to our operational infrastructure, particularly reliability, business continuity, cybersecurity, and data privacy, as well as our enterprise-risk management program, which is further described in the "Role of Board in Risk Oversight Process" above.

The Social Impact team leads Dropbox's internal ESG working group, which consists of members from the legal, investor relations, communications, policy, DEI, risk, and infrastructure teams.

This ESG working group is responsible for executing on Dropbox's ESG strategy. Senior leadership team members oversee the strategy and direction of the ESG program as well as the ESG working group.

2021 and recent highlights

- Published the first ESG Fact Sheet, sharing data for 2019 and 2020 performance
- Conducted ESG priority assessment and defined priority topics
- Amended the Nominating and Corporate Governance committee charter in May 2022 to delegate oversight of ESG activities, programs, and disclosures to the Nominating and Corporate Governance committee
- Amended the Compensation committee charter in May 2022 to delegate oversight of human capital management activities to the Compensation committee

Data privacy, security, and reliability

"Be Worthy of Trust is our first company value, and we're committed to keeping it at the forefront of all we do. We've invested heavily in security and privacy programs that keep your data safe, and we respect our users' rights to access, correct, delete, and move their data."

—BART VOLKMER, CHIEF LEGAL OFFICER

Be Worthy of Trust is one of our company values—the foundation of our relationship with the millions of people and businesses around the world who rely on Dropbox to protect their most valuable content. Protecting our users' information and emphasizing privacy, security, and compliance is our top priority.

Our approaches to compliance, security, privacy, and data protection are constantly evolving to respond to market changes as well as new challenges. Up-to-date resources regarding compliance with security, data storage, and privacy standards and regulations are available on our website.

Privacy: our commitment

Our business model is built with a strong focus on user privacy. We don't sell users' data, and we don't make any money from advertising. Our Privacy Policy describes the handling and protection of user information, including how we collect, use, and store your personal data when you use Dropbox services. You can find more information in our Privacy and Data Protection whitepaper.

Dropbox also enables business users to configure and monitor their account in ways that meet their organization's privacy, security, and compliance requirements. Our shared responsibility guide can help business users understand more about what we do to keep accounts safe, and what users can do to maintain visibility and control over personal data.

PRIVACY GOVERNANCE

Our Privacy team is responsible for the Dropbox Privacy Program, implementing key privacy initiatives, and ensuring that privacy is built into all products and internal processes. The team reports to our board of directors, Audit committee, and senior leaders from our information security, legal, and information technology teams, including our chief privacy officer, data protection officer, vice president of security, and chief legal officer.

In accordance with the EU General Data Protection Regulation (GDPR), we have appointed a data protection officer (DPO) who monitors how we gather, store, and process personal information in order to comply with GDPR. Our DPO possesses independence, enabling them to drive change in policies and practices.

Security: protect and control

Dropbox is designed with a secure and distributed infrastructure, with multiple layers of protection. We work to protect user data and empower IT administrators with tools that provide control and visibility. Our robust risk management framework is designed to assess risks and build a culture of security at Dropbox.

Dropbox infrastructure for files includes the components depicted below.
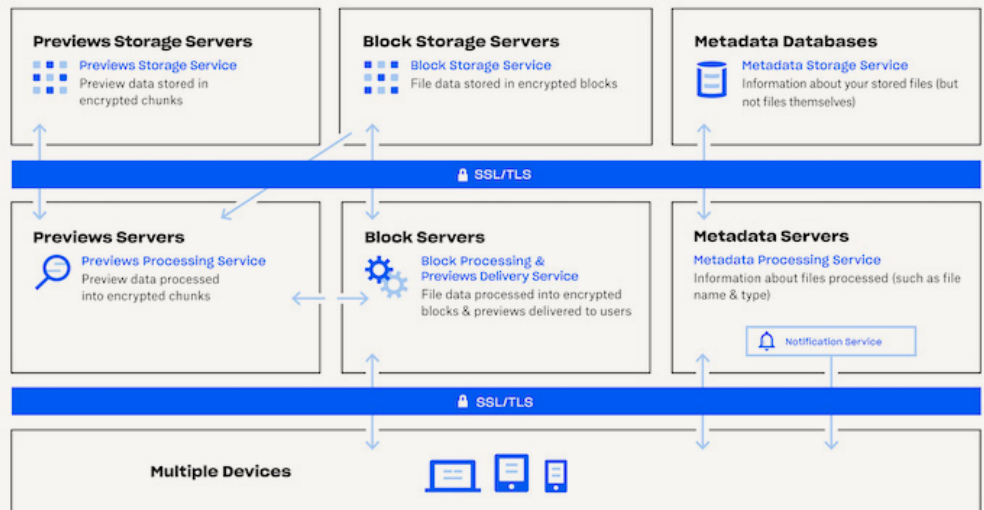
Enforced by the Dropbox Security team, we've established a thorough set of security policies, which are reviewed at least annually. Employees, interns, and contractors participate in mandatory security training when joining the company, which they repeat annually throughout the duration of their employment. They also receive ongoing security awareness education via informational emails, talks and presentations, and resources available on our intranet. Read more about our security measures in the Dropbox Business Security whitepaper.

Data privacy, security, and reliability

Vulnerability and risk management

The Security team regularly conducts automated and manual security testing and patch management, and works with third-party specialists to identify and remediate security vulnerabilities and bugs. Their findings are communicated to Dropbox management and appropriate action is taken when necessary. Issues that have high severity are documented, tracked, and resolved by assigned security engineers. Testing includes:

- **TABLETOP EXERCISES**: We conduct regular tabletop exercises to test and fortify the controls of our cyber incident response. We also conduct an annual, company wide data breach exercise to practice and strengthen incident response procedures.

- **PEN TESTING**: The Security team regularly performs automated and manual application security testing to identify and patch security vulnerabilities and bugs on our desktop, web (Dropbox and Paper), and mobile (Dropbox and Paper) applications. Additionally, Dropbox contracts with third-party vendors to perform periodic penetration and vulnerability tests of the production environment. We work with third-party specialists, other industry security teams, and the security research community to keep our applications secure. We also leverage automatic analysis systems to identify vulnerabilities. This process includes systems we develop internally, open-source systems we modify for our needs, and external vendors we hire for continuous automated analysis.

- **BUG BOUNTY**: While we work with professional firms for penetration testing engagements and conduct our own testing in-house, bug bounties (or vulnerability rewards programs) tap into the expertise of the broader security community. Our bug bounty program, operated through HackerOne, provides an incentive for researchers to identify and responsibly disclose software bugs. This involvement of the external community provides the Security team with independent scrutiny of our applications to help keep users safe. We strive to be among the industry leaders in bounty rewards, and response and remediation times.

- **RISK MANAGEMENT**: Dropbox has employees dedicated to measuring, testing, documenting, and quantifying systemic cyber risks.

- **INCIDENT RESPONSE**: We have incident-response policies and procedures to address service availability, integrity, security, privacy, and confidentiality issues. As part of this effort, we have dedicated teams that are trained to:

  - Promptly respond to alerts of potential incidents
  - Determine the severity of an incident
  - Execute mitigation and containment measures, if necessary
  - Communicate with relevant internal and external stakeholders, including notification to affected users
  - Gather and preserve evidence for investigative efforts
  - Document a postmortem and develop a permanent triage plan

- The incident-response policies and procedures are audited as part of SOC 2, ISO/IEC 27001, and other security assessments.

Compliance: trust and verify

To maintain a foundation of trust with users, we've established a Trust Management team that oversees risk management, compliance, and reporting.

Dropbox has a track record of being ahead of the compliance curve. We were one of the first cloud service providers to achieve ISO 27018 certification for its business users.

Our privacy, security, reliability, and business continuity practices comply with the most widely accepted standards and regulations, including:

- ISO 27001 (information security management)
- ISO 27701 (privacy information management)
- ISO 27017 (cloud security)
- ISO 27018 (cloud privacy and data protection)
- ISO 22301 (business continuity management)
- HIPAA/HITECH (health information privacy regulations)
- SOC 1, SOC 2, and SOC 3 (service organization controls)

Independent third-party auditors test our controls and provide their reports and opinions. More information on the standards that we comply with and how we verify security practices is available on the Dropbox compliance page.

More information about the security and privacy practices of HelloSign (acquired in 2019) and DocSend (acquired in 2021) are available through HelloSign Trust Center and DocSend Trust Center. Dropbox is working to fully integrate both companies with the Dropbox Trust Program.

Product responsibility and data ethics

Dropbox is used by millions of people, and we're proud of the trust they place in us. By the same token, we expect people to use our services responsibly, which means complying with our Acceptable Use Policy (AUP). Dropbox uses a variety of tools, including industry-standard automated detection technology, to find potentially violating content and take action as appropriate. We also encourage our users to report inappropriate content through our reporting tool. Information on the enforcement of AUP is found in our biannual Transparency at Dropbox report.

Responding to government data requests

Like most online services, Dropbox sometimes receives requests from governments seeking information about our users. Our Guiding Principles—to be transparent, fight overly broad requests, provide trusted services, and protect all users—describe our philosophy on handling government requests.

We analyze every request to determine whether it is legally and procedurally valid, and we work to narrow or resist requests when appropriate. The transparency report also indicates how often we receive and respond to government data requests.

Reliability

Minimizing disruption to services is critical to our long-term success and the success of our users. We strive to limit disruptions as much as possible, and have a team dedicated to responding to them immediately. The business continuity management system (BCMS) details how to respond to disruptions so that we're able to continue providing services to users. We conduct a cyclic process consisting of the following phases:

- **BUSINESS IMPACT ASSESSMENTS**: We conduct a business impact assessment (BIA) at least annually to identify processes critical to Dropbox, assess the potential impacts of disruptions, and set timeframes for recovery.

- **BUSINESS CONTINUITY PLANS** (BCPS): Teams identified in the BIA as critical to Dropbox continuity can use the assessment to develop BCPs for their processes.

- **PLAN TESTING/EXERCISING**: Dropbox tests selected elements of its BCPs at least once a year.

- **REVIEW AND APPROVAL OF BCMS**: At least annually, the executive staff reviews the BCMS as part of the Dropbox Trust Program.

Data privacy, security, and reliability

Users trust us with their most important content, and we focus on providing them with a secure and easy-to-use platform. More than 90% of users' data is stored on custom-built infrastructure, which has been designed from the ground up to be reliable and secure and to provide annual data durability of at least 99.999999999%. We have data center colocation facilities in California, Oregon, Texas, and Virginia. We also utilize Amazon Web Services (AWS) for the remainder of users' storage needs and to help deliver services. Our technology infrastructure, combined with select use of AWS resources, provides us with distributed and scalable architecture on a global scale. We designed the platform with multiple layers of redundancy to guard against data loss and deliver high availability.

We maintain a disaster recovery plan that addresses information security requirements during a major crisis that impacts our system operations. The plan specifies actions to be taken in the event of a major incident or emergency at our 18 data center colocation facilities. The plan also includes a recovery time objective (RTO) and recovery point objective (RPO) that should be met in the event of a disaster. Read more in our annual SOC 3 report.

Data center reliability

We have a 99.9% uptime service-level agreement (SLA), maintained January–December 2021. Uptime is the guaranteed availability of a data center.

Appendix

Data tables

Due to rounding, numbers presented throughout the tables below may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

Greenhouse gas (GHG) emissions

GHG EMISSIONS (MTCO$_2$E)	2019	2020	2021
Scope 1	773	1,623	1,053
Scope 2 (location-based)	54,602	53,414	37,106
Scope 2 (market-based)	54,729	53,533	0
Scope 3 (business travel)	5,113	419*	41
Total reported emissions (location-based)	60,489	55,456	38,200
Total reported emissions (market-based)	60,616	55,575	1,094
Carbon offsets	0	0	1,094
Scope 1 and Scope 2 emissions by location (studios/offices and data center)	**2019 (mtCO$_2$e)**	**2020 (mtCO$_2$e)**	**2021 (mtCO$_2$e)**
United States (location-based)	54,720	54,392	38,094
United States (market-based)	54,720	54,392	1,013
Australia (location-based)	108	112	0**
Australia (market-based)	108	112	0**
Ireland (location-based)	311	321	64
Ireland (market-based)	438	440	39
Israel (location-based)	236	212	0**
Israel (market-based)	236	212	0**
Scope 1 and Scope 2 emissions by source	**2019 (mtCO$_2$e)**	**2020 (mtCO$_2$e)**	**2021 (mtCO$_2$e)**
Studios/offices (location-based)	2,688	3,771	1,827
Studios/offices (market-based)	2,815	3,890	1,053
Data centers (location-based)	52,687	51,266	36,332
Data centers (market-based)	52,687	51,266	0
GHG Emissions Intensity (market-based)	**2019**	**2020**	**2021**
GHG emissions intensity (mtCO$_2$e/$M)	36.49	29.04	0.51
GHG emissions intensity (mtCO$_2$e/employees)	21.64	20.14	0.41

*Our Scope 3 emissions decreased significantly between 2019 and 2020 due in large part to a reduction in business travel due to the COVID-19 pandemic.

**In April 2021, we transitioned to a Virtual First working model in which remote work is the primary mode of working for employees. Dropbox leases all of our studio space, and shifting from full-time office space to studios has decreased the amount of physical space needed for our operations. Additionally, the move to Virtual First means that emissions associated with our studios and offices in certain locations that are owned and managed by third parties fall under Scope 3 of the GHG Protocol Corporate Accounting and Reporting Standard. We currently only report emissions from our studios, offices and data center locations that fall under Scope 1 and Scope 2. We do not currently report emissions from studios, offices, and data center locations that are owned and managed by third parties, as these fall under Scope 3.

GHG emissions calculation methodology

Calculations are consistent with the GHG Protocol Corporate Accounting and Reporting Standard, made available by the World Business Council for Sustainable Development and the World Resources Institute, and The Climate Registry's General Reporting Protocol. All facilities over which Dropbox has operational control are included in the Scope 1 and Scope 2 GHG inventory, including all leased facilities. Where actual energy bills were not available, emissions were estimated using the Commercial Buildings Energy Consumption Survey (CBECS) database. Reported GHG emissions include CO_2, CH_4, and N_2O emissions from electricity, natural gas, and fuel consumption, and HFC emissions from refrigerant use in buildings and data centers. Dropbox has no emissions resulting from use of PFCs, SF_6, or NF_3. To convert energy consumption, fuel combustion, and business travel data into GHG emissions, we used factors from the US Environmental Protection Agency (EPA) Emissions & Generation Resource Integrated Database (eGRID), International Energy Agency, Environment Canada National Inventory Report, US EPA Emission Factors Hub, US EPA Office of Research and Development Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities, and the UK Department for Environment, Food and Rural Affairs (DEFRA). Global warming potentials used for converting emissions into CO_2e are sourced from the Intergovernmental Panel on Climate Change Fourth Assessment Report.

SCOPE 1 DIRECT EMISSIONS include emissions from onsite natural gas and diesel fuel consumption, and fugitive gas leakage from refrigerants used in studios/offices and data centers.

SCOPE 2 INDIRECT EMISSIONS include emissions from purchased electricity. For leased colocation data centers, we've taken an operational-control consolidation approach and are accounting for upstream emissions of leased colocation data centers in the Scope 2 reporting.

LOCATION-BASED EMISSIONS are calculated using a location-based electricity grid emissions intensity factor, which defines the amount of GHG emissions generated per unit of electricity consumed in a certain geography.

MARKET-BASED EMISSIONS are calculated using a residual factor for grid emissions intensity, after accounting for the use of renewable energy in a certain geography.

For 2019, 2020, and 2021, Dropbox is reporting only Scope 3 emissions associated with business travel, which includes emissions generated from flights, hotel rooms, rental cars, and rail transportation.

Data tables

Energy use

CATEGORIES	2019	2020	2021
Total energy use (MWh)	**176,177**	**182,486**	**134,354**
Electricity (MWh)	173,848	175,308	129,645
• Studios/offices	6,191	7,729	3,198
• Data centers	167,657	167,579	126,447
• Renewable	0	0	129,645
• Renewable (%)	0	0	100%
Other fuels (MWh)	2,328	7,178	4,708
Data-center power usage effectiveness	1.27	1.32	1.20

Waste generated

CATEGORIES	2019 (SHORT TONS)	2020 (SHORT TONS)	2021 (SHORT TONS)
Data center			
Recycled IT waste	Data unavailable	Data unavailable	351
Remarketed IT waste	Data unavailable	Data unavailable	592
Studios/offices			
Composted waste	Data unavailable	Data unavailable	6
Landfilled waste	Data unavailable	Data unavailable	193
Recycled waste	Data unavailable	Data unavailable	36

2021 SASB index

We are committed to providing transparent information about our material sustainability information to our investors and other stakeholders. The table below references the SASB Software and IT Services Standard version 2018–10, which is most relevant to our operations. Unless otherwise specified, the data and descriptions are current as of year-end 2021. We'll continue to evaluate additional topics and metrics for inclusion in future reports.

Software and IT Services Standard

SASB CODE	ACCOUNTING METRIC	RESPONSE
Environmental footprint of hardware infrastructure		
TC-SI-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	In 2021, our data centers consumed 455,209 gigajoules (GJ) of electricity. 100% was grid electricity, and 100% of colocated data-center direct IT load was renewable through purchase of RECs. See Environmental.
TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, (3) percentage of each in regions with high or extremely high baseline water stress	In 2021, our data centers withdrew 130,860 cubic meters of water. The water was used for cooling in a closed-loop process, so no water was consumed. 3.07% of these withdrawals occurred in areas identified by the World Resources Institute (WRI) as having high or extremely high baseline water stress.
TC-SI-130a.3	Discussion of integrating environmental considerations with strategic planning for data-center needs	Dropbox is focused on reducing energy consumption at its data centers by maintaining excellent power usage effectiveness (PUE), optimizing overall power consumption, and sourcing 100% renewable electricity for its direct data-center IT load. See Environmental and here for more information about our data center sustainability efforts.
Data privacy and freedom of expression		
TC-SI-220a.1	Description of policies and practices related to behavioral advertising and user privacy	See Data privacy, security, and reliability and the Privacy Policy.
TC-SI-220a.2	Number of users whose information is used for secondary purposes	Dropbox doesn't make money from advertising, so we don't compromise our commitment to users and their privacy. See Data privacy, security, and reliability for more information.
TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	See Note 10 in our 2021 Form 10-K.
TC-SI-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	See our Transparency at Dropbox reports for information about how we handle requests from law enforcement.
TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	Dropbox believes that government data requests should be limited in the information they seek and narrowly tailored to specific people and legitimate investigations. In accordance with our privacy policy, Dropbox may disclose user information to third parties only if we determine that such disclosure is reasonably necessary. We abide by specific guiding principles when receiving, scrutinizing, and responding to government (including national security) requests for user data.

2021 SASB index

Software and IT Services Standard

SASB CODE	ACCOUNTING METRIC	RESPONSE
Data security		
TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	See pages 16 and 17 of our 2021 Form 10-K.
TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	See Data privacy, security, and reliability.
Recruiting and managing a global, diverse, and skilled workforce		
TC-SI-330a.1	Percentage of employees who are (1) foreign nationals, (2) located offshore	(1) Not reported (2) 14% of employees are located offshore
TC-SI-330a.2	Employee engagement as a percentage	In 2021, 90% of Dropbox employees responded to our engagement surveys. Known internally as "Soapbox," the exercise is designed to provide employees and company leaders with a formal channel for submitting feedback on what's going well and where we need to improve.
TC-SI-330a.3	Percentage of gender and racial/ethnic identification among (1) managers, (2) technical staff, (3) all other employees	See Diversity, equity, and inclusion.
Intellectual property protection and competitive behavior		
TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	See Note 10 in our 2021 Form 10-K.
Managing systemic risks from technology disruptions		
TC-SI-550a.1	(1) Number of performance issues, (2) number of service disruptions, (3) total customer downtime	In 2021, Dropbox experienced one performance issue and zero service disruptions, for a total of 20 minutes of customer downtime.*
TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	See Data privacy, security, and reliability, page 19 of our 2021 Form 10-K, and our SOC 3 report.

*This does not include performance from HelloSign or DocSend.

UN Global Compact Communication on Progress

In December 2021, Dropbox became a signatory to the United Nations (UN) Global Compact, a voluntary initiative to implement universal sustainability principles regarding human rights, labor rights, the environment, and anti-corruption. This Dropbox ESG Impact Report and the disclosures, policies, and codes included by reference serve as our inaugural communication on progress, covering all of our activities in fiscal year 2021.

PRINCIPLE		DROPBOX ESG IMPACT REPORT SECTION
Human Rights		
PRINCIPLE 1	Businesses should support and respect the protection of internationally proclaimed human rights.	Human and labor rights
PRINCIPLE 2	Businesses should make sure that they are not complicit in human rights abuses.	Human and labor rights Data privacy, security, and reliability
Labor		
PRINCIPLE 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Human and labor rights
PRINCIPLE 4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	Human and labor rights
PRINCIPLE 5	Businesses should uphold the effective abolition of child labor.	Human and labor rights
PRINCIPLE 6	Businesses should uphold the elimination of discrimination with respect to employment and occupation.	Human and labor rights Diversity, equity, and inclusion
Environment		
PRINCIPLE 7	Businesses should support a precautionary approach to environmental challenges.	Dropbox supports the precautionary principle and seeks ways to reduce the company's environmental impacts. See Environmental.
PRINCIPLE 8	Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental
PRINCIPLE 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Environmental
Anti-corruption		
PRINCIPLE 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Business ethics and integrity

Dropbox

For questions about this report, please contact esgreport@dropbox.com