



# Sustainability, Equity and Impact Report 2020

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# Introduction.

**At Spotify, audio is our history and our future. With our mission to be the world's first audio network, we strive to give our listeners a revolutionary experience and connect them with the audio they love, while connecting creators with the fans who will appreciate their art.**

As the largest global audio streaming subscription service, it is our responsibility to hold our partners and suppliers, fans and creators, and employees to the highest ethical standards. We understand our business has a real impact on our global community, and we have a duty to do our part to ensure we conduct business in a socially responsible manner. As Spotify grows, so too does our responsibility – and we owe it to our listeners and creators to strive for a better future. We stand proudly committed to advancing sustainability efforts to play our part in the global ecosystem.

This is Spotify's fourth Sustainability Report and refers to the financial year 2020. The report is based on the requirements in the Swedish Annual Accounts Act. In this report, we describe our work within our main focus areas, as well as the policies and ways of working that supports us.

# Spotify In Numbers.



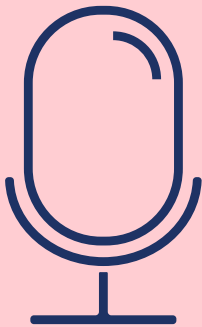
**Launched in  
2008**



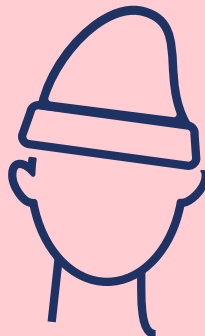
**Number of subscribers:  
155 M**



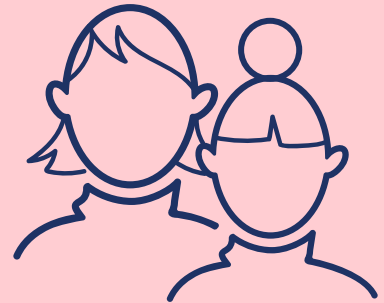
**Number of  
tracks: 70 M+**



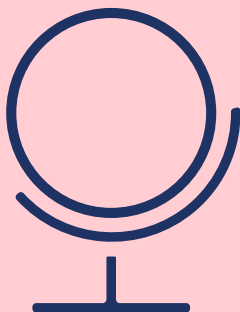
**Number of podcast  
titles: 2.2 M+**



**Number of permanent  
employees: 6.554**



**Number of monthly  
active users: 345 M**



**Number of markets  
in which Spotify is  
available: 92**



**Royalties paid to rights  
holders for the year ended  
December 31, 2020:  
more than €5B**



**Number of playlists:  
4 Billion+**

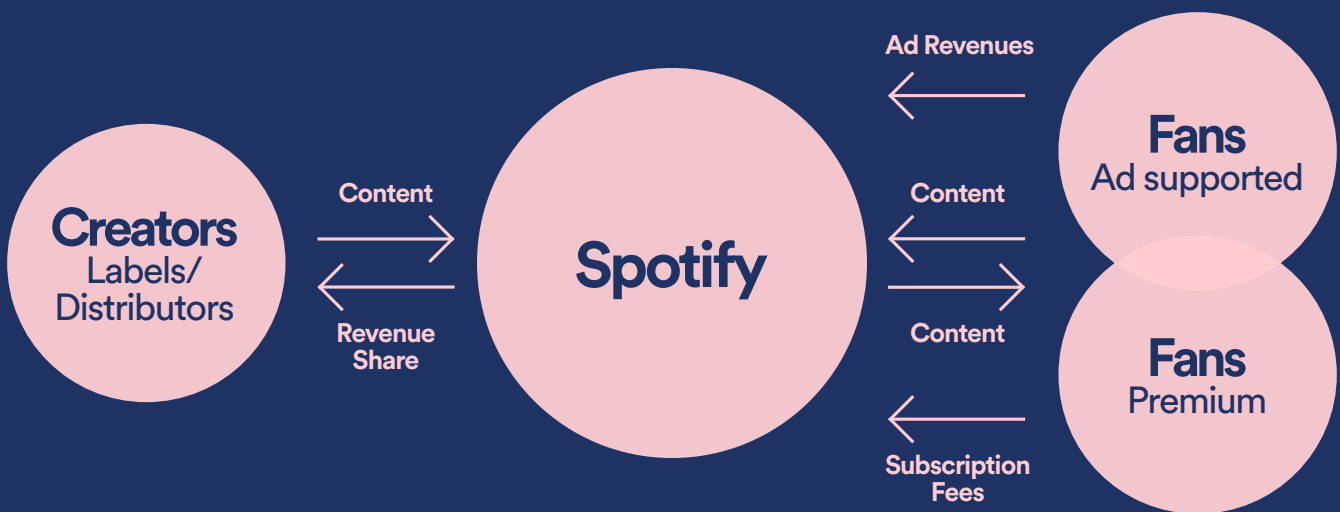
*Figures are as of December 31, 2020 unless otherwise noted.*

# Our Business Model.

Spotify exists to connect creators with fans, and empower creators to live off of their art. We do this by providing the industry’s best resources, features and monetization tools to help creators boost revenue, reach more fans and connect with more advertisers. And we give our listeners the best experience — simple, seamless and personalized.

It’s this flywheel that propels Spotify, and the audio ecosystem, forward – bringing a new renaissance in the audio industry.

Continuing to connect creators and fans is both the foundation and the future of our business. Spotify works to deliver these connections through a variety of offerings including: a two-way marketplace strategy, enabling artists to further connect with their fans; an ad-supported offering that provides access to audio around the globe for free; and premium subscription packages for individuals, families and couples living under one roof. Plus, standalone app experiences for different listening needs, such as Spotify Stations, Spotify Lite and Spotify Kids.



## How We Create Value.

Spotify remains the largest contributor to global music industry revenues of all music streaming services. It's our job to ensure that our creators and fans can connect and inspire one another. We're exploring new ways of doing this every day.

## Benefits for Creators.

We've been hyper-focused on building tools and services that provide opportunities for creators to grow their fanbases. We're building the pathways to success for the streaming era, investing more than anyone in this space.

There are now over 8 million creators on Spotify. And more and more are connecting with and growing their audiences. 57,000 artists now represent 90% of monthly streams on the platform...that number has quadrupled in just six years. This means that listeners are engaging with an increasingly diverse set of artists. And, we've paid royalties to rights holders of more than 5 billion euros for the year ended December 31, 2020.

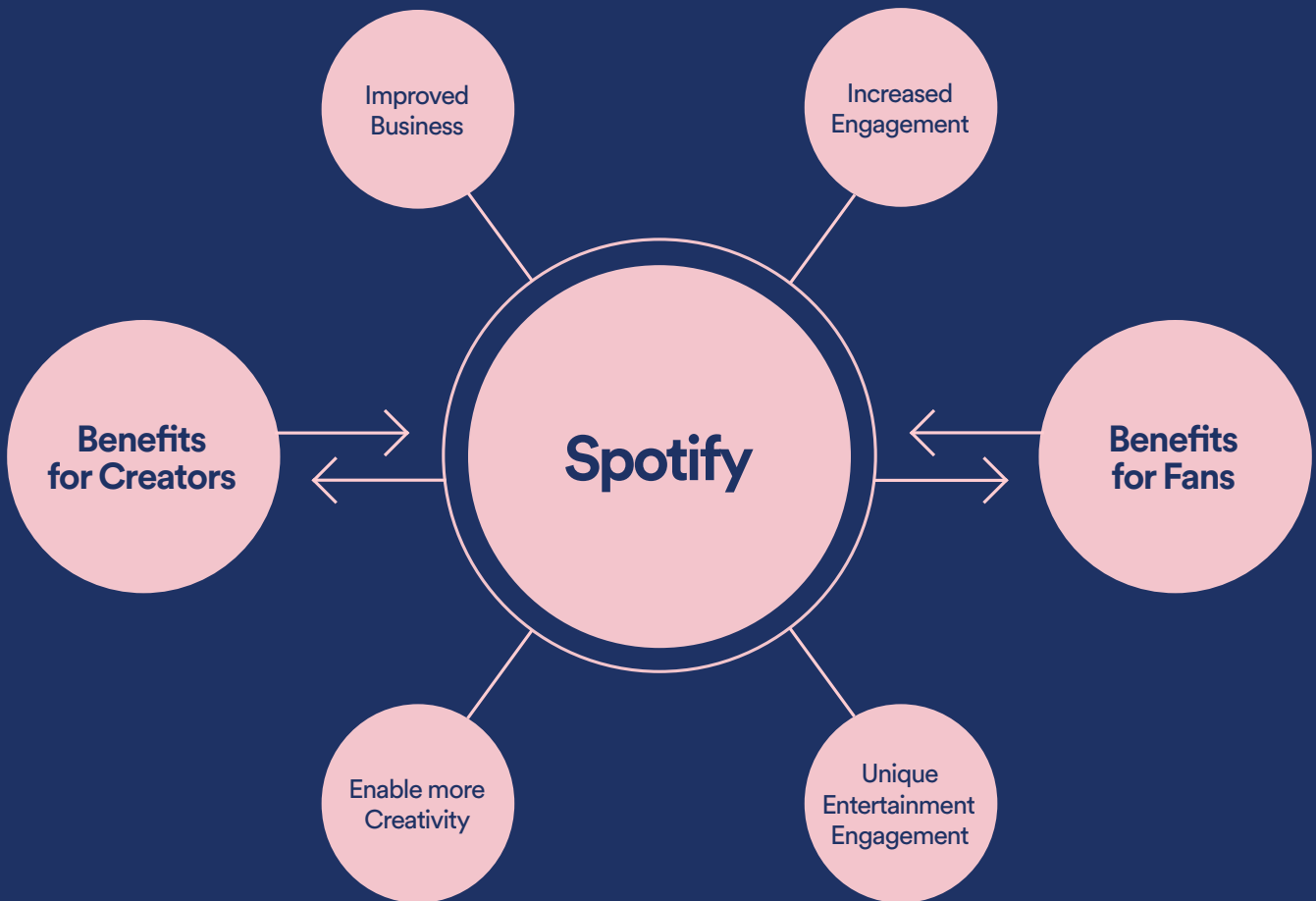
And podcast growth on the platform has been meteoric in the past year: Anchor, our free podcast creation and hosting app, powered over 1 million new podcasts on Spotify in 2020 — 80% of the new podcasts uploaded to Spotify in the last year. Our platform now hosts 2.2 million podcasts and that number is steadily growing in benefit to our creators and listeners.

## Benefits for Fans .

Our goal is not only to make it easy for fans to access their favorite audio content anytime, anywhere, but to give them a personalized experience that makes it easier to discover new content and to connect with creators.

## A Platform for Everyone.

Every day, our teams work on finding innovative ways to ensure Spotify is more inclusive and accessible for all. We are committed to providing a platform that is not only for everyone, but also one that protects users' privacy and security, and empowers them to exercise their privacy rights.



## Covid-19 Impact and Response.

The events of 2020 could not have been predicated and tested us all on many levels. Although our business remained largely unaffected, we know that it hasn't been the case for many of our creators, users and employees. Since the onset of the COVID-19 pandemic, we've been identifying ways Spotify can help make an impact around the world.

- We have made donations to CDC Foundation Emergency Response Fund and the COVID-19 Solidarity Response Fund for WHO
- We donated ad inventory and platform space to share news and health information with our users
- We launched the Spotify COVID-19 Music Relief project, which recommended verified organizations that offer financial relief to those in the music community most in need around the world. Spotify partnered with 20 such organizations across the globe and has made a donation to these organizations — and matched donations dollar for dollar — to a collective total of \$10 million
- We've created a dedicated COVID-19 hub providing our listeners with a go-to place for news and information
- We've been supporting the health, safety and livelihoods of our employees, through making sure all of our employees work from home as long as it's needed, providing them with technical equipment and resources while they do so and support their mental health during this period



# Diversity, Inclusion & Belonging.



# Our Approach.

**Spotify is committed to ensuring Diversity, Inclusion & Belonging (DIB) through multiple initiatives and programs, both internally and externally. We have been on this Diversity, Inclusion & Belonging journey for sometime now. It started with a small team of editors on our Music team who took the initiative to mark a moment on our platform that helped create a soundtrack for the growing Black Lives Matter movement. From there, the vision and commitment grew. Our purpose is clear: our platform is for everyone and it allows us to give creators the opportunity to live off their art, our users to be inspired by it and for the world to experience the richness of culture through the power of audio. As a platform, we have a huge responsibility and imperative to drive that mission forward.**

In 2020, our evolution continued through new and expanded commitments related to key areas of importance for our Spotify community. One key change was shifting the narrative on who we are and what we do. We changed our name from The Diversity and Belonging Team to now having a name that encompasses the breath, depth and level of engagement there is across Spotify in our reach: we are now The Diversity, Inclusion and Belonging Team. We believe all three areas are important and must work together to see the work “realized” in a meaningful and tangible way. This was more than a name change; it helped reshape and evolve our mission and think strategically how we “show up in the world” - for our employees, creators and listeners in every corner of the globe. We work closely with our consumer and creator-facing teams for more inclusive and multi-diverse audience engagement, serving as cultural business strategists and supporting our teams to be most impactful in their work.

The teams that make up the Diversity, Inclusion & Belonging organization are: Campus & Diversity Recruiting, Inclusive Hiring, Mental Health & Wellbeing, Social Media & Digital Storytelling, and an internal DIB advisory team for our business leaders. These teams work together to make the work of Diversity, Inclusion and Belonging a reality at Spotify. Our vision is that all Spotifers, creators and listeners across the globe feel “Wanted. Heard. Seen.” Each team is unique in their identity, but also connected to the bigger mission of the DIB Team. See below for more information on each team:

# Campus & Diversity Recruiting.

The Campus Recruitment / Early Career Pipeline team attracts a high calibre of diverse talent. The team positions itself as an employer of choice by exposing and engaging talent into our brand and culture. We serve as a strategic partner for our business by identifying and hiring cutting-edge students, recent graduates, and newly-skilled individuals to launch and develop their careers with Spotify. In an effort to positively impact inclusive hiring, we offer a plethora of programs for underrepresented early career starters.

The Amplified Mentorship Program in our Swedish offices is a 15-week program for women and non-binary identifying students who are interested in a career in the tech industry. Paired directly with a Spotifier from one of our tech teams, program participants get the chance to grow their personal, professional and technical skills through meet-ups, meetings and activities throughout the fall months.

The Aspiring Marketing Professionals (AMP) Development Program is a 15-month rotational program based in New York City for diverse emerging talent focused on marketing strategy in Spotify's Content, Premium, & Markets Business organizations. To maximize the learning experience, the selected Associates work on exciting projects in three separate rotations (in 2020, Podcast, Consumer Marketing and Premium Marketing) and immerse themselves into Spotify's culture and business.

The Technology Fellowship Program is an 18-week development program for aspiring software engineers just entering the professional tech environment from a diverse set of backgrounds such as coding bootcamps and community colleges. This program allows participants to get applied engineering experience through engaging projects and feature work with the help of Spotify mentors and managers. This program is currently NYC based but being scaled to both London and Stockholm.

The Opening Act is a multifaceted experience for officially recognized Historically Black College & University (HBCU) and Hispanic Serving Institution (HSI) students in the U.S. with a passion for tech and media. The Opening Act comprises two components: The Roadshow and The Innovation Challenge. The Opening Act Roadshow goes to various HBCUs and HSI on an annual basis offering students

exposure to Spotify thought leaders. It allows students to witness first-hand what a career path in the tech and media industry looks like while gaining valuable insight into how to achieve their career goals. The Opening Act Innovation Challenge is an immersive opportunity for us to hear from HBCU and HSI students on how to hack and solve some of the real challenges we face in our company. We ask students to submit a solution to one (or more) of our business challenges. Two finalists for each challenge are invited to present their solution in front of a panel of judges. One finalist ultimately lands the ultimate prize of a Summer internship with us.

Each Fall & Spring semester we welcome students participating in Year Up, a college alternative program that specifically trains underrepresented students in fields such as IT and project management for a 6 month co-op. This program is run out of our New York office.

Lastly, our Financial Analyst Rotational (FAR) Program aims to develop a diverse cohort of recent graduates into finance professionals through an immersive 24-month rotation program. Analysts in our FAR Program will join our U.S.-based Finance team, receive robust training, mentorship and project-based work through four six month rotations in our Internal Audit, Treasury, Accounting and Financial Planning & Analysis teams.

## Heart & Soul.

**Heart & Soul is Spotify's global initiative on mental health with a goal to create a culture of awareness and acceptance around mental health issues, such as depression, anxiety and addiction. We want to create a safe environment where we look after ourselves and each other. During these past three years, we've built a solid foundation to stand on and an audience internally that leans to us for mental health resources and support. We've created a strong brand which has a defined tone of voice, look and feel. The awareness of Heart & Soul continues to grow; in fact, 83% of respondents to the September 2019 Tune In (employee) survey agree that Spotify takes a genuine interest in employees mental health and wellbeing. In March 2020, the number rose to 86%.**

## **Knowledge Building.**

Heart & Soul has focused on increasing people's knowledge about mental health through educational seminars and workshops. We've launched various preventative self-care tools as well as continuously encouraging Spotifyers to use All The Feels, our employee assistance program, if they're in the need of some support.

## **Enabling and Normalizing Conversation on Mental Health, to Reduce Stigma.**

We've worked with people managers, encouraging them to speak about their personal experiences. Various employee panels have been held and tools are in place to have supportive conversations within the team. Managers are encouraged to attend Talk It Through, a forum for managers on mental health where they, through conversation with peers and an expert, get a place to be vulnerable but also to share.

## **Amplifying our Message Through World Mental Health Day.**

In 2019 and again in 2020, Spotify organized a day of workshops, panels and talks to mark World Mental Health Day where employees had the opportunity to explore mental health and learn about resources and tools available to support mental wellbeing.

## **Targeted Mental Health Support.**

During the second half of 2020, we focused on outreach to underrepresented groups, such as the Real Talk series for our Black colleagues as well as support for our LGBTQIA+ community.

## **Counseling.**

During 2020, 419 employees used our employee assistance program All The Feels. As work from home continued, our focus was to increase employee awareness about the program. Beyond All The Feels, Heart & Soul has also worked with Brooklyn Minds to provide culturally appropriate counseling to our Black employees, which was launched in connection with BLK (our Black employee resource group), and has been going throughout the entire 2020. Thirty-two employees have used their virtual

coaching. We also engaged an external partner to support our LGBTQIA+ community during 2020. We will continue to expand our commitment to equitable self care.

## **The Heart & Soul Team.**

We've expanded the Heart & Soul Team from 14 to 52 employee Ambassadors across 20 locations and restructured the team to three regions with a lead in each region and additional local leads for the bigger offices. Our Ambassadors have autonomy and knowledge to drive initiatives that matter for their local environment. Many of our Ambassadors have been trained in Mental Health First Aid to support employees while ensuring their resilience through unlimited counseling support.

## **Inclusive Hiring.**

**In 2020, we expanded our commitment to accelerating diversity through a revised team structure, hiring Henry Bolden, as Manager, Inclusive Hiring & Development – a dedicated resource to help develop and lead the organization in its commitment. We introduced Inclusive Hiring strategies that identified aspirational goals to increase U.S. representation of Black talent in our workforce. Through external market analysis, headcount forecasting and succession planning, we have defined a roadmap to increasing diverse representation. We also began the process to expand our inclusive hiring aspirations to other underrepresented ethnic diversity.**

Spotify's journey towards increasing representation includes all of us. The talent acquisition team, hiring managers, senior leaders and all Spotifiers have an integral role in attracting, recruiting and hiring new band members. The Inclusive Hiring team works across the various stakeholders to ensure hiring teams are equipped with the tools, resources, data and technology to effectively expand our commitment to attracting, recruiting and retaining top diverse talent for Spotify.

## Changing the Tune.

For us to be successful in our effort to accelerate diversity, the Inclusive Hiring team has developed an educational curriculum and training to help them apply the learning to the process. The team has developed a suite of resources in 2020, such as: an Inclusive Hiring Research Repository, a Sourcing Guide for Talent Acquisition, Interviewer Training, and Unconscious Bias training as a foundation. The team is also reviewing external resources that complement the learning journey, such as innovative solutions for scalability.

## Using Data to Drive Accountability.

We know that we need relevant and reliable data to measure our success, while also holding teams accountable in reaching their goals for the future. The Inclusive Hiring team regularly reviews data, like candidate pipeline reports, monthly hires and attrition, and interview feedback/scorecards, to make improvements to the existing programs. This includes providing recruiters and sourcers with access to platforms, like Entelo, and strengthening our practices/processes for leveraging external partnerships and tracking return on investment, and pinpointing gaps in how we recruit. To ensure our recruiting and hiring practices are fair and equitable, Spotify is launching an Inclusive Hiring Council for company leadership.

We have seen great strides in our Inclusive Hiring efforts in 2020, most notably, the cross-functional commitment across Spotify, at all levels. The dedication is unwavering, and this is only the beginning. We will continue to review and make iterations to our processes to ensure everyone has access to the great opportunities at every level within Spotify.

## Digital Storytelling.

Spotify's employer branding digital content – our careers site, SpotifyJobs.com, and the @SpotifyJobs LinkedIn, Instagram, and Twitter feeds are the first glimpse potential job candidates have into Spotify, and are a huge touchpoint for aspiring Spottifiers throughout the onboarding process. These channels are the way we showcase our reputation as a world class, global employer, explore new ways to tell the #LifeatSpotify story, and help foster a sense of belonging in our community.

In the Spring of 2020 we released the Band Manifesto, a document that articulates who we are as a company and an employer, and what we are not. It frames the work we do and our environment within our five core values: Innovation, Collaboration, Passion, Sincerity, and Playfulness. A direct quote: "We believe in an inclusive culture where everyone feels empowered to share their full selves, where everyone feels like they belong."

November 2020 saw the debut of the new SpotifyJobs.com. The new site not only provides a more seamless user experience for job seekers and a sleek new design in line with our employer brand, but it is now a more robust resource and a platform to showcase our initiatives and thought leadership in the Diversity, Inclusion & Belonging space. A section dedicated to DIB dives into what we stand for and what real action we're taking to make change, and provides up-to-the moment data on our demographics. It showcases our Employee Resource Groups (ERGs) and includes a video platform to show our work in action. It also amplifies our Racial Equity Statement. By bringing this content to life we put it at the forefront of the recruitment and onboarding experiences.

2020 brought with it a fundamental cultural shift to the way we approach workplace culture, as well as an increased focus and scrutiny around diversity, equity, and inclusion. At the core of our content strategy for the @SpotifyJobs social media channels is showcasing our biggest strength: our people and communities. We feature Spottifiers from many different backgrounds, in many different positions at Spotify, in offices around the world, to illustrate our belief that our differences are our greatest assets, and encourage our followers to see themselves in our workforce. Our Spotify People campaign, a series of Quickfire Questions, and audio interviews of employees gave the world a glimpse into what our people are talking about.

During the protests surrounding the murder of George Floyd in the United States, we showed support for the Black community in the U.S. and around the world by taking a music industry-wide pause to reflect and act on racial equity, and amplifying Spotify's creation of a company holiday for Juneteenth. We also planned for cultural moments throughout the year, working with our ERGs to gain an understanding of how to celebrate and honor these moments in an authentic way. Pride was marked with a feed takeover featuring over 65 employees in the LGBTQIA+ community and their allies, telling us how they are UNLIKE ANY OTHER. During LatinX Heritage Month, we leaned into the changing landscape of audio to record employee voices celebrating their unique backgrounds. And for Veterans Day, our veterans from around the world told us how their experiences allow them to be their best at



work every day. We also launched a campaign to amplify the specific work being done by our ERGs, beginning with BLK, our community of Black employees, and Remix, our broadly diverse community based in London. All this in addition to recognizing and celebrating Spotify initiatives like the Sound Up! Bootcamp, showcasing new HR podcasts like Spot On!, our podcast for conversations with leaders in business, activism, and the arts, and publishing data around our demographics in quick, social-friendly bursts to illustrate where we are, and where we want to go.

## DIB Strategy & Implementation.

Across Spotify, we have passionate and dedicated employees who are partners of ours in the work of Diversity, Inclusion & Belonging. Across our business, we also have several active DIB working groups that have actioned the overall strategy into localized, business specific work. In late 2020, we created the DIB Specialist team to provide subject matter expertise and internal consultation across all our business areas. This team works closely with our senior leaders in strategizing on how to effectively foster an inclusive culture and establishing a sense of belonging for their organization. The DIB Specialist also works across other DIB functions, like Inclusive Hiring, to ensure the organization is accelerating diversity in hires. In all parts of the business, there are working groups and task forces that have aligned objectives and key results as top priorities in annual planning. In 2020, we have seen the implementation of several initiatives to improve organizational culture such as: cultural intelligence workshops, inclusive leadership training, sponsorship programs, and vendor/creative diversity initiatives.

## Racial Equity.

In addition to these initiatives, we saw a company-wide collaboration focused on Spotify's dedication to driving systemic change for racial equity. While this declaration has come together in response to the more recent traumas, injustices and pain experienced by the Black community, it is an accelerated roadmap and commitment of what must come next for us in this journey. We have worked side by side in lockstep with our BLK community to create Spotify's authentic and sincere approach to helping eradicate racial inequity and injustice. With the power of our platform and brand, the commitment to our values and a unified mission, we hope to continue to build trust with our listeners, creators,

advertisers, partners, and even amongst ourselves in order to create and uphold a promising future for all Black people. We don't simply want to reflect the world around us, we want to do better than what the world is currently showing us.

**In order to amplify a holistic, effective and lasting response, the BLK 5-Star Strategy was developed to take actions in these following areas:**

- People
- Donations & Fundraising
- Policy
- Content
- Spotify Culture

**The goals of the BLK 5-Star Strategy are:**

- Solidify Spotify's stance against racial injustices, acts of violence and inequitable structures of the Black community in the U.S. and abroad
- Provide clear deliverables and actions to build on our positioning, both internally and externally that will have broad and lasting implications
- Outline a clear vision to internal stakeholders to ensure accountability

To ensure accountability, Spotify created the Racial Equity Coalition. Led by Travis Robinson, our Global Head of Diversity, Inclusion and Belonging, and Horacio Gutierrez, Head of Global Affairs and Chief Legal Officer, as executive sponsor. This cross-functional group further refined the workstreams to define concrete deliverables and meets regularly to track the status of each initiative above. Since the formation of the Racial Equity Coalition, we have completed these 2020 milestones in the verticals mentioned above:

### **People**

- Launched the Inclusive Hiring Strategy. As of end of December 2020, representation of Black Spottifiers in the U.S increased to 8.3% (from 6.4% in June 2020; 5.7% in 2019 and 3.7% in 2017)
- Published Spotify's Dedication and Declaration Towards Racial Equity
- Re-organized and expanded the DIB team to encompass: DIB Specialists, Equity Lineup + Campus Recruitment, Heart & Soul, Inclusive Hiring Strategy, and Social Media & Digital Storytelling teams

- Hired Travis Robinson to be Senior Director, Global Head of Diversity, Inclusion & Belonging
- Hired Elizabeth Nieto to be Vice President, Global Head of Equity & Impact
- Held 2020 BLK Workforce Development Conference
- Hosted The Opening Act 2020, a virtual conference for students at Historically Black Colleges and Universities (HBCUs) and Hispanic Serving Institutions (HSI).
- Launched Black Coaching Initiative with over 60 BLK members participating in executive coaching
- Introduced race aware mental health offerings through Heart & Soul
- Launched Leadership for Belonging learning path and anti-racism training sessions

### **Donations & Fundraising**

- Launched our employee donation match platform
- Held three Cause Corners, featuring The Equal Justice Initiative, Color of Change and Theramatch
- Ran three pro-bono ad campaigns
- Supported 10+ artist fundraising campaigns, helping to generate hundred of thousands of dollars via virtual benefits and charity merchandise
- Since launch, we have provided over \$2.9 million USD via our employee donation match initiative

### **Policy**

- Lent our voice to the following directly or via our U.S. trade association, the Internet Association (IA):
  - Letter calling for the repeal of New York State law 50-A
  - The IA's new racial justice and reform proposal
  - Letter supporting the Justice in Policing Act of 2020
  - Letter supporting police reform in California
  - Letter to the Wisconsin Governor and Wisconsin legislature
  - Sponsored state legislative tracker of racial justice legislation
- Updated the Drive Your Own Development process (now called Drive Your Development) to emphasize the importance of collaboration between managers and band members.
- Conducted Pay Gap Audit
- Hired John Johnson as Director, Global Head of Compliance

## Content

- Developed brand strategy, ethos and visual ID for Content initiative that will encompass new partnership opportunities for Black Creators in music, videos and podcasts globally

## Culture

- Launched speaker series and held cultural awareness events with key global influencers and civil rights leaders
- Launched Race & Privilege training sessions
- Developed education hub for Diversity, Inclusion & Belonging learning & development

This strategy has established a clear strategic direction for our work across Spotify for racial equity. This framework has also set the foundation for the new vision forward for Diversity, Inclusion & Belonging at Spotify.

# Diversity, Inclusion & Belonging Priorities.

In this new journey forward, our revised mission is to unlock the potential of human creativity by accelerating a diverse and inclusive culture, where everyone belongs - in our workplace and on-platform. To accomplish this mission, we will focus our efforts on these key pillars:

- Accelerating Representation
- Fostering Inclusion & Belonging
- Advocating For Greater Self Care
- Amplifying Culture Forward

## Our Company Makeup.

Through these efforts, we know we have to bring on new band members that align to our company's mission – a mission that includes being dedicated to doing the work of Diversity, Inclusion & Belonging.

Our company has grown in 2020, with close to 1.7k new employees joining, across 73 countries - bringing our total numbers of Spotifiers across the globe to 6.5k.



As we continue to grow as a company, we are seeing positive steps forward in progress as it relates to our workforce representation. And as we think about where we were back three years ago (2017), we are heading in the right direction, but still need to continue to take intentional and measurable steps forward to accelerate greater diverse representation in hiring and in leadership ranks.

Over the last several years (2017 vs. 2020 EOY), we've seen improvements made in key demographic communities. Included in these positive progression points are: our global population of women

has grown from 36% to 44%, our Hispanic or Latinx community in U.S. from 5% to 7.8%, our Black community in the U.S. from 3.7% to 8.3%, our Asian community in the U.S. from 17% to 19%. For representation in leadership, women in leadership positions moved from 25% to 40% globally, while our people of color in leadership representation is at 23% in the U.S.

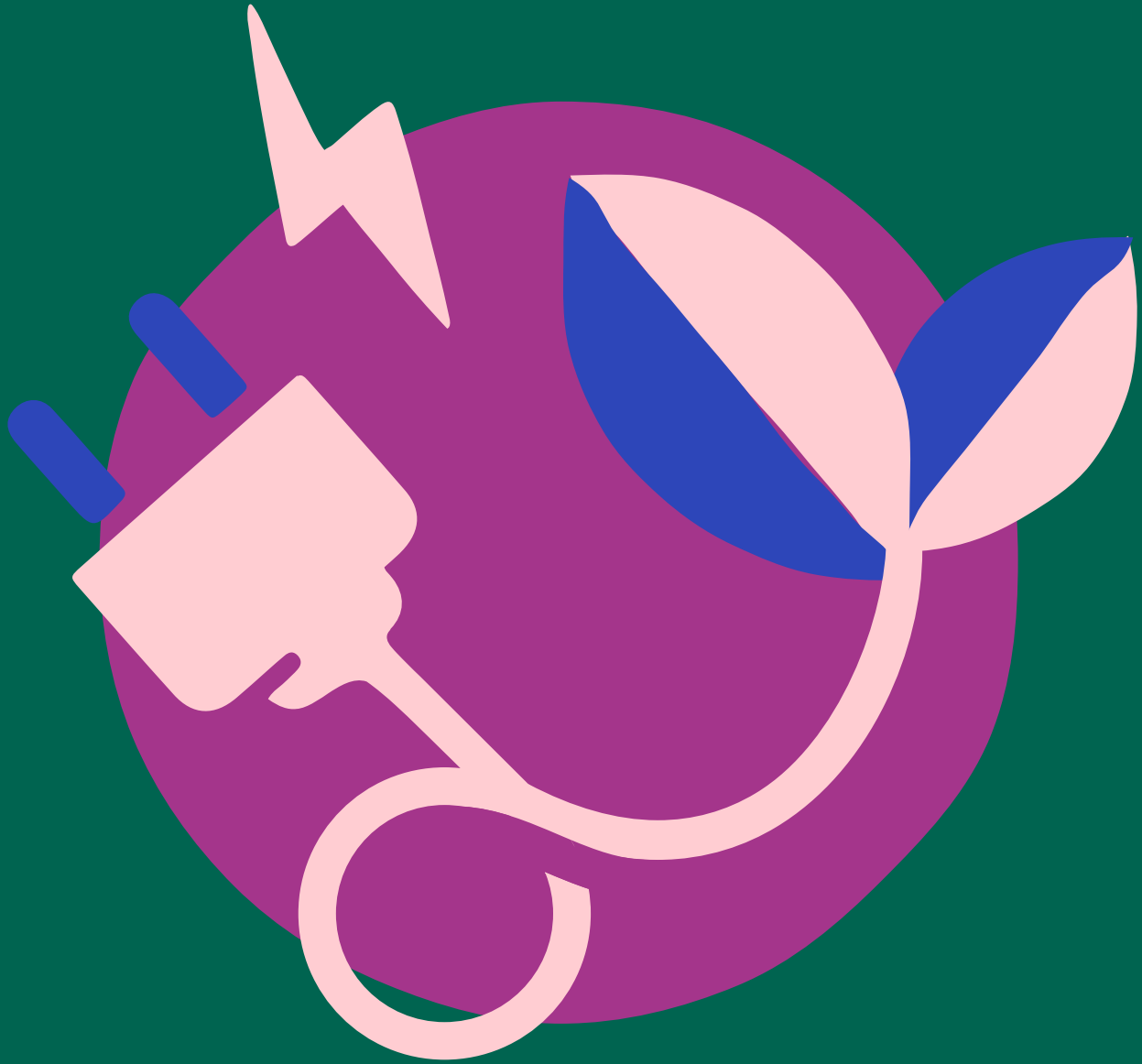
While we have seen progress, we acknowledge this is not where we want to be - we have more work to be done. We do see that 1) taking intentional actions, 2) curating relevant recruiting strategies, and 3) having a hiring team that is aware, focused and informed on DIB is the right formula for success.

## The Importance of Belonging in a Virtual Environment.

We know that diversity without inclusion & belonging will not work. And many times, if you do not strike the right balance with each area, you will see one area falter. Spotify is keenly focused on striking that right balance, without compromising our work towards accelerating representation. As we look at inclusion & belonging in the workplace, we have seen expansion in our efforts. We partner closely with our leadership teams across 14 Employee Resource Groups that establish a sense of community and belonging at Spotify. We have also seen location expansion for our employee resource groups. In the midst of the global pandemic, we curated experiences and workshops in partnerships with our People Experience team to foster inclusion & belonging when a majority of Spotifiers are working remotely. In partnership with Social Impact, Brand & Creative, and Content teams, we were able to celebrate many global cultural moments in 2020, such as: MLK Day, Lunar New Year, US Black History Month, Women's History Month, International Women's Day, Asian & Pacific Islander Heritage Month, Pride, Black Music Month, Juneteenth, UK Black History Month, Earth Day, World Mental Health, Trans Awareness Week, Hispanic & Latinx Heritage Month.

Our team has shifted how we carry out the work of Diversity, inclusion & Belonging. Shifting in-person experiences, to virtual engagements that still creates opportunity for community and belonging. This will continue to be the focus of our team and amplifying culture in a way that is authentic and feels connected to who we are. In many cases, our team is reimagining the future of work.

# Climate.



**Climate change is something that affects every one of us. No matter where you are and what you listen to, it's a common issue that ties us all together.**

**Spotify recognizes that our climate is changing, and in response, we urgently need to change our behavior. 2020 was the warmest year on record, clocking record high concentrations of greenhouse gases and record low levels of arctic sea ice during much of the summer\*. The consequences of climate change are mounting by the day, and we all must work to be a part of the solution.**

**Not only do we have a responsibility to handle our own impact as a company, but we also have the opportunity to use our global reach to raise awareness of the climate crisis and make an impactful, long-lasting difference to our planet.**

## **Our Impact.**

As a streaming service, our impact on the climate isn't always obvious. We exist in the digital space, but ultimately, our business is grounded in the physical world, in our office spaces, our listeners' and our suppliers' energy consumption, our travel and in our listeners' devices and we are a growing company in an energy intensive industry.

We have in previous years addressed greenhouse gas (GHG) emissions from our business travel, office energy use and data centers. In 2020, we took the next step and mapped the emissions from our entire value chain, according to the Greenhouse Gas Protocol. We included scope 1, 2 and 3 in our calculations to identify our hotspots and where we should focus our efforts going forward. The financial control approach has been used, as well as the market based approach to calculate Spotify's climate impact.

*\*Source: [World Economic Forum](#)*



Based on our analysis, our total value chain GHG emissions reached around 169,000 tons CO<sub>2</sub>e in 2020 (229,000 tons in 2019), a 26% decrease from the previous year due to less spend and consumption in 2020 and updated emissions factors.

Scope 1 - 0 tons CO<sub>2</sub>e

Scope 2 - 2,600 tons (market based), 3,700 (location based)

Scope 3 - 166,300 tons

## Our Workplaces.

Our own operations (Scope 1+2) account for a very small part of our total emissions (around 2%), but as they are in our control, we're keeping close tabs on them. Energy use for our office buildings remains the biggest contributor. We've been working with building landlords to gather data on our consumption of the type of energy that is being used. As Spottifiers worked from home for most of 2020 we have also accounted for that estimated electricity use. Our offices run on 100% renewable electricity, partly following an active acquisition of Energy Attribute Certificates, and we are also integrating energy efficiency measures when designing and operating our offices.

## Business Travel.

Our growing global reach takes us all over the world, and in any normal year, travel is a natural part of how we do business and also a notable source of emissions (17% in 2019). This year, however, we were forced to overcome the barriers of time and space to connect and collaborate in new, remote ways. Following a 2019 commitment to offset all emissions related to air travel, we set the goal for 2020 to reduce emissions from air travel by 25% per employee. Due to near-zero employee travel since March 2020, we've far exceeded this benchmark. 2020 results from business travel is 5,900 tons CO<sub>2</sub>e, approximately 3% of the total emission.

## Purchased Goods and Services.

The biggest source of Spotify's GHG emissions is the goods and services we purchase, 43% of our emissions in 2020. The majority of these emissions are related to cloud services and content delivery network providers.

## Listener Use.

The second largest source of emissions is the user phase, making up 42 % of our emissions in 2020. The emissions reached around 71,000 tons CO<sub>2</sub>e in 2020. This includes data traffic for streaming content on Spotify, downloads of our app, battery charges and power supply of the devices used to listen, where devices stand for the majority of emissions. While these emissions are not in our direct control, they are an important area to address, especially as our user base grows.

## Our Way Forward.

We know that the long term solution is to make real reductions in our value chain GHG emissions. That's why we will seek to set reduction targets in line with the Paris Agreement, aligning our operations with a net-zero society. We will work with our internal processes as well with our suppliers and partners to achieve the needed reductions through increased operational efficiency and shifts to renewable electricity.

We also know that time is running out and urgent climate action needs to happen right now. And to meet the immediate demands for action, emissions that cannot be reduced are offset. Spotify is from 2020 committing to offsetting our total impact, expanding from air travel to including the total scope 1, 2 and 3. In 2020, carbon offset projects related to renewable electricity, biomass and sustainable cookstoves were supported. In addition to avoiding emissions, the selected projects also have positive social impacts in the local communities.

# Policies and Standards.



# Users.

## Content Moderation.

Making our platform a destination where all feel safe, while also respecting creator expression and listener preferences, is one of our top priorities.

In 2020, Spotify continued to refine and enhance its content moderation capabilities. We grew the team responsible for developing, refining and enforcing content policies at scale, and increased engineering and other resources to improve both algorithmic and human detection measures.

Spotify also continued to invest in algorithmic responsibility so that everyone at the company better understands the potential impact of their work, and can help guard against ethical harms and other potential discriminatory side effects.

Collectively, these efforts further improve the Spotify experience for both listeners and creators on our platform.

While some of these efforts will be apparent to our users, many others are not by design. Suffice it to say, every day, we continue to improve our processes and approaches to ensure we're creating not only a safe community, but one that's fair and inclusive.

## Data Protection.

We respect privacy as a fundamental right of all people. That's why we take care, across every part of our business, to handle data with the utmost integrity.

Worldwide, all of our users have access to the same tools to exercise their data rights under the EU General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA) regulations. In 2020, 890,000 people used our "download your data" tool to download their listening history and basic account data (up 84% from 483,000 in 2019).

When consumers use our service, they place their trust in us – and it’s a valued trust we intend to maintain. We’ve taken steps to protect user data from unauthorized use and inappropriate disclosure, and follow a formal incident response process to ensure any incidents are managed swiftly. This year, we continue to hold regular training sessions with Spottifiers to ensure that any data incidents are identified and addressed promptly.

In 2020, our Data Protection Office identified three incidents which we deemed to be reportable personal data breaches under the low threshold of GDPR Article 33 and notified our lead regulator in Sweden accordingly.

We are committed to providing a platform that is not only for everyone, but that protects users’ privacy and security, and empowers them to exercise their privacy rights. Read our full [privacy policy](#) to learn more.

## Employees.

### **Anti-Discrimination and Harassment.**

We recognize that our employees are our greatest asset. We come from all around the world and represent a variety of cultures, experiences and diverse backgrounds. We strive to create and maintain an inclusive work environment. That’s why we have policies, including our anti-discrimination and harassment policy, and practices in place to ensure that all our employees are treated with dignity, decency and respect, free from any kind of discrimination, harassment or intimidation.

Our commitment to an inclusive workplace and our related policies are broader than what is required by law. We want to create a respectful environment that promotes our values. We know we've hired talented people and we want everyone to feel empowered to do their best at Spotify.

Our anti-discrimination and harassment policy specifically prohibits unlawful discrimination against employees on the basis of sex, sexual orientation, gender, gender identity, race, color, ancestry, religion, creed, national origin, alienage or citizenship status, age, disability, genetic information, military or veteran status, marital status, pregnancy, or any other characteristic protected by law. Furthermore,

our policy prohibits any unlawful harassment, sexual harassment or bullying, including, but not limited to, unwelcome verbal, visual or physical conduct.

Through our policies, procedures and by educating our employees, we seek to prevent, correct and discipline behavior that violates our anti-discrimination and harassment policy.

## Anti-Corruption Policy.

Our policy is very simple – we do not tolerate bribery or corruption at Spotify. Engaging in corrupt behavior undermines our goal of bringing music and content to communities throughout the world. We strive to conduct our business with honesty, integrity and fairness by adhering to the highest ethical standards wherever we operate.

For this reason, we have an anti-corruption policy that applies to Spotify, globally, and to our business dealings with **everyone**, not just government officials, including our affiliates, vendors, business partners, and consultants. Our policy provides general guidance prohibiting employees, officers and directors, and all those acting for or on Spotify's behalf, from offering, paying, soliciting or accepting bribes or kickbacks, or making facilitation payments.

Each employee is required to review and acknowledge their compliance with our anti-corruption policy annually.

## Code of Conduct.

Code of Conduct and Ethics is based on our policies and our values - innovative, collaborative, sincere, passionate and playful. Mostly, it describes our three main rules and how to make sure we live up to them:

- **Do the right thing.** Always act with honesty, integrity, and reliability. Keep moral and ethical standards sky high.
- **Be nice.** Treat people with dignity and respect, regardless of who they are and where they came from. Stay decent and courteous in all relationships.
- **Play fair.** Don't cheat. Be careful to balance the interests of all groups (stakeholders, artists, users, employees and the general public) when you go about our business.

The Code of Conduct has been adopted to encourage:

- Compliance with applicable laws, rules and regulations;
- Full, fair, accurate, timely and understandable disclosure;
- Honest and ethical conduct, including fair dealing and the ethical handling of actual or apparent conflicts of interest;
- Protection of the Company's legitimate business interests, including its assets and corporate opportunities;
- Protection of confidential information; and
- Prompt internal reporting of any violations of law or the Code of Conduct.

Each employee is required to review and acknowledge their compliance with our Code of Conduct when joining Spotify.

## **Reporting Violations of our Internal Policies.**

Violations of our policies can be reported to a manager, HR, the Legal team, to the conduct team (which consists of representatives from Internal Control, Legal and HR) or through Spotify's whistleblowing channel. Spotify has a zero retaliation policy, meaning that persons reporting any suspected breach of our policies in good faith will not be subject to any retaliation.

# **Suppliers.**

## **Supplier Code of Conduct.**

We operate by a few simple rules and we expect our 7.600+ suppliers to do the same. That is why our Supplier Code of Conduct is based on the same three main rules as our internal Code of Conduct.

In November 2019, we adopted a new Supplier Code of Conduct (SCoC) that outlines Spotify's requirements for third-party vendors when it comes to serving our stakeholders and the environment. Of our vendors managed by Tech Procurement, 70% have signed the new SCoC, including strategic high-profile vendors for our Cloud, CDN services and hardware equipment. All executed SCoCs are securely stored in our in-house contract legal management system.

The SCoC provides suppliers with clear expectations and ensures they share the same values as our company. Guided by the SCoC, Spotify does its due diligence when it comes to vetting for anti-corruption and social responsibility, onboarding and ongoing governance and oversight of vendors. To help identify and manage risk across these interactions, and ensure our supply chain is operating in a responsible and sustainable manner, we work with a Supplier Risk and Credit Rating platform called [Kodiak Rating](#).

The tool helps us ensure consistency and efficiency in managing both risks and opportunities in our supply chain, with the aim to drive positive impact through a collaboration with our suppliers. Through the platform, we index vendors against Spotify's values by leveraging publicly available information, including assessments of their business ethics and brand sentiment in the media. We also track compliance to specific agreements in the SCoC, such as records of their code of conduct or third party audits. If a vendor receives a low rating across any of the tool's criteria, we work with our legal team to activate our Incident Plan and mitigate the situation accordingly.

Learn more about the standards to which we hold partners in our [Supplier Code of Conduct](#).

## Materiality Analysis.

Spotify's Materiality Analysis was first conducted in 2017 in order to identify environmental, social and governmental topics that are relevant to our business and of interest to internal and external stakeholders. The analysis has been updated in 2020 based on the below:

- What's happening in the world, in our industry and among our peers when it comes to Sustainability, Equity and Impact.
- Employee input from questions on social and environmental responsibility in employee survey
- Questions and inquiries from investors and financial analysts
- Questions and inquiries from journalists and other external stakeholders
- Legal requirements on non financial reporting

The analysis will be further refined during 2021.



# About This Report.

This is Spotify AB's fourth Sustainability Report and refers to the financial year 2020. The report is based on the requirements in the Swedish Annual Accounts Act (implementing EU Directive 2014/95 regarding disclosure of non-financial information).

The Sustainability Report covers the parent company, Spotify AB (corporate ID no. 556703-7485), headquartered in Stockholm, Sweden, and all subsidiaries as per note 12 of the Spotify AB annual financial statements, unless otherwise noted in this report. In signing the annual financial statements, the Board of Directors has also approved the Sustainability Report.

## People Data.

The information on our people refers to full-time employees per year end 2020. In addition to our permanent headcount of 6,554 (4,924 in 2019), we had 63 fixed term employees (66 in 2019) or intern/student contractors working at Spotify in December 2020.

With regard to gender, we ask employees to identify themselves as male, female or non-binary.

Employees are also given the option of not responding. Those who identify as non-binary represented 0.2%, which is consistent to last year, and for 3% (3.4% in 2019) of our people, we do not have any data on their gender. We report our performance regarding diversity and inclusion with reference to Disclosure 405-1 from GRI 405: Diversity and Equal Opportunity 2016.

## Emission Data.

The emissions data is compiled in accordance with the Greenhouse gas protocol for scope 1, 2 and 3. For scope 1 and 2 calculations, which largely consists of electricity, heating and cooling in our office buildings, consumption information from our electricity and district heating/cooling suppliers and landlords have been used. We have actual electricity consumption data for offices covering about 88% of our employees (75% in 2019) and 89% of our total office sqm. For calculation of scope 3, multiple

methods have been used. For purchased goods and services, a majority of the emissions are calculated based on spend with some exceptions where suppliers provide us with emission data. For business travel, our travel agencies supply us with emission data for air travel. The calculations of emissions from our listeners are based on a combination of internal data on listening time and publicly available estimates of device electricity consumption and energy use for data traffic.

## **Other Data.**

If not otherwise stated, data is per December 31st 2020.

# Auditors Report on Sustainability Statement.

To the general meeting of the shareholders of Spotify AB, corporate identity number 556703-7485.

## Engagement and Responsibility.

It is the Board of Directors who is responsible for the statutory sustainability statement for the financial year 2020 and that it has been prepared in accordance with the Annual Accounts Act.

## The Scope of the Audit.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

## Opinions.

A statutory sustainability statement has been prepared.

Stockholm 10 March 2021

Ernst & Young AB



Andreas Nyberg

Authorized Public Accountant

## Contact & More Information.

Financial statements and other investor related information can be found on [Spotify for Investors](#).

