



Sustainability & Social Impact Report

2019



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01

This is Spotify

Letter to Our Stakeholders

At Spotify, we're fueled by our aspiration of becoming the world's first true audio network. We want to bring music, podcasts and new forms of audio to more people in more ways than ever before.

2019 was a year of growth for Spotify. We ended the year with 124 million subscribers and 271 million monthly active users. And we now have over 500,000 monthly active artists, who have helped us add over 50 million pieces of content to our platform. We acquired four companies – Gimlet, Anchor, SoundBetter and Parcast – who support our audio strategy; we launched in India, expanding our global footprint to 79 markets; and we introduced new offerings like Spotify Lite and Spotify Kids which ensure that we're reaching diverse audiences and giving more fans the opportunity to tune in and listen.

We know that we have an obligation to act in a socially responsible way in all that we do – not only is it the right thing to do, but our creators, fans and Spotifiers expect it. And our global reach means that we have the ability to make a real difference. That's why, as we continue to grow, we are committed to being a good global citizen and integrating sustainability into everything we do.

We do this by protecting our environment through our practices, by ensuring there is an inclusive environment for Spotifiers, and by making our platform more accessible and equitable than ever before. In 2019, we continued to make progress in each of these areas. We're proud to share this progress in the pages that follow.

To preview, we took further steps to reduce our carbon footprint, capturing more data than in previous years and offsetting all emissions

from air travel. We also increased our focus on diversity and belonging, particularly in removing the stigma that surrounds mental health issues. And, recognizing that we have a unique opportunity and responsibility to share underrepresented voices, we increased our efforts to support equity in the creative arts. Looking ahead, we will be doubling down on our social impact work with a special focus on increasing female representation in the audio industry.

We have a lot to be proud of, but there's always more we can do. That's why in 2020, we will go beyond simply purchasing carbon offsets and commit to reducing our global CO2 emissions from air travel by 25%. We will also build upon our workplace sustainability efforts by cutting back on the amount of meat we serve at meals and significantly reducing the amount of packaging in our kitchens. Driving all of this work will be Spotify's first Global Sustainability Manager.

Looking ahead, we'll continue to scale up our efforts, experiment with new ideas, and make positive changes for our entire audio ecosystem of creators, partners, fans and Spotifiers. We hope you'll come along for the journey.



Daniel Ek, Founder & CEO

Our Mission

Our mission is to unlock the potential of human creativity – by giving a million creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by it.

“In order to achieve our mission, we continuously strive to make Spotify more accessible and inclusive. We do this not just for our people, our business and our industry, but for the advancement of the world at large. Technology has the ability to transcend borders, connect us to one another and drive our industry forward, making art even more of a shared experience than before. Our hope is that the audio ecosystem Spotify is building inspires generations to come and leads us all to embrace inclusivity, beyond the songs we add to playlists and podcasts we listen to, but in how we connect and support each other throughout our lives.”



Katarina Berg
Katarina Berg
Chief Human Resources Officer

Dawn Ostroff
Dawn Ostroff
Chief Content Officer

Spotify in Numbers 2019



Number of subscribers

124M



Number of playlists

4B+



Number of podcasts

700K+



Number of tracks
(including 700K+
podcast titles)

50M+



Launched in
2008



Revenue paid to
rights holders

€15B+



Number of monthly
active users

271M



Number of markets in which
Spotify is available

79

Our Business Model

Over the last decade, Spotify has transformed the way people access and enjoy music. We've done this by moving from a "transaction-based" experience of buying and owning audio content to an "access-based" model, allowing users to stream on demand. Now we're moving rapidly into our next phase of growth to become the world's first true audio network.

To further this goal we've developed a two-sided marketplace strategy, which means we're not just serving listeners; we're also building tools and services for the creator community – everyone from artists and songwriters to publishers and labels to podcasters and storytellers.

The goal of our creator-facing marketplace strategy is to harness Spotify's ability to drive discovery and connect artists with fans on a scale that has never before existed. Specifically, our marketplace strategy is about meeting the needs of creator teams to create art, engage with, grow and better monetize their fanbase.

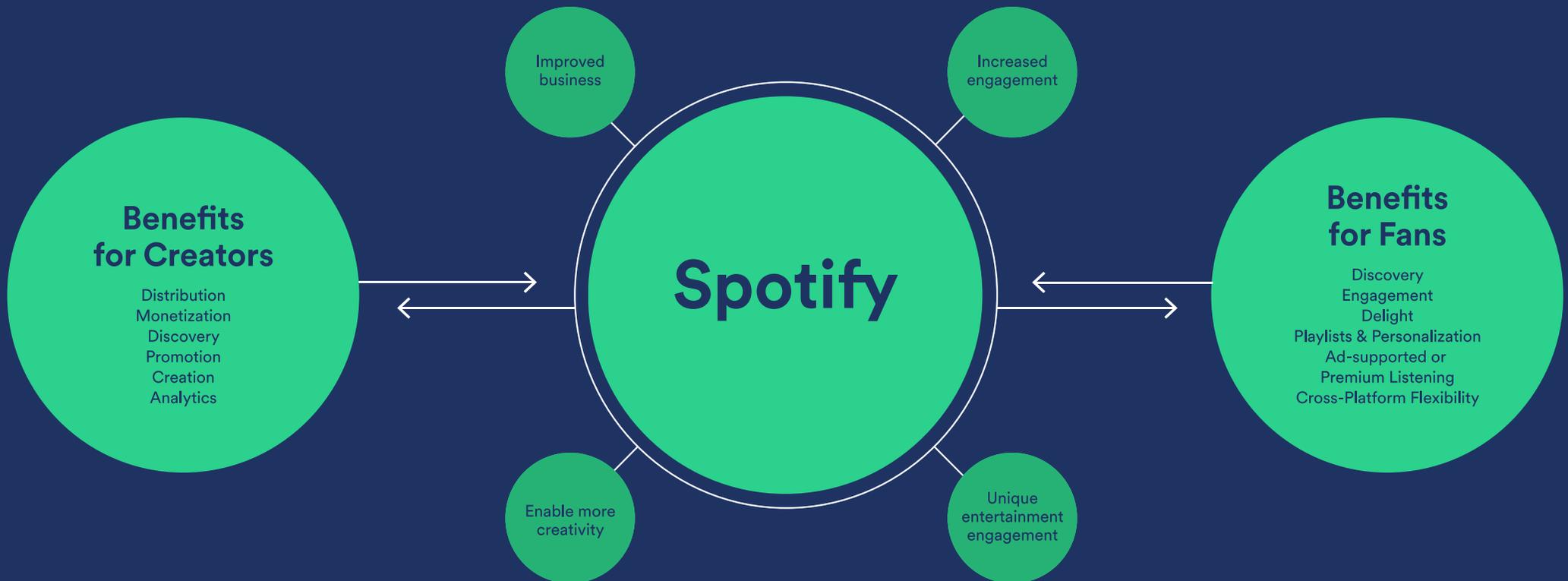
Our business will still consist of two offerings to consumers – an ad-supported offering and a premium subscription service. Keeping our broad audiences in mind, we've also expanded the premium offering to include Spotify Kids which provides music and storytelling to families with safety in mind, and Premium Duo which allows pairs to share one account.

Our core value proposition remains giving fans an exceptional listening experience focused on discovery, and giving creators the tools and resources to be discovered by millions of fans.



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 our fans can connect and inspire one another. We're exploring new ways of doing this every day.





Benefits for Creators

Since our launch in 2008, we've paid rights holders more than €15B. To help them harness and express their creativity, we added SoundBetter and Anchor to a range of available tools including Spotify for Artists, Spotify Analytics and Spotify for Podcasters. This allows creators to foster a deeper engagement and understanding of their fans and their listening habits.



Benefits to 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 that protects users' privacy and security, and empowers them to exercise their privacy rights.

Our Approach to Sustainability

At Spotify, we take our responsibility as the largest global audio streaming subscription service seriously. That includes not just how we operate for our creators and fans, but also how our business is impacting our world.

Spotifyers and consumers today expect the brands they love to act in a socially responsible way. Spotify's leadership has continued to prioritize and support the development of sustainability efforts across our operations globally. In 2019, we began our search for a Sustainability Manager to lead those efforts, and we're pleased that Ebba Grythberg is joining us in early 2020.

“ I'm excited to join Spotify and, together with the team, take the sustainability work to the next level. By building on the great work that's already being done, the great engagement throughout the company and Spotify's culture of innovation, we will be able to do great things!”

- Ebba Grythberg, Sustainability Manager

Our social responsibilities extend to every corner of our business as we create an inclusive environment for all Spotifyers, drive sustainability efforts across our operations globally, and make our platform more accessible and inclusive for all.

Our sustainability strategy, which is grounded in a holistic view of sustainability and social impact, focuses on three areas – our people, our practices and our platform. This approach is reflected in the structure of this report.



People

Who we are as a company — how we treat employees and how Spotifyers treat each other.



Practices

How we act as a company — how we're reducing our environmental impact and how we're putting our values into action.



Platform

How we interact with others — how we're supporting creators and partners and serving fans.

For a closer look at our methodology, please see the [Reporting Principles and Notes](#) section which provides additional details, including a materiality analysis and an auditor's report.



02

For Our People

Here at Spotify, we like to think of ourselves as a band. Like a band, we're dependent on each other to create the best audio experience. Like a band, we need to be in sync.

We believe in an inclusive culture where everyone feels empowered to share their full selves, where everyone feels like they belong. A culture where innovative, passionate and playful people can grow, have fun and do their best work. A culture that develops and deepens with every new team member, but always stays true to our core values.

Our Values

Our values are informed and influenced by every member of the Spotify band. For us, these are more than just words on a page – these principles guide each decision we make, serving as the path we'll follow to achieve our goals and mission.

These values help us build trust with our users, creators, advertisers, partners and even amongst ourselves. They ensure that we are the same company that stands for the same things no matter our audience.



Innovative

We move fast and take big risks. We cultivate curiosity. We're unafraid to fail, knowing that each mistake contains a valuable lesson and gets us one step closer towards creativity and innovation.



Sincere

We have no time for internal politics. We lead with transparency and engage with open minds. Creating something new requires trust, so candid feedback delivered with good intent is at the heart of everything we do.



Passionate

We revel in what we do. We genuinely care about our shared Spotify mission, pushing ourselves to become masters of the part we play. We energize and inspire others around us, knowing that excitement drives innovation.



Collaborative

We recognize that we're all in this together. Everyone is an integral part of the work we do with an equal opportunity to participate – we share ideas and best practices across business units and in spite of traditional hierarchies.



Playful

With all that said, we don't take ourselves too seriously. We connect with each other. We celebrate successes. And just like a real band, we like to jam.

The Spotify Rhythm

We believe that speed of iteration beats quality of iteration, which is why we're not big on bureaucracy. To us, complicated processes and guidelines can kill innovation. We'd rather just stay focused and prioritize ruthlessly.

Working fast means acting with consent, not consensus. Even if the majority can't come to an agreement, it's important to keep moving, take a chance and execute. As long as we're always making grounded and informed decisions, we shouldn't be afraid to make a bet. Because here, getting ideas out into the world takes precedence.

We believe in maintaining that relentlessly resourceful start-up spirit. Complacency is our enemy – we take smart risks and set the bar high as we continually think, build, ship and tweak. We strive to stay receptive and flexible, adapting and acting on what we observe. We work hard to find the best way to get things done, even if it's not the most obvious way. And then we do it again and again. When we win, we celebrate the success together. When we fail, we celebrate the new valuable information that we learned.

Failure is an important part of our process. It's the best indication that we're trying something new, that we're reaching for what's next. And an undesirable outcome doesn't mean that the wrong decision was made – it means we took an informed risk, as you must when pursuing innovation. If it worked, we would've won big. If it didn't, that's ok. We move on, keep trying, and give each other the freedom to fail again. We don't fear mistakes, but we refuse to repeat them.

This extraordinary rhythm requires extraordinary people. We seek those who have the creativity to discover, the accountability to deliver and the courage to embrace complexity as well as polarity. Being part of the Spotify band means staying passionate, nurturing your curiosity, and welcoming – and oftentimes even driving – change.



Our Workplace

We've discovered that great performances come from the right people all working collaboratively toward a shared goal. So, when we welcome new band members, we want to make sure they have the right environment, support and tools to reach their full potential.

When new band members join, we invite them to experience our unique onboarding event '**Intro Days.**' Intro Days is a three-day event held in Stockholm where Spotifiers get the chance to meet fellow new-joiners and hear from leaders from around the world, including our global leadership team. In 2019, we built on this unique experience and launched **Hello Spotify Day** at all of our major locations, a comprehensive first-day program that sets everyone up for success.

“ My peers and boss make me feel at home.”

“ I'm blown away by the culture created here.”

“ [Spotify has a] very good atmosphere, very friendly, helpful colleagues, good tools that help you to get an overview. People are proud to work for Spotify, which creates a lot of motivation.”



Employee Benefits

The beauty of our workplace is that everyone is different – and everyone has different priorities in their life. That’s why we offer a range of flexible benefits to suit Spotifiers no matter what stage of life they are in.



Spotify Incentive Mix

In 2019, we introduced a new global incentive program that offers Spotifiers the power, freedom and flexibility to choose the incentive mix that best works for them. Band members receive a grant and allocate it themselves between different types of employee stock options, cash and RSUs. We provide information, booklets, examples and calculators so everyone can find their own way based on who they are, how long they plan to stay with us and how they believe our share price will develop.



Impact Day

Not only do Spotifiers have the opportunity to celebrate their personal beliefs, we also want everyone to be able to support the social causes that are closest to their hearts. That’s why everyone has the opportunity to take one full day of paid time off a year to give back. Spotifiers can participate individually or with other band members.



Parental Leave

Our global parental leave policy is industry-leading. All Spotifiers receive six months of fully paid parental leave, regardless of location, gender or how one becomes a parent. Spotify also gives new parents an additional seventh month to ease back into work on a flexible basis. And, because we know every parent has their own unique journey, we give Spotifiers the option of splitting their leave and taking it at any point within the first three years of new parenthood.



Flexible Public Holidays

Spotifiers in our band represent 103 different nationalities and sit in offices across 23 countries. We recognize that with such a diverse, global workplace comes a responsibility to respect and care for each band member’s varying heritages and beliefs. Our Flexible Public Holidays policy allows us to do this by giving Spotifiers the opportunity to exchange any public holiday for days of their choosing, in line with their personal beliefs. This means that everyone can celebrate what is most important to them regardless of their location. In 2019, 21% of the band chose to exchange holidays.

“**[With the Incentive Mix], I feel invested in Spotify’s continued long-term success, while enjoying the flexibility to choose the level of exposure that best suits me.**”

Measuring Employee Engagement

We believe that everyone should have the opportunity to provide feedback on our workplace and culture, no matter their role, team or location. So, Spotify regularly assesses employee morale and attitudes through our quarterly Net Promoter Score (eNPS) pulse survey and our more extensive annual Tune In survey. In Q4 2019, we saw eNPS scores rise to 35, up 12 points from Q4 2018.



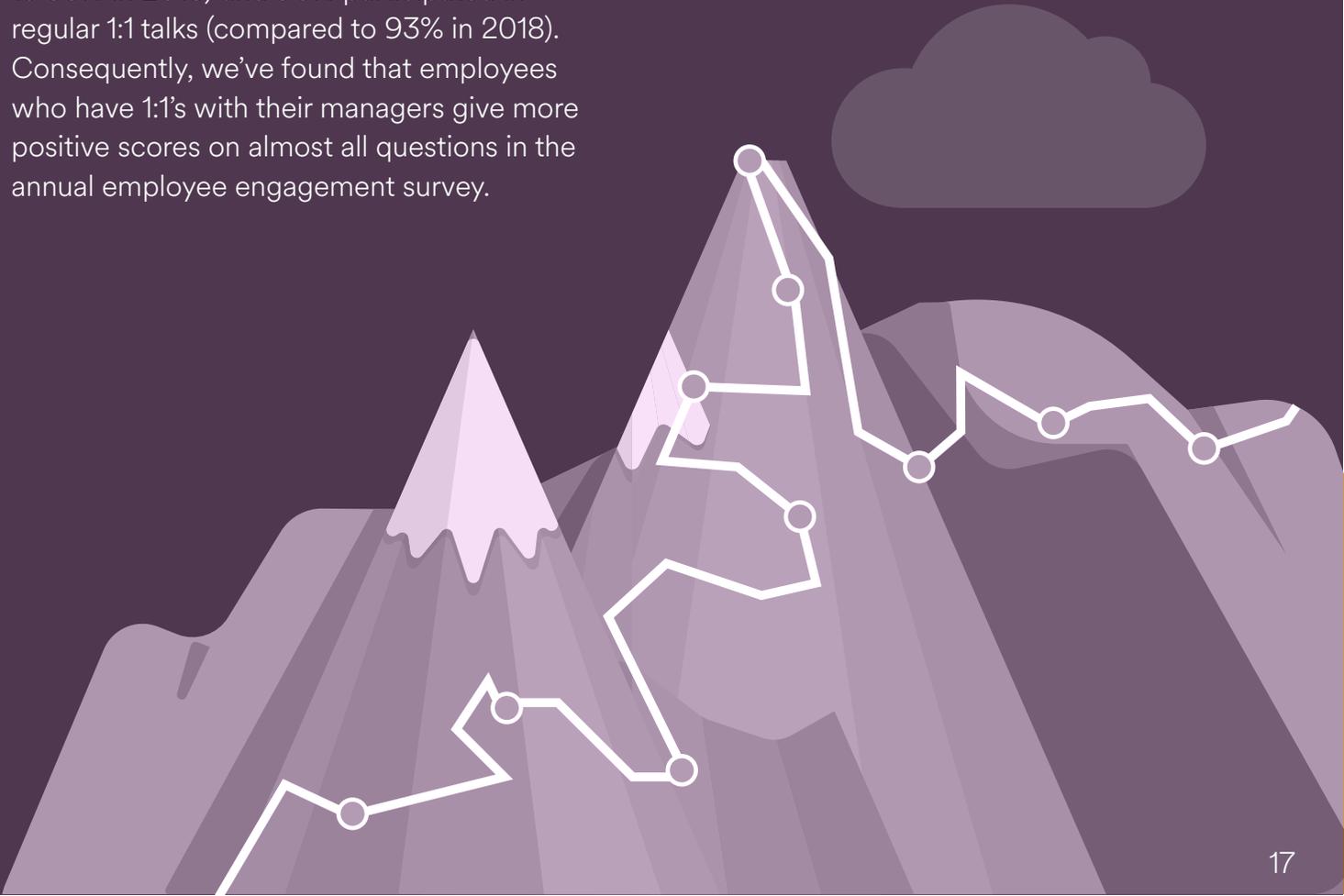
Growth for Everyone

We know that in order to stay ahead, we need to be learning faster than the world is changing. We also know that when our band members grow, Spotify grows. With the help of GreenHouse, our Learning & Development team, we aim to be a business-driven learning machine where every band member is both a student and a teacher.

This year we have continued to enable and empower our band members by offering an increased number of training courses, through a variety of platforms including face-to-face training sessions, virtual and online sessions, and a podcast.

We're proud of our consistent emphasis on learning and development, but we also know that development and feedback go hand in hand. That's why we're constantly evaluating our feedback mechanisms to ensure employees are getting the assessments they need to grow. In 2019, we introduced Leapsome, a new tool that makes it easier for band members to gather feedback from colleagues and build development plans accordingly.

Spotifyers are also encouraged to discuss their professional growth goals and aspirations with their manager through regular 1:1's and development talks. This year, 94% of Spotifyers participated in development talks (compared to 83% in 2018) and 96% participated in regular 1:1 talks (compared to 93% in 2018). Consequently, we've found that employees who have 1:1's with their managers give more positive scores on almost all questions in the annual employee engagement survey.



Supporting Leaders

The number one quality we look for in our managers is the willingness and courage to lead. Leaders at Spotify need to be brave as well as resilient and adaptable. They need to build healthy teams, work from a sustainable mindset and – most importantly – hold themselves accountable. When you lead with purpose, engagement and drive follow.

We want to set our leadership teams up for success from day one. That's why within the first six months of becoming a manager, Spotify's managers attend a two-day training session. Following this, managers are encouraged to take part in Spotify's Leadership@ development program. The program is built around Spotify's leadership criteria and includes 360° feedback, a three-day learning camp and group coaching sessions. Participants learn how to lead and inspire their direct reports and peers, build teams, influence stakeholders, resolve conflicts, leverage their strengths, achieve results, and enable change.

Managers also have the opportunity to participate in a number of development courses, which include:

- **Rockstar Coach:** Helping managers build on their coaching skills.
- **Inclusive Leadership:** Helping managers leverage the diverse strengths of their team and make sure everyone's voice is heard and respected.
- **Tricky Talks:** Helping managers approach difficult conversations with band members in an empathetic, transparent and clear manner.

In addition to all the above, we hold **Building a High Performing Team** workshops, which are designed for leaders who want to increase efficiency and productivity within their leadership team. To complement the Building a High Performing Team workshops, in 2019 we introduced our **Shaping the Leadership Rhythm** workshop to help our senior leaders when it comes to effectively shaping culture and behaviors in their organization.

In 2019, 771 managers took at least one or more of these leadership development initiatives. For the teams that have been through the training, we see an improvement in the way they work together and perform.



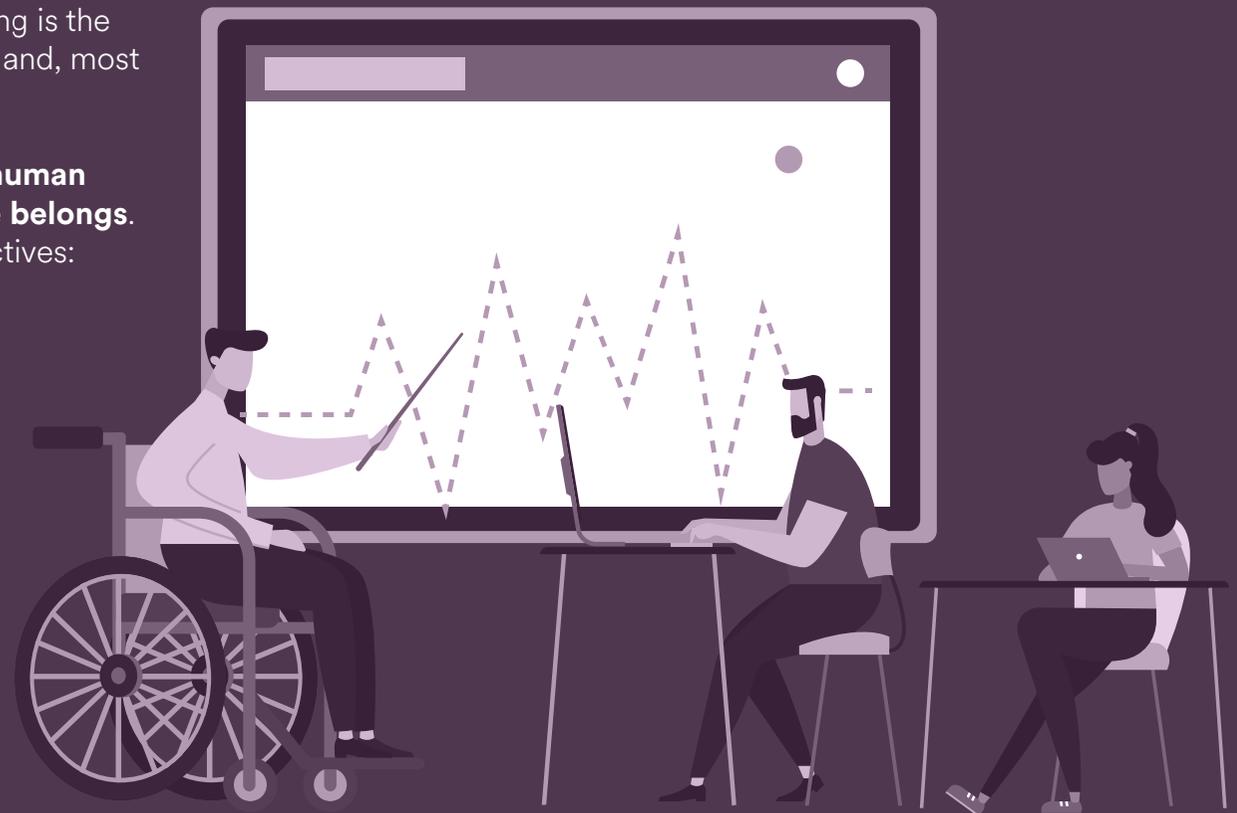
Diversity & Belonging

Here at Spotify, we're dedicated to fostering a workplace free from discrimination and a culture built on the principle of inclusion. We strongly believe that a diversity of experience, perspectives and backgrounds will lead to a better environment for our employees and a better product for our users and creators. Think about it – without a diversity of instruments, a band's output would be pretty boring. Music is global and so Spotify should be too.

In 2019, the Diversity & Inclusion team became the **Diversity & Belonging** (D&B) team. This was more than just a name change. Belonging is the connective fiber between people that enables risk taking, joy and, most importantly of all, innovation and creativity.

So, our renewed D&B Mission is to **unlock the potential of human creativity** by accelerating a **diverse culture** where everyone **belongs**. Over the next year, the D&B team will focus on four key objectives:

- **Accelerating diversity**
- **Fostering inclusive leadership**
- **Enabling good mental health**
- **Building a culture of allyship**



Accelerating Diversity

We can't deliver our mission of giving a million creative artists the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by it if our company is not representative of our users, creators and shareholders. Overall, we've been encouraged by our promising diversity numbers. Over the past three years, our population of women has grown from 36% to 41%, our Latinx community in the U.S. from 5% to 7%, our Black community in the U.S. from 3.7% to 5.7% and our women in leadership from 25% to 36%. All of these groups have seen a rise in 2019.* We also have 14 autonomous Employee Resource Groups that represent the diversity of our workplace and advocate for communities that are often underrepresented in society.

But there's still more to be done. We are investing in a plan to deliver better efforts to address race/ethnicity and their intersections in our workplace. In 2020, we will focus on increasing representation through our diverse hiring strategy to ensure that we are attracting and retaining unique, innovative and passionate individuals to Spotify. This will include training for interviewers, metrics to measure improvement for our hiring teams and the tracking of demographic data through our hiring process.

Spotify's leaders are also central to our diversity and belonging efforts at Spotify. That's why, in 2019 we kicked off our **Engineering Diversity Sponsorship Program**. This pilot program aims to support groups at Spotify that have been historically underrepresented in the tech industry. The end goal is to improve the diversity of our senior engineering population by providing dedicated career development support. In 2020, we will build on this by introducing new programs to foster a more diverse pipeline of future leaders.



The Opening Act is a multifaceted experience for officially recognized Historically Black College and University (HBCU) and Hispanic Serving Institution (HSI) students with a passion for technology and media:

- **The Opening Act Roadshow** provides students the opportunity to see first-hand what a career path in the tech and media industry looks like, while also gaining valuable insight into how to achieve their career goals through workshops, panel discussions and training with Spotify and fellow industry thought leaders.
- **The Opening Act Innovation Challenge** encourages students to submit solutions and help solve some of the real business challenges we face today at Spotify. The finalist from each challenge lands a summer internship at Spotify.

*For more on our methodology, please see Reporting Principles and Notes

Enabling Good Mental Health

Spotify's global mental health initiative, **Heart & Soul**, was introduced in 2018 to create a safe, stigma-free environment where everyone feels like they belong. Heart & Soul focuses on three pillars: raising awareness and building knowledge; enabling self-care and professional support; and normalizing the conversation.

In 2019, we expanded the Heart & Soul ambassador team from 20 to 42 ambassadors and from 12 to 17 locations. With the help of our team, we relaunched our Self-Care Hub, a library of resources where Spotifiers can learn more about mental health, try out new self-care tools and find resources to help in specific instances. Throughout the year, our ambassadors also hosted Quarterly Awareness Seminars in 12 locations on topics such as sleep, anxiety, resilience and compassion.

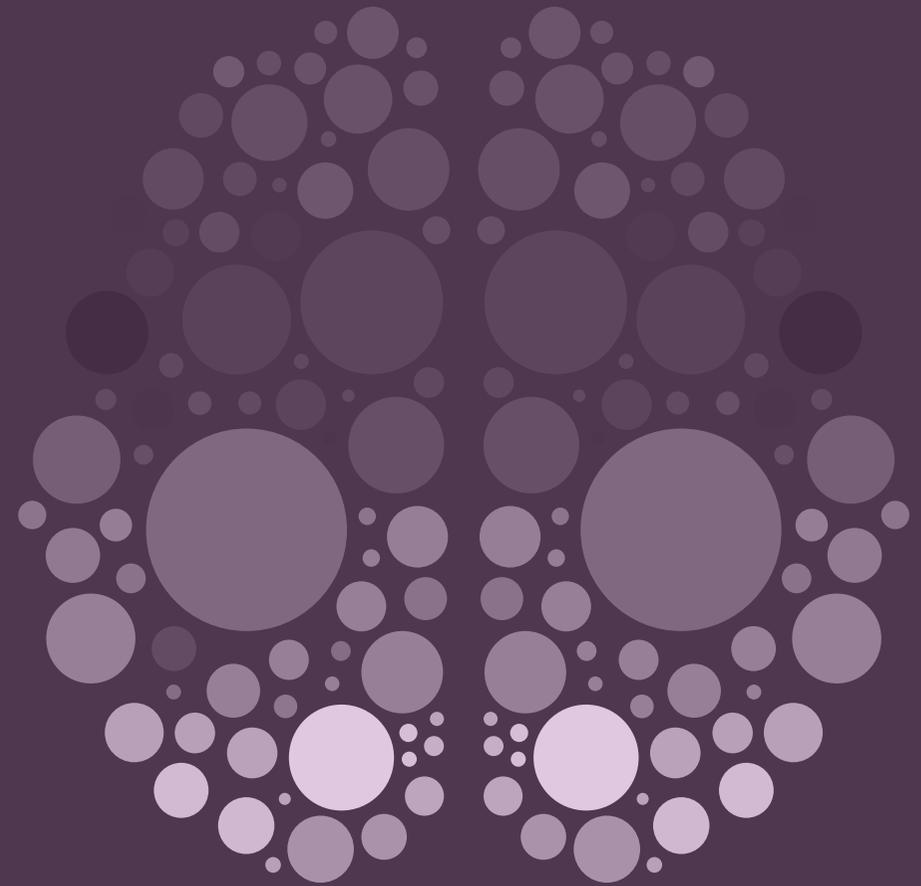
We believe we are better when we help each other. So, we also provide guidance and tools that help Spotifiers to recognize when someone needs support and how and when to take the appropriate action. For example, in 2019 in London, we piloted training for managers and launched resources such as "Supporting a Colleague in a Mental Health Crisis" and "Mental Health Guide for Managers."

We simply cannot unlock human creativity if we are not well. In 2020, we will continue to raise awareness and reduce stigma around mental health through ambassadors, by normalizing the conversation about mental health, regular trainings and seminars, and by promoting self-care and professional tools.

“ Just a year ago, I used to read books about anxiety and hide the front cover so no one could see it. Things are very different now. Heart & Soul has allowed me to confidently share my story with colleagues, whilst feeling completely supported along the way. I've connected with a diverse group of people across the business, and we've created a culture of acceptance at Spotify that I never thought was possible in the workplace. Heart & Soul has been like a best friend to me – encouraging me to be myself, without shame, and even helping others along the way which has really improved my mental strength.”

World Mental Health Day

On October 10, we recognized World Mental Health Day by hosting a wide variety of activities in 15 locations around the world. The aim was to open up and normalize the conversation about mental health and mental health issues. Spottifiers participated in wellness activities such as yoga and meditation, shared their personal stories with each other and with external speakers, and participated in workshops on topics such as compassion, shame and suicide prevention.



Building a Culture of Allyship

At Spotify, we recognize the importance of supporting individuals or groups that are often the subject of discrimination, even – or especially – when we are not members of that group ourselves.

Every year we hold an **Inclusion Summit** to support Spotifiers who are engaged in our Diversity and Belonging efforts. In 2019, the theme was “Bring One, Be One: The Power of Allyship.” Long-time inclusion ambassadors were encouraged to invite a colleague who wants to be an ally and changemaker. Feedback from the Summit indicated that attendees felt more equipped and comfortable intervening in situations of bias, including when to take action. They were also more knowledgeable about inclusive language and day-to-day tools. In fact, when asked, before the Summit only 38% said they felt knowledgeable and well-versed on these topics; this jumped to 94% after the Summit. The attendance and positive feedback demonstrated Spotifiers’ motivation to listen, act and drive action across the company.*

“ I feel more prepared to be an ally to whoever is in need.”

“ The personal stories and workshops helped me understand allyship in action.”

“ [The Summit was] very helpful and I feel empowered to carry the torch forward and help where I can!”

*Percentage of favorable responses is based on feedback from 91 participants prior to the Inclusion Summit and 87 after.

Our Band by the Numbers

(as of December 31, 2019)



Number of permanent employees

4,924



Number of new employees in 2019

1,628



The average age of our employees

34



Locations in

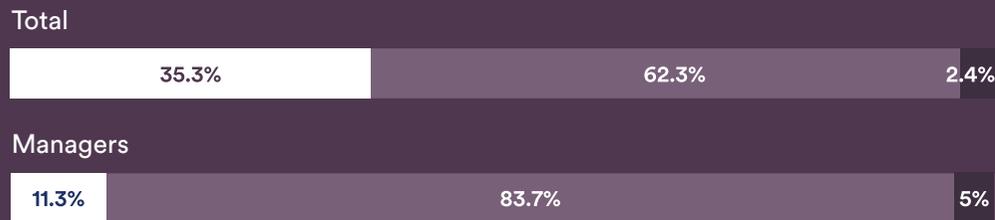
23
countries



Represented nationalities

103

Age Group Distribution ● < 30 ● < 31-50 ● < 50+



Gender Distribution ● Male ● Female ● Non-binary ● Undeclared/No Data



Protecting Our Employees

We want all Spottifiers to feel safe and respected. And we have zero tolerance for discrimination or harassment of any kind.

We ensure employees know how to get the support they need in all kinds of situations by continuously updating our Employee Handbook, which includes our Code of Conduct and our Anti-Discrimination and Harassment Policy.

Through our **Let's Play Nicely** interactive training sessions, we also take Spottifiers through common – and difficult – issues. Then using our Anti-Discrimination and Harassment Policy, we identify ways to handle them. In 2019, the program was introduced in nine new locations, including Dubai, Copenhagen, Berlin, Paris, Madrid, Amsterdam, Mumbai, Singapore and Tokyo. In the U.S. we run a similar program called **Respectful Workplace Training**. In 2019, across both programs, we held 56 sessions. And, in 2020, we will launch an e-learning tool for this training in the U.S.





03

With Our Practices

At Spotify, we know that we have an obligation to act in a socially responsible way in all that we do – creators, fans and Spottifiers expect it. Our global reach also means that we have the ability to make a real difference, whether in having a positive impact on the environment or through ethical corporate behaviors.

We listen to our planet's needs and take the right actions. Whether we're introducing red meat-free days in acknowledgement of cattle farming's negative impact on the environment or making big changes to our air travel strategy, we hope to inspire others to follow suit.

Energy Use

In 2019, we closed down our last data center for our operations and moved to the Google Cloud Platform (GCP). Our GCP services are located primarily in three regions across the globe: Iowa, Belgium and Taiwan. The availability of renewable energy varies across these locations, but in all cases, Google has worked to put more renewable energy on the local grid through such projects as new solar and offshore wind power deals. These local investments have a positive impact on the direct renewable energy that Spotify uses in those locations.

In addition to data centers, Spotify relies on a global Content Delivery Network (CDN) to keep content playing. In 2019, the estimated electricity consumption of our CDN was 647 MWh. This equates to 173 tonnes of CO₂. We value the work that our vendors have done to increase their supply of renewable energy.

We also work to source renewable energy for our office buildings. In 2019, we have been able to collect more data about our energy use than in previous years. We have based our calculations on four locations: New York, London, Boston and Stockholm. This represents 75% of our total headcount (compared to 69% in 2018). The total energy use of these locations was 23,400 MWh, of which 83% was renewable. This generated 952 tonnes of CO₂e (market-based).



Travel

Our rapid growth, global reach and entry into new markets takes us all over the world, meaning that in order to do business, we must travel. At the same time, we cannot turn a blind eye to the contribution carbon emissions have on climate change and the future of our planet. That's why in 2018, we committed to investing in carbon reducing projects to offset the total amount of our air travel emissions. It's also why, in 2020, we're aiming even higher and will look to reduce our global CO2 emissions from air travel by 25% per employee.*

To ensure we are offsetting our true impact for 2019, we've focused on capturing as much data regarding our air travel as possible over the past year. On this basis we have determined that our total emissions from flying in 2019 was 35,619 tonnes of CO2 which equates to 7.44 tonnes per employee.* When comparing to 2018 on a like-for-like basis, this equates to a 9% reduction per employee.* These calculations include the high-altitude effects of non-CO2 emissions (radiative forcing effects).

This full amount has been offset through Gold Standard. Using Gold Standard gives us an opportunity to support much needed climate investments in developing countries. To ensure we choose the most impactful projects to invest in, we consult Project Drawdown's research on the most viable solutions to climate change.



**For more on our calculations, please see Reporting Principles and Notes*

Offsetting Our Travel

In 2019, we selected a number of projects that commit to reducing CO₂. Three of these projects supported sustainable forestry, which is one of the most important ways to reduce carbon emissions, because bad forestry releases huge amounts of CO₂ and also because trees are one of the only methods we have to capture carbon.

Projects we supported include:

Planting biodiverse forests in Panama through CO₂OL Tropical Mix. This provides a natural habitat for native animals and plants, protects and enriches the soil, and saves and filters water.

Community led forestry with WithOneSeed Timor-Leste Community Forestry Program. Through this form of forestry, local communities partner with governments to support forest management and make land-use decisions.

Indigenous reforestation through Conservation International. By planting native tree and shrub species, this project is recreating a healthy, functioning landscape in Southwest Australia, restored after decades of habitat loss and degradation. This will become the new bush that helps connect the Australian Outback.

Minimizing Waste

In 2019, we continued to look for ways to reduce waste across our operations globally, whether that is in reusing food, furniture and equipment, reducing packaging for snacks, or eliminating single-use plastic from our offices.

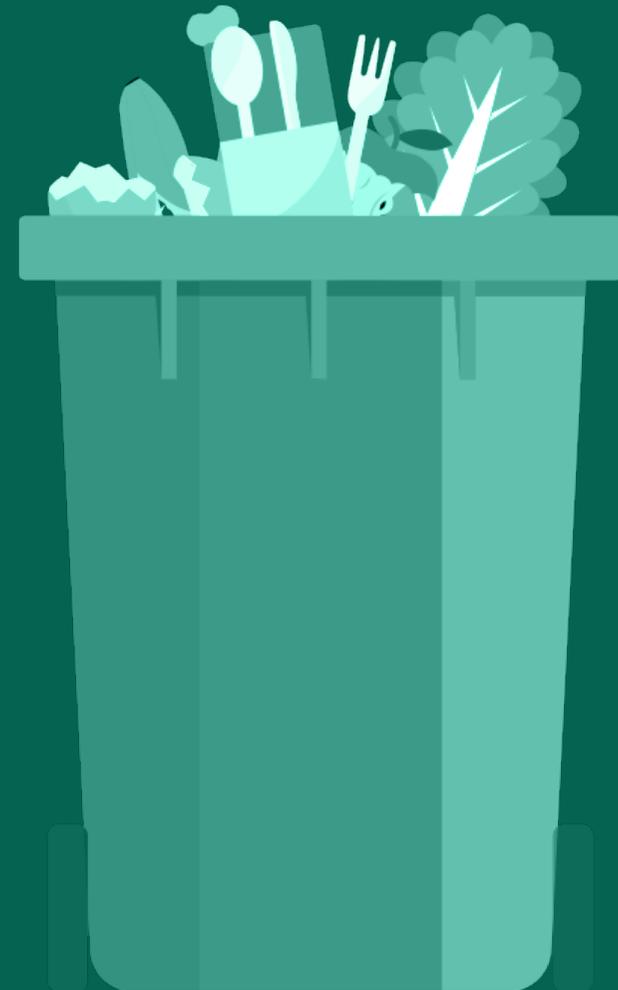
Food Waste

In New York, we work with our culinary partner Guckenheimer to optimize food production by strategically projecting what food is required each week and using as many parts of each ingredient to create as little waste as possible. Food that cannot be used and has reached the end of its shelf life is placed in a food digester, which recycles the waste into nutrient-neutral water and transports it safely through standard sewer lines. In addition, any unwanted food items left on plates are processed through a dehydrating waste processor where all liquids are removed, reducing the waste by approximately 80%.

Single-Use Plastics

In April 2019, Spotifyers in the Sydney office formed the **Eco Squad** with three goals in mind: minimize single-use plastics, implement effective recycling, and explore other ways to reduce our carbon impact as a business and as individuals. So far, the Eco Squad has been successful in encouraging peers to use alternatives to single use plastics, with a visible reduction of single-use water bottles and coffee cups around the office.

In 2020, we have more plans to reduce our waste. This includes eliminating bottles and cans in our Stockholm, Gothenburg and London offices by introducing new soft drink machines, and changing our snack menu across EMEA to food that requires less packaging, such as fruit and nuts. In Stockholm, we also plan to remove food packaging and serve a more environmentally friendly menu.



Spotifiers Making an Impact

Innovation is one of our core values, and with the encouragement of Spotify's leadership, Spotifiers have become more and more engaged in promoting sustainability across their own departments and offices, further inspiring and encouraging broader environmental sustainability conversations and initiatives. Like the first-ever **Spotify Climate Unconference**, which took place simultaneously in Stockholm, New York and London this year. Spotify Chief R&D Officer, Gustav Söderström, sponsored the conference, which was filled with open dialogues about how we can reduce our carbon footprint as a company when it comes to air travel, food consumption, e-waste and more. The open dialogues encouraged Spotifiers to think about their own personal impact and how they can make a difference.



Data Protection

With technology evolving around us every day, data and user privacy is, and always will be, a key priority at Spotify. In 2019, we increased the size of our data protection team who work tirelessly towards enhancing our privacy program to comply with the EU General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA) and other data protection laws that apply to Spotify. The team is also focused on enhancing review processes and policies regarding the personal data we collect and use. Plus, our data protection team is involved in every new product launch.

We respect privacy as a fundamental human right of all people regardless of where they live or listen to Spotify. Worldwide, all of our users can access the same tools to exercise their data rights under GDPR and CCPA regulations. In 2019, 483,000 people used our “download your data” tool to conveniently download their listening history and basic account data (up from 400,000 in 2018).

Mindful of the trust customers place in us when they share their personal data, we also take steps to protect that data from unauthorized use, or disclosure inside and outside of the company. We also follow a formal incident response process and hold regular training sessions and interactive workshops with Spotifiers to help ensure that data incidents are identified and addressed promptly, should they occur. In 2019, 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.

Regardless of their role, we continue to ensure that all employees are well-versed in the important issue of data privacy. In 2020, we will build on the work we already do by introducing a new data privacy training program globally.



Zero Tolerance of Corruption

As the largest global audio streaming subscription service, it is our responsibility to hold our creators, vendors, partners, employees and consumers to the highest ethical standards.

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, bringing us in line with industry best practices. Current suppliers have been asked to review their practices in alignment with the SCoC; we are also asking new suppliers to review the code and sign in agreement. We believe that the SCoC provides suppliers with transparent expectations and ensures they share the same values as our company. Guided by the SCoC, Spotify will do its due diligence when it comes to vetting for anti-corruption and social responsibility, onboarding and ongoing governance and oversight of vendors.

In addition, each employee is required to review and acknowledge their compliance with our anti-corruption policy annually. The majority of our employees have participated in this exercise in 2019. This policy governs our relationships with business partners and other Spotify stakeholders, provides guidelines around corruption red flags for everyone to watch out for and encourages employees to raise questions or report any suspected corrupt practices.





04

Through Our Platform

At Spotify, our mission is to unlock the potential of human creativity by giving creators the opportunity to live off their art and billions of fans the opportunity to enjoy and be inspired by these creators. And that goes for everyone, regardless of their gender, race or background and regardless of where they live, what stage they are in their life or what access to resources they have. We're doing our part to create equitable communities through audio because the more diverse voices there are out there, the more we can connect.

We recognize that we can't address this challenge alone – that's why we collaborate with industry partners and other advocacy groups to provide more opportunities and to drive real change throughout the industry.

Supporting Creators

At Spotify, we want to help the creative community connect with one another, advance their craft and access new economic opportunities. We do this by building powerful networks that serve creators and their teams on every step of their journey, as well as looking at new opportunities that can help creators develop and grow.

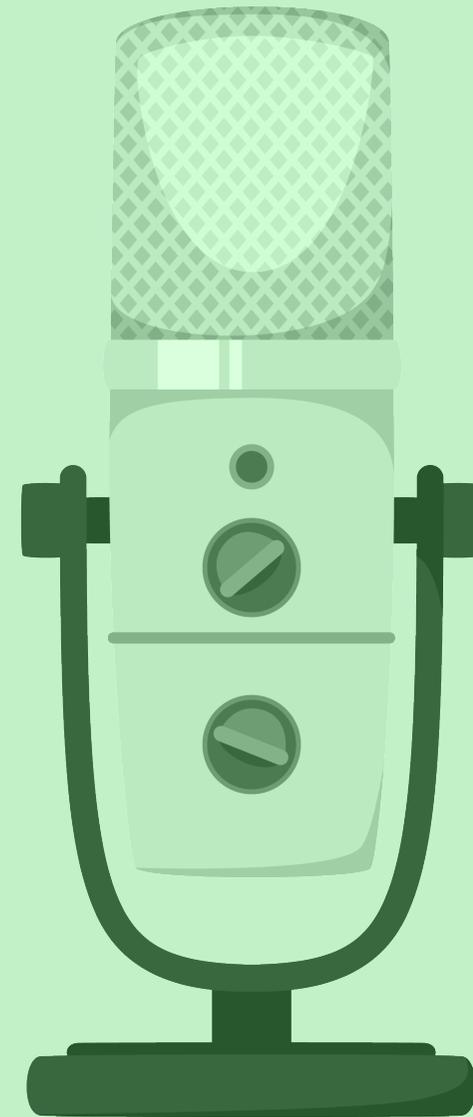
Networks are important, but, we know that finding the right partner or collaborator can be tough, especially when that person doesn't live in the same city, or even country. That's why in 2019 Spotify acquired **SoundBetter**, the world's leading music talent marketplace. SoundBetter helps musicians and labels worldwide connect and collaborate with each other. Creative professionals can market their services to generate their own income and/or hire tens of thousands of top creators in the industry.

With our vision and our global reach, we will further expand SoundBetter's network and drive more economic opportunities for all types of creators. This includes artists who will be able to better advance their product, A&R teams who will be able to find collaborators for the artists they are developing, and labels who will be better able to directly source freelance talent and music services.



In February 2019, Spotify also acquired **Anchor** so that we could help podcasters create content in the first place and reach listeners no matter who they are or where they are. Anchor is a free, one-stop shop for podcasting that allows global users to publish their content to Spotify and other platforms. The platform makes it easy for anyone to create podcasts and share their voice – especially for those who, for technical or financial reasons, may not have been able to before. Through this acquisition, Spotify is continuing to make the audio ecosystem more connected and stronger.

Another key tool that Spotify provides creators is **Soundtrap**. Like Anchor, Soundtrap empowers creators of all levels to practice their craft with an easy-to-use, collaborative, web-based, audio recording and production studio. In May 2019 we expanded the Soundtrap offering beyond music to include a comprehensive podcast creation solution - Soundtrap for Storytellers. Soundtrap for Storytellers offers all of the following features in the same service: recording; remote multi-track interviewing with video chat; smart transcribing and editing of the spoken-word audio file as a text document; full audio production capabilities, the publishing of its transcript to optimize SEO, and the publishing of the podcast to Spotify.



We recently launched sponsored recommendations, Spotify's first cost per click ad product which leverages our listener graph of music tastes to promote new releases to free and paying users. Here, we personalize new album recommendations based on users' listening tastes. With the test we're currently running in the U.S., we're giving artists and their teams the ability to directly tap into this process and connect with the fans that care most about their music, enabling listeners to hear a wider array of artists and discover more music.

These new tools are in addition to our well-established '**Spotify for Artists**' hub – the central place for artists to manage their profiles, check their stats and promote their music. The hub also includes a wide range of educational materials about everything from building a team to touring, and production to developing a visual narrative. There's also a chance to hear from key industry figures and peers both via articles and videos and face-to-face via our Co.Lab event series.

Artists are also allowed to submit their music for Spotify playlisting through our playlist submission tool. In the past year, hundreds of thousands of artists from across the globe have submitted tracks for consideration, many of which have been added to official Spotify playlists for the first time, broadening the scope of their reach. We believe this tool democratizes playlisting, exposes artists to new markets and introduces fans to new artists to fall in love with.

As you can see, at Spotify, we take a holistic approach to helping creators succeed. Whether through our community, educational content, or tools and resources, Spotify aims to be a partner to creators and to fulfill our mission to unlock the potential of human creativity.



Connecting to Culture through Music & Audio

Throughout 2019, we supported a number of projects to inspire and drive positive social change through music and audio.

Black History is Happening Now

Black History shouldn't be limited to a month of recognition. As part of Spotify's initiative Black History is Happening Now, an ongoing program to celebrate and increase representation of the voices of Black creators all year round, Spotify and the Smithsonian National Museum of African American History and Culture hosted a pop-up exhibition in New York City. The exhibition featured a limited collection of merchandise inspired by six moments and figures in Black music history.

In the UK, Spotify also hosted an installation at the Black Cultural Archives – the only national heritage centre dedicated to collecting, preserving and celebrating the histories of African and Caribbean people in Britain – that featured listening stations dedicated to showcasing playlists from Spotify's UK Black History is Now Hub.

Black Girl Magic

To celebrate the creativity and power of Black women, Spotify turned over its Black Girl Magic playlist to three rising Black female creatives, Theresa Chromati, Sadé Clacken Joseph and Mahogany L. Browne. For the first time, the playlist featured film, poetry, and original artwork, as well as songs selected by these artists, following their theme of "reimagining armor." We supported this with events in both New York and London.

Pantheon

In April 2019, Spotify's RapCaviar announced the newest inductees to its real-life Pantheon – a structure first launched in 2017 that equates the art form of rap to the origins of art and civilization. Cardi B, Jaden Smith, Juice WRLD and Gunna were honored for being cultural disruptors who are making an undeniable impact on hip-hop with ornate, life-size sculptures that capture their vibrant personalities. The unique structures were on display to the public at the Brooklyn Museum in New York.

LGBTQ+ Pride

Spotify believes that Pride gives power to voices that have often gone unheard. That's why we made our Pride 2019 focus "#LovelsLoud." Our Pride Hub on platform housed a variety of content to help users express their pride, including Spotify's flagship LGBTQ+ playlist and podcasts with LGBTQ+ creators and guests. New content went live during the month that each market celebrates Pride.

Latinx Heritage

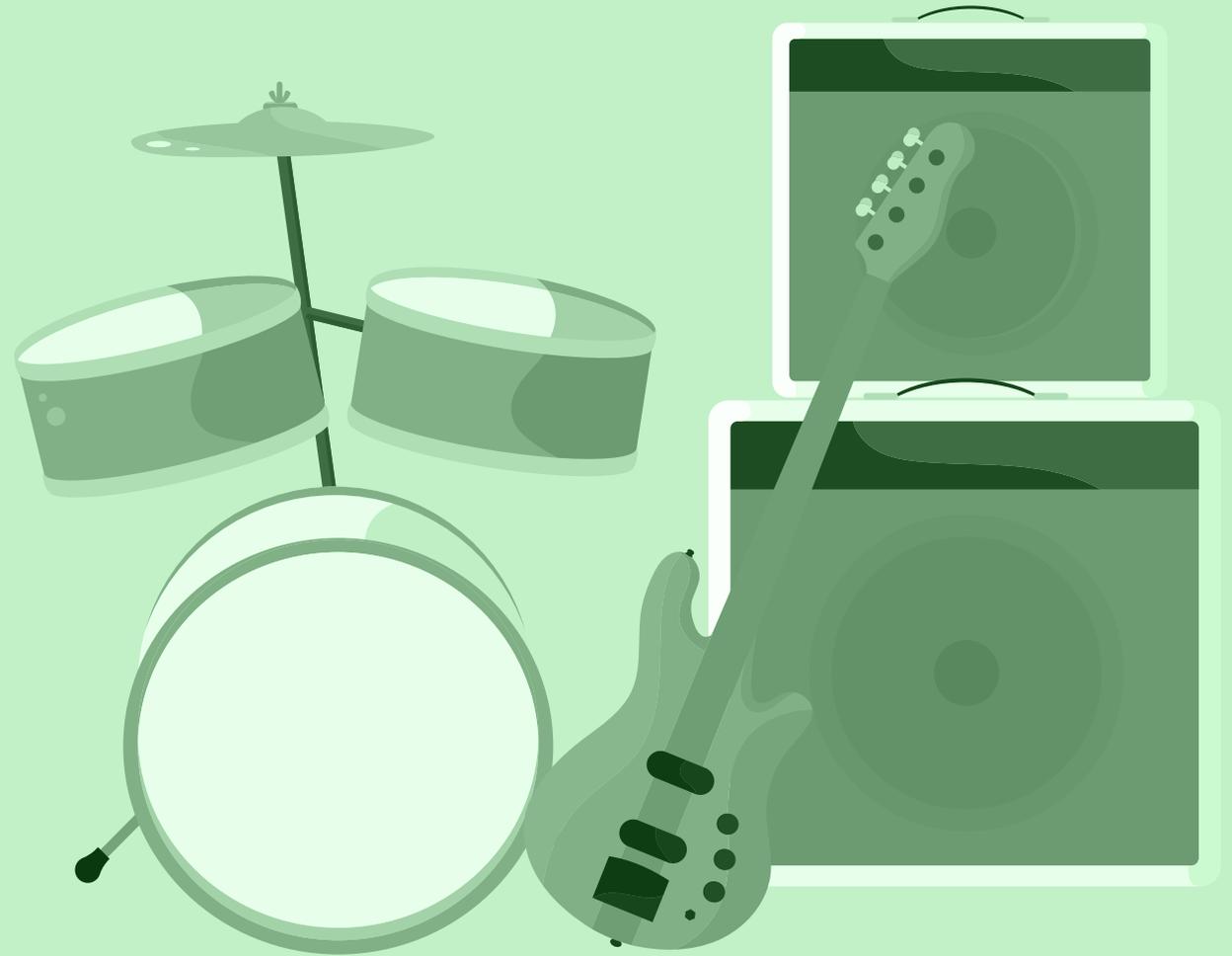
In recognition of Latinx Heritage Month, we sought to #CelebrateLatinx by shining a light on a culture that is committed to vibrance and celebration. From the most popular podcasts among Latinx audiences to new playlists targeting our bilingual and bicultural audiences, our Latinx hub was populated with content that demonstrated the pervasive impact of Latinx artists and culture.

Global Climate Strike

To mark the Global Climate Strike in September 2019, our teams worked with Fridays for Future to feature a playlist curated by Greta Thunberg and other youth organizers. Internally many Spottifiers also used their impact day to join the strike.

Gender Equity in Sound

At Spotify, we have a unique opportunity to surface underrepresented voices. We think this is important because it makes the world a better place. And, the more perspectives we can support, the more people we can resonate with. In 2019, we focused on sharing female voices by supporting research such as Dr. Stacy Smith's USC Annenberg Inclusion Initiative study, "Inclusion in the Recording Studio?" and conducting our own internal research, supporting events and running a number of programs that support female creatives.



Supporting Events

In August 2019, Spotify was one of the main partners of The Way Out West festival in Sweden. The artist lineup has been split 50-50 male-female for three years running, and this year's edition ramped up its commitment to equal opportunity in the music industry by teaming up with Spotify's Equalizer Project which gives women in music careers a chance to connect with established industry professionals and share their voices through both a podcast and a networking program.

As part of ARIA Week 2019, Spotify Sydney celebrated the Australian music business with an event called "Allies: Bring One, Be One, Meet Many." The 200+ guests were invited to recognize and celebrate female achievement, talent and allyship in the Australian music business.

“ It's clear that over the past year alone, Spotify's Australian team has embodied the heart and ambition of an ally....Diversity, inclusion and social impact are top of mind for Spotify Australia.”

- The Industry Observer

International Women's Day

Celebrating International Women's Day is a must for us at Spotify. If we want to create an inclusive environment and ensure that everyone has a keen sense of belonging, these key dates must be on our calendar. In 2019, Spotify teamed up with like-minded companies to found the Nine Muses Festival. The goal of Nine Muses is to create a movement where women and allies in the creative arts help each other overcome obstacles and create a more equal playing field.

We also celebrated International Women's Day in Colombia through a networking event for female artists. This included a panel with Andrea Echeverri from Aterciopelados and Goyo from ChocQuibTown who shared their experiences and the challenges of working in the music industry, as well as details on how to overcome the various difficulties that women still encounter.

Our Social Impact Programs

At Spotify, we offer a series of programs to advocate and provide a platform for female creators to be heard – whether that be through music making, podcasting or sound production and engineering.

EQL Directory

In partnership with SoundGirls, we have created a global database of professionals that seeks to increase representation of women working behind the scenes in music and audio.

Equalizer Project

This initiative, which consists of both a podcast and networking program, gives women and other underrepresented groups a chance to connect with established industry professionals and share their voices.

Sound Up

This week-long program trains the next generation of leading podcasters through education, mentorship and support from Spotify, with the goal of uplifting and increasing representation of the voices of women of color and other underrepresented groups.

EQL Studio Residency

This residency program, in partnership with Berklee College of Music and Secret Genius Studios, offers three paid residencies at studios in New York, Nashville and London for women in the music industry. Now in its second year, our EQL Studio Residency helps open the door for emerging female producers and engineers while shining a light on the great work already being done by women in the music industry.

Escuta as Minas (Listen to the Women)

In order to increase diversity and representation of female voices in the Brazilian audio industry, Spotify turned a house in Sao Paulo into a studio space where female artists worked with female producers and female technicians to make music. The women hosted live performances and spoke with famous artists about how they have overcome some of the challenges of being female in the music industry.

Looking Ahead

In 2020, we're looking forward to launching new initiatives, including a new program in the Middle East that will look to increase gender equity through research, toolkits, artist workshops and access to studios.

Our goal is that this initiative and others will increase female representation in the industry and support female content creation.

Fostering an Inclusive Ecosystem

Spotify's goal is to become the world's first true audio network. In order to do this, our platform and business must – and will – evolve. But above all, our priority remains creating a safe, welcome and inclusive place for all members of the Spotify community.

In 2019, Spotify continued to increase its trust and safety footprint. We grew the size of our team, analyzed how certain values translate across regions, and improved our content review and moderation capabilities so we can review content quicker and more efficiently.

We also continued our work to guard against the potential discriminatory side-effects of machine learning through research into issues such as algorithmic bias and creator representation in Spotify streams and playlists.

Every day, we continue to improve tools and processes, as well as our policies and expectations, to ensure we are creating not only a safe community, but one that celebrates and prioritizes inclusivity and belonging.



Unlocking Spotify for All

Spotify has always focused on innovation that fosters greater accessibility – this includes both providing as many fans as possible around the world access to our platform and, once there, ease of access in navigating it.

Spotify's Accessibility Guild

Helping to make our mission a reality are Spotify's Accessibility Guild. The Guild is always on the lookout for new and innovative ways to make our platform more accessible and inclusive, including by sharing the latest research and knowledge with band members, developing tools to review accessibility on our platform and creating forums for discussions in the industry.

In 2019, we marked the Global Accessibility Awareness Day by inviting over 250 members of the accessibility community into Spotify's Stockholm office to discuss digital accessibility and what it means for design. In addition, on platform, we carried out an audit of our desktop application to identify focus areas for inclusivity and accessibility.

Reaching More Fans

To ensure audio lovers everywhere can tune in and listen, in 2019 we introduced **Spotify Lite**, a simplified version of our platform specialized for older devices and operating systems. The platform was built based on real user feedback from those in areas with limited bandwidth and phone storage. At only 10 MB, Spotify Lite allows users to easily control data and storage – even giving users a notification if they reach their data limit. Spotify Lite is currently available in 36 markets across Asia, Latin America, the Middle East and Africa. Spotify also invests in improving access to our platform in the developing world through our support of ongoing efforts like the **Libra Association**, a new global payments system, which would have the potential to empower both creators and fans in underserved markets by enabling financial inclusion.





05

Reporting Principles & Notes

Materiality Analysis

Spotify's Materiality Analysis was 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. Our findings from this analysis became the framework for our 2017 Sustainability Report and will continue to guide these annual reports moving forward.

For this initial analysis, we:

- Analyzed sustainability reporting frameworks, articles and news reports regarding the impact of our technology and the IT sector;
- Involved a cross-functional team who looked at our peers; and
- Launched an employee survey and hosted a workshop with representatives from different functions to secure perspectives on what mattered most to Spotifyers and our business.

The illustration to the right shows the nine material aspects that are the basis for our report, including anti-corruption which is a legal requirement.

Materiality assessment results



Relative impact:
Topics where we at Spotify think we could have a high impact as a result of our business and operations.

Stakeholder's need for information:
This scale is based on what we perceive as readers of the report; what the readers would expect us to report on.

Material aspects

Our People

- 12 Diversity, equality and inclusion in the workforce
- 13 Non-discrimination policies
- 22 Implementation and communication of corporate values and ethics

Our Practice

- 1 Emissions of greenhouse gases
- 2 Energy use and efficiency
- 5 Waste disposal, including discarded hardware
- 8 Protection of data privacy
- 24 Anti-corruption

Our Platform

- 15 Content responsibility

About this Report

This is Spotify AB's third Sustainability Report and refers to the financial year 2019. The report is based on the requirements in the Swedish Annual Accounts Act (implementing EU Directive 2014/95 regarding disclosure of non-financial information) and references certain Global Reporting Initiative (GRI) Standards disclosures.

The Sustainability Report covers the parent company, Spotify AB (corporate ID no. 556703-7485), headquartered in Stockholm, Sweden, and all subsidiaries as per note 13 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 permanent employees per year end 2019. In addition to our permanent headcount of 4,924 (3,855 in 2018), we had 66 fixed term employees or intern/student contractors (69 in 2018) working at Spotify in December 2019.

With regards to our US specific diversity data we have changed the scope for 2019 to include permanent employees, captured on our central HR database. This is consistent with how we track the rest of our people data. With regards to gender, we ask employees to identify themselves as male, female or non-binary. Employees are also given the option of not responding. Some 0.2% of our employees have identified themselves as non-binary. We do not have any data on the gender of 3.4% of our people. We report our performance regarding diversity and inclusion with reference to Disclosure 405-1 from GRI 405: Diversity and Equal Opportunity 2016.



Environmental Data

We do not have complete environmental data for all Spotify activities and locations at this time, but will continue developing the data collection process going forward.

We have faced some limitations to gathering data. Therefore, we report office energy consumption based on two offices in Sweden, one in New York, one in Boston and our London office, which in terms of employees represents approximately 75% (we reported on 69% of total employees in 2018). For our New York office, the emissions from heating were calculated using extrapolations based on the average emissions per employee in Boston.

In order to report emissions of greenhouse gases from purchased electricity and heat, we have utilized supplier specific emission factors and renewable electricity certificates. If unavailable, average emission factors for each geography and from the International Energy Agency (IEA) average have been used. Where the electricity used is reported as renewable, we have assumed zero greenhouse gas emissions. For district heating and cooling, we have obtained emission factors from local utility companies.

The energy consumption from our Content Delivery Network (CDN) is partly based on measurements and partly on extrapolations, depending on the availability of the data; 35% of the CDN energy has been measured and the remaining has been extrapolated.

For business travel, we have received data on air travel from our travel agents for all trips booked via them, which includes most of our travel. Emissions are calculated based upon actual trips and emission factors published by the European Environment Agency (EEA) and UK Department for Environment, Food and Rural Affairs (DEFRA) and a development of the International Civil Aviation Authority (ICAO) methodology. In 2018, we calculated our carbon emissions per employee based on the number of permanent employees on 31 December 2018. In 2019, we have changed our methodology and calculated our emissions,

including the high-altitude effects of non-CO2 emissions, based on the average number of Full Time Equivalent employees (FTEs) over the year, including consultants and fixed term employees. This is also the calculation we will use when measuring our 2020 reduction goal.

Offsetting our total known emissions from air travel has resulted in decreasing our net Scope 3 emissions from business travel. We report environmental data with reference to Disclosure 302-1 and 302-2 from GRI 302: Energy 2016, Disclosure 305-2, 305-3 and 305-5 from GRI 305: Emissions 2016.

Other Data

We do not currently have any performance data regarding content responsibility, but we do report on our policies and activities. For data privacy, we track and report the number of user access requests, and register and react to any substantiated complaints made by regulatory authorities regarding breaches of customer privacy. Similarly, for anti-corruption, we monitor confirmed incidents of corruption or bribery that have come to our attention through existing reporting channels.

We report our performance with reference to Disclosure 418-1 from GRI 418: Customer Privacy 2016.

Statutory Sustainability Reporting

This sustainability report has been prepared to comply with the Swedish Annual Accounts Act, as well as other stakeholder expectations on sustainability information. In the table on the following page, we indicate how we have complied with the legislation and where in the report the information may be found.

Legislative Requirements	Spotify Response	Section in Report
Business Model	Key aspects of the Spotify business model are described in the report	<ul style="list-style-type: none"> • This Is Spotify
Risks	<p>We report on our most material impacts with respect to the areas mentioned in the legislation:</p> <ul style="list-style-type: none"> • Environment: energy use, greenhouse gases, waste generation & recycling • Employees: diversity, equality and inclusion, non-discrimination, implementation and communication of corporate values and ethics • Social matters: content responsibility • Human rights: data privacy • Anti-corruption: anti-corruption <p>We consider these impacts to correspond with the most significant risks for Spotify and/or stakeholders. We have addressed how we manage these impacts & risks throughout the report.</p>	<ul style="list-style-type: none"> • For Our People • With Our Practices • Through Our Platform
Policies	<p>We have policies (or position on/management approach) in place for most of the areas and impacts & risks mentioned above.</p> <p>With regard to our environmental impact we are in the process of developing a more coherent strategy, and do not as yet have any formal policies in place.</p> <p>Our priorities and activities in each area are reported in relevant sections of the report.</p>	<ul style="list-style-type: none"> • For Our People • With Our Practices • Through Our Platform
Performance Indicators	<p>We report measures of performance for each impact & risk mentioned above, where relevant and data is available.</p> <p>The performance indicators are reported in each section of the report, and details on data collection procedures are presented in the notes section.</p>	<ul style="list-style-type: none"> • For Our People • With Our Practices • Through Our Platform • Reporting Principles & Notes

Auditor's Report

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 2019 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 6 March 2020
Ernst & Young AB



Hamish Mabon
Authorized Public Accountant



Contact

In case of questions about this report, please contact sustainability@spotify.com. Spotify's financial data and corporate policies, such as Code of Conduct and Ethics, are available on our investor website: <https://investors.spotify.com>.