

Our Impact Strategy and Progress

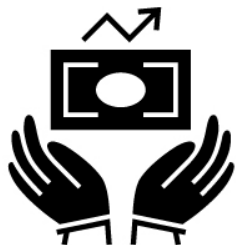
We are committed to growing sustainably by aligning our mission, guiding principles, and business strategy.

We have developed an Impact strategy that reflects the positive economic, social, and ecological impact we want to have on the world while advancing and complementing our business strategy, and we are pleased to provide this update on our progress. Since announcing our Impact strategy in 2017, we have continued to evolve and update many of our goals to be more specific, measurable, and time bound, all while continuing to expand the transparency of our reporting on these activities. We apply the same focus, discipline, and accountability to our Impact metrics as we do our financial metrics, and together, they make us stronger and more resilient. We expect to continue to evolve our Impact strategy and disclosures in the future as we grow and our Impact work matures. In addition, we have made improvements to our Investor website to make it easier for investors to find details on our Impact strategy and progress, including our three primary Impact pillars, as well as more details on human capital management, data privacy and security, and other important ESG disclosure areas.

We acquired Reverb in August 2019 and updated our 2020 Impact goals to be inclusive of Reverb. Except where specifically noted, our Impact data includes the operations of our Reverb subsidiary.

2020 Impact Highlights

Economic Impact



Make creative entrepreneurship a path to economic security and personal empowerment.

We have met our goal to double Etsy sellers' U.S. economic output by 2023. U.S. Etsy sellers contributed \$13 billion to the U.S. economy in 2020, up 142% from our 2018 baseline, created 2.6 million jobs, enough to employ the entire city of Houston, Texas while generating nearly \$4 billion in income to U.S. households.

Social Impact



Enable equitable access to the opportunities that we create.

Etsy continued to attract and retain world-class talent in 2020, with a keen focus on diversity and gender balance. In 2020, Etsy (excluding Reverb) more than doubled the percentage of our leadership level employee population who identify as an underrepresented minority (Black, Latinx, or Native American; collectively, "URM"). URM hires constituted 20% of U.S. hires in 2020, and our U.S. URM employee population has increased from 8.5% in 2018 to 12.5% in 2020.

Ecological Impact



Build long-term resilience by eliminating our carbon impacts and fostering responsible resource use.

We met our 2020 goal to source 100% of our electricity from renewable energy. This includes electricity used to power our global offices, remote electricity used by employees working from home in the United States as a result of COVID-19, and our computing load in colocated data centers and Google Cloud. We also met our goal to run a carbon neutral business for 2020 by investing in over 400,000 verified emissions reductions that protect forests, sponsor wind and solar farms, and help develop greener methods for producing auto parts.

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2020 was an unprecedented year due to the global pandemic and broad social issues impacting our team and the communities we serve. With our Impact strategy as a north star, we were agile and stepped up our efforts well beyond the scope of the original goals we had outlined for 2020, all while working in a completely remote environment. Our additional 2020 Impact work included the following:

- **Direct Support for Sellers:** Expanded seller education to help them manage their shops through this challenging time, implemented seller fee reductions, expanded our marketing strategies to further support and feature underrepresented minority sellers in our marketplace, and launched advocacy campaigns in the United States, United Kingdom, and Europe, to win government support and economic relief for small businesses, the self-employed, and sole proprietors, such as Etsy sellers.
- **Philanthropy:** Made personal protective equipment (“PPE”) donations and grants to community organizations and programs that enable creative entrepreneurship, advance racial justice, and help those most impacted by the pandemic, encouraged our employees to participate in charitable organizations through paid volunteer time off and other activities.
- **Expanded Diversity, Equity, and Inclusion Investments:** We further expanded our already robust Diversity, Equity, and Inclusion (“DEI”) program while pivoting hiring, engagement, mentorship, and our Employee Resource Group (“ERG”) program to a remote environment. Our main goal is to create safe spaces for Etsy employees, strengthen social connections and professional networks, build Etsy’s collective cultural intelligence and increase equitable opportunity. We continue to expand our ERG communities in 2021 which now includes those focused on remote employees, mental health, and a group for Jewish employees called Jetsy. In 2020 our ERGs included:



We have started off 2021 by making some important new commitments related to our ecological impact, including:

- **Science Based Goals:** In January 2021, we set long-term carbon reduction goals that are aligned with science, doing our fair share to prevent the worst effects of climate change. Our new Net Zero by 2030 goal includes a 50% absolute reduction in our Scope 1 and 2 greenhouse gas emissions and a 13.5% absolute reduction in our Scope 3 greenhouse gas emissions.
- **New TCFD Framework:** Based upon feedback from the investment community, we have added the Task Force on Climate-Related Financial Disclosures (“TCFD”) framework, in addition to using The Sustainability Accounting Standards Board’s (“SASBs”) framework, to our Impact reporting. You can find this disclosure on pages 32-35 herein.

Looking forward, we have more exciting business strategy-aligned Impact work in the pipeline. Below are details of our economic and social pillars, including longer term diversity goals for Etsy and Reverb, and additional goals related to marketplace and supply chain sustainability and diversity.

Economic Impact

2020 Goals	2020 Progress	2021 Goals
<p>Create and grow economic opportunities for creative entrepreneurs.</p> <p>Target: Double U.S. Etsy sellers’ economic output by 2023.</p>	<p>Expanding our Economic Impact</p> <p>Target Met:</p> <p>In 2020, Etsy met and exceeded its 2018 goal of doubling sellers’ economic impact by 2023.*</p> <p>In 2020, Etsy sellers:</p> <ul style="list-style-type: none"> - Contributed \$13 billion to the U.S. economy, a 142% increase from our baseline of \$5.37 billion in 2018; - Created 2.6 million jobs in the independent worker economy, enough jobs to employ the entire city of Houston, Texas;** - Generated nearly \$4 billion in income for sellers; and - Produced \$6.8 billion in additional economic value by harnessing their creativity and bringing unique products to market. <p>* To calculate these results, Etsy commissioned its third economic impact study with ECONorthwest, an independent economic consulting firm, to explore the ways Etsy sellers in the United States contribute to the national economic landscape.</p> <p>** Houston, Texas has a population of 2.3 million.</p>	<p>Create and grow economic opportunities for creative entrepreneurs.</p> <p>Target:</p> <p>Set a new target and establish a baseline for delivering economic empowerment to our sellers.</p>
<p>Foster economic and personal empowerment among our stakeholders.</p> <p>Target: Invest in social programs that:</p> <ul style="list-style-type: none"> - promote economic opportunities for creative entrepreneurs and - provide musical education to people in need (Reverb). 	<p>Philanthropy</p> <p>In 2020, we invested over \$2.6 million in charitable gifts, which supported community organizations and programs:</p> <ul style="list-style-type: none"> - to enable creative entrepreneurship, - to advance racial justice, - to help those most impacted by the pandemic (including with personal protection equipment and grants), and - to provide natural disaster relief to Etsy sellers. <p>We also expanded our employee matching program from \$500 to \$750 matched annually and, through Reverb Gives, supported musical education initiatives globally.</p> <p>Community Engagement</p> <p>Collectively, Etsy employees donated over 2,000 hours of volunteer time in their communities through Etsy’s Impact Hours program, which gives all employees up to 40 hours per year to volunteer.</p>	<p>Foster economic and personal empowerment among our stakeholders.</p> <p>Target:</p> <p>Invest in social programs that:</p> <ul style="list-style-type: none"> - promote economic opportunities for creative entrepreneurs and - provide musical education to people in need (Reverb).

Economic Impact (continued)

2020 Goals	2020 Progress	2021 Goals
<p>Advocate for public policies that advance our commitments to economic empowerment, equity, and ecological sustainability.</p> <p>Target: Advance public policies that increase economic security and reduce administrative burdens for creative entrepreneurs.</p>	<p>Advocating for Creative Entrepreneurs</p> <p>In 2020, we continued our advocacy for public policies that enable creative entrepreneurs to start and grow their businesses, including COVID-19 relief for the self-employed and sole proprietors, support for the United States Postal Service, portable benefits, and sensible platform regulation. We also supported public policies to reduce carbon emissions in the transportation and logistics sector, as well as economic justice policies to support microbusinesses operated by women, indigenous community members, and people of color.</p> <p>Activating the Power of Etsy Sellers</p> <p>Over 88,000 Etsy sellers advocated on the above issues in Washington, D.C., California, Brussels, France, and the United Kingdom and generated over 333,000 messages to lawmakers on behalf of our community.</p>	<p>Advocate for public policies that advance our commitments to economic empowerment, equity, and ecological sustainability.</p> <p>Target: Advance public policies that increase economic security and reduce administrative burdens for creative entrepreneurs.</p>

Social Impact

2020 Goals	2020 Progress	2021 Goals
<p>Build diverse and inclusive workforces that are broadly representative of their communities.</p> <p>Targets:</p> <ul style="list-style-type: none"> - Approximately double the percentage of Black and Latinx employees at Etsy by 2023. - Set a baseline and goals for Reverb’s performance and pay practices, hiring rubric, and diversity, equity, and inclusion strategy. 	<p>Expanding our Diversity, Equity, and Inclusion (“DEI”) Efforts</p> <p>We continued to expand our robust Diversity, Equity, and Inclusion program while pivoting all of our hiring, engagement, mentorship, sponsorship, and Employee Resource Group (“ERG”) program activities to a remote environment. We drew strength from our programmatic commitments and demonstrated progress during worldwide protests against police violence and racial inequality in May, June, and July 2020.</p> <p>Attracting Diverse Talent with a Focus on Leadership Representation</p> <p>In 2020, we deepened our work to recruit underrepresented minority (“URM”) candidates, and we amplified our employer brand awareness efforts. As a result, this year Black, Latinx, and Native American people now comprise 8.6% of Etsy and Reverb’s combined leadership-level workforce, up from 4.5% in 2019.</p> <p>Progress on our DEI Goals</p> <p>We made progress on the goal we set in 2018 to double the percentage of Black, Latinx, and Native American employees at Etsy by 2023. In 2020, Black, Latinx, and Native American people constituted 20.0% of U.S. Etsy hires. As a result, Black, Latinx, and Native American people now make up 12.5% of Etsy’s (excluding Reverb) U.S. workforce, up from 8.6% in 2018 and 11% in 2019.</p> <p>Our 2020 DEI goal for Reverb was to study that business and set baseline DEI goals for Reverb, which we did. This is to approximately double the percentage of U.S. employees who identify as Black, Indigenous, or a Person of Color (collectively, “BIPOC”), and to reach gender parity.</p> <p>Employee Engagement and Retention</p> <p>We launched the second cohort of our Mentorship Circle Program, an Engineering Sponsorship program for women and underrepresented minority engineers, launched a Company-wide DEI learning platform called Blue Ocean Brain, held community-wide vigils for Black Lives Matter, created grief circles and extra mental health benefits for struggling employees, held anti-racism workshops for parents, created flexible schedules and paid time off options for employees who had expanded caregiving responsibilities due to the pandemic, and donated \$1 million to support Black-led organizations that support racial justice, voting rights, and criminal justice reform.</p> <p>Pay Equity</p> <p>We continued to invest in fair pay practices, and saw positive results in our 2020 Pay Equity analysis, which was conducted by a third-party consulting firm. The analysis found no unexplained pay gaps adverse to women or employees from other marginalized genders, or non-white employees. This was consistent with the findings of our 2018 analysis.</p>	<p>Build diverse and inclusive workforces that are broadly representative of their communities.</p> <p>Targets:</p> <ul style="list-style-type: none"> - Approximately double the percentage of U.S. employees at Etsy who identify as Black, Latinx, or Native American by 2023. <p>Reverb:</p> <p>Approximately double the percentage of U.S. employees at Reverb who identify as BIPOC by 2026 (from 16.5% to at least 33% by 2026).</p> <ul style="list-style-type: none"> - Reach gender parity at Reverb by 2026 (increasing women and marginalized genders from 29.3% to at least 50% by 2026).

Social Impact (continued)

2020 Goals	2020 Progress	2021 Goals
<p>Build a diverse, equitable, and sustainable supply chain to support our operations and bring value to our company and our vendors.</p> <p>Target: Ensure at least 50% of Etsy’s small- and medium-sized enterprise suppliers are owned by women, minorities, or veterans by 2022.</p>	<p>Supply Chain Responsibility</p> <p>Through our supplier vetting program, we collected impact data from 59% of Etsy’s suppliers, representing 84% of Etsy’s supplier spend in 2020, and we continued to track our supply chain impact across key indicators. Of suppliers who have provided information through our impact survey, we found that:</p> <ul style="list-style-type: none"> - 81% of Etsy’s spend went to companies that have set a greenhouse gas emissions reduction goal; and - 43% of Etsy’s small and medium-sized suppliers (sole proprietors up to 250 employees) are owned by women, minorities, or veterans. <p>We will continue to enhance data collection protocols to increase coverage across more of our full supply chain.</p> <p>Supplier Diversity</p> <p>In line with Etsy’s commitment to enable equitable access to economic opportunities, we are taking meaningful steps to ensure we have diverse representation across our supply chain. Etsy’s plans to increase the percentage of women-, minority-, and veteran-owned businesses in our supply chain were disrupted in 2020 by the closure of our offices and cancellation of in-person business activities, which in turn disrupted many of our supplier purchases. This led to a decrease in the percentage of women-, minority-, and veteran-owned small- and medium-sized suppliers that we engaged relative to our 2019 baseline. To address the negative impact COVID-19 had on our small- and medium-sized enterprise suppliers, we created a COVID-19 economic relief fund for our suppliers and distributed \$100,000 in grant funding to these suppliers, with prioritization going to women-, minority-, and veteran-owned businesses. We also provided small business suppliers with information on how to access COVID-19-related relief funding and support. As we resume in-person business activity, we will continue our work to ensure that by 2022 at least 50% of Etsy’s small- and medium-sized enterprise suppliers are owned by women, minorities, or veterans. We believe there is a pathway to achieve our target, but it is largely dependent on our ability to resume in-person activities, including in-office events, employee programs, and in-person marketing activities.</p> <p>Outsourcing Vendor Labor Practices</p> <p>In 2020, we automated the data collection and assessment of employment practices for Etsy suppliers that provide full-time contractors to support Etsy. We consolidated findings related to their wage, paid leave, and benefits practices and conducted research to inform a future employment practice standard.</p> <p>Sustainable Supply Chain</p> <p>In an effort to understand and influence the sustainability of our supply chain, we added purchased goods and services to our greenhouse gas inventory this year. In 2020, emissions from our corporate supply chain were 42,646 tCO₂e, or 10.5% of our total footprint. We plan to leverage our negotiating power in our supply chain agreements to contribute to our new Net Zero by 2030 goal.</p> <p>Influencing Suppliers to Improve their Social, Environmental, and Economic Practices</p> <p>As our purchasing power grows, our ability to influence our suppliers to address pressing social, economic, and environmental challenges also grows. We have always tried to use this leverage to make meaningful progress across our key impact areas. In 2020, we focused on influencing vendors to improve practices, including: (1) wage, benefits, and paid leave standards for their employees; (2) environmentally responsible methods for producing goods and services; and, (3) policies that promote more inclusive workforces.</p>	<p>Build a diverse, equitable, and sustainable supply chain to support our operations and bring value to our company and our vendors.</p> <p>Targets:</p> <ul style="list-style-type: none"> - Ensure at least 50% of Etsy’s small- and medium-sized enterprise suppliers are owned by women, minorities, or veterans by 2022. - Achieve a 13.5% absolute reduction in our carbon footprint from purchased goods and services by 2030.

Social Impact (continued)

2020 Goals	2020 Progress	2021 Goals
<p>Ensure our marketplaces are diverse, welcoming, and inclusive places to sell and shop.</p> <p>Target: By 2021, define a key performance indicator and establish a baseline for marketplace diversity and inclusivity.</p>	<p>Inclusive Marketing</p> <p>In 2020, we worked to ensure that the images we proactively created and shared in our marketplace were representative of the communities in which we live by committing to a policy to include at least 30% representation of black or brown skin tones in marketing assets. In the fourth quarter of 2020, 59% of the images with a human element developed by our creative team had black or brown skin tone representation. Our award-winning Gift Like You Mean It ad campaign, which aired across the United States during the holiday season, showcased our commitment to diversity and inclusion by featuring Black, Latinx, and LGBTQ community members and storylines, as well as people with disabilities.</p> <p>Highlighting Diversity as a Core Component of our Brand</p> <p>We embedded diversity into our everyday work to highlight that it is a core component of who Etsy is as a brand and company. We featured and celebrated Black and Latinx owned shops during a time when supporting small businesses was more important than ever before, and we created a Black-owned Business Etsy Community where sellers can opt-in, build community, and support one another.</p>	<p>Ensure our marketplaces are diverse, welcoming, and inclusive places to sell and shop.</p> <p>Target:</p> <p>In 2021, define a key performance indicator and establish a baseline for marketplace impact.</p>

Ecological Impact

2020 Goals	2020 Progress	2021 Goals
<p>Achieve best-in-class sustainable operations by sourcing 100% renewable electricity, reducing the intensity of our energy use, and running zero waste operations.</p> <p>Targets:</p> <ul style="list-style-type: none"> - Source 100% of Etsy’s electricity from renewable sources by 2020. - Achieve a 25% reduction in the intensity of Etsy’s energy use by 2025. - Maintain a 90% waste diversion rate across global operations. 	<p>Renewable Electricity</p> <p>Target met:</p> <p>We met our goal to source 100% of our electricity from renewable energy by 2020. This was up from 76% in 2019. This includes electricity used to power Etsy and Reverb’s global offices, remote electricity used by employees working from home in the United States as a result of COVID-19, and Etsy.com’s computing load in colocated data centers and Google Cloud.</p> <p>Energy Use</p> <p>In 2020, our total operational energy footprint was 13,138 MWh, of which 61% was from electricity. Because our offices were closed for much of the year due to COVID-19, we included estimations of remote energy use for employees working from home totaling 4,482 MWh.</p> <p>Our colocated data centers accounted for 1,506 MWh, and we estimate our energy consumption from Google Cloud in 2020 to be 4,169 MWh. In total our energy use for computing was 43% of our total energy use in 2020.</p> <p>To address data availability challenges associated with allocating energy consumption from the cloud, Etsy developed an estimation methodology to account for our Google Cloud computing footprint, which has been reviewed by industry experts. Quantification of our cloud energy consumption is allowing us to meaningfully explore and activate levers of change to drive further cost and energy efficiencies in our computing footprint. We shared this estimation methodology publicly in 2020. By making this methodology public, we hope to make it easier for peers to use and build on this approach, and to drive transparency, accountability, and progress in efficient computing.</p> <p>Energy Efficiency</p> <p>Our 2020 office energy footprint was 2,981 MWh. In offices where Etsy maintains operational control, we achieved a 48% reduction in energy intensity (kWh per square foot) across our global operations based on a 2016 baseline. While our efficiency work has driven significant progress since 2016, the magnitude of this reduction was due to COVID-19 office closures.</p> <p>For computing energy use, we achieved a 23% reduction in total energy use between 2018 and 2020, despite substantial growth in our business over the same time period.</p> <p>Diversion from Landfill</p> <p>In 2020, Etsy achieved zero waste operations for the third year in a row by diverting over 90% of waste from landfill. In 2020, we diverted 93% of waste generated from office and data center operations from landfill.</p>	<p>Achieve best-in-class sustainable operations by sourcing 100% renewable electricity, reducing the intensity of our energy use, and running zero waste operations.</p> <p>Targets:</p> <ul style="list-style-type: none"> - Continue to source 100% of electricity from renewable sources. - Achieve a 25% reduction in the intensity of our energy use by 2025. - Maintain zero waste across global operations for Etsy. - Run zero waste operations at Reverb by 2025.

Ecological Impact (continued)

2020 Goals	2020 Progress	2021 Goals
<p>Run a carbon neutral business. Target: Offset 100% of measured Scope 1, 2, and 3 emissions.</p>	<p>Running a Carbon Neutral Business Target Met: We have run a carbon neutral business since we launched carbon-offset shipping in 2019. For 2020, we invested in 404,737 verified emissions reductions (“VERs”), protecting forests, sponsoring wind and solar farms, and developing greener methods for producing auto parts. Being carbon neutral allows us to take immediate action to balance our footprint while we work toward long-term reductions in our value chain as a part of our new Net Zero by 2030 goal.</p> <p>Expanding Accountability for our Carbon Footprint Each year we evaluate our corporate greenhouse gas boundary to ensure that we are taking responsibility for the climate change impacts of our business. Our approach is to be as comprehensive and transparent as possible. That’s why we have expanded our inventory to account for the greenhouse gas impacts from: (1) the packaging our sellers use to ship products to buyers, (2) the energy use of our platforms on consumer devices, and (3) our supply chain. Our full greenhouse gas inventory can be seen below in our SASB disclosure.</p> <p>Advocating for Climate-Friendly E-commerce We take action in support of policy solutions that will help to drive carbon reduction in the long term. In 2020, we prioritized advocating for ambitious regional policies that have the potential to accelerate the decarbonization of the transportation sector and drive significant market transformation. We are especially focused on electrification infrastructure and heavy- and medium-duty vehicles that play an important role in e-commerce logistics. We continue to collaborate with peers, vendors, and NGOs on industry-wide efforts to drive efficiency and resilience in the shipping and logistics sector.</p>	<p>Achieve Net Zero by 2030 and run a carbon neutral business now.</p> <p>Targets:</p> <ul style="list-style-type: none"> - 50% absolute reduction in Scope 1+2 greenhouse gas emissions by 2030. - 13.5% absolute reduction in Scope 3 greenhouse gas emissions by 2030. - Offset 100% of measured Scope 1, 2, and 3 greenhouse gas emissions annually.
<p>Establish our marketplaces as destinations for sustainably-minded shoppers and conscious living. Target: By 2021, define a key performance indicator and establish a baseline for marketplace sustainability.</p>	<p>Adding a Local Seller Signal We added a “local seller” signal to listing pages when the buyer is in the same ship-from region as the item. Local purchases can play a significant role in reducing our carbon footprint from shipping. Buyers appreciated being able to shop locally too; we saw a conversion rate increase upon adding the local signal.</p> <p>A Holistic Approach to Marketplace Impact As we undertook work on this goal in 2020, we realized that the positive impact our marketplace can drive should not be evaluated through a single-issue lens. Instead the potential to leverage our marketplace for meaningful impact is best realized at the intersection of our three strategic Impact pillars - economic, social, ecological. That’s why in 2021 we will continue the work we started this year to develop a more holistic approach to marketplace impact that is integrated across our teams.</p>	<p>Establish our marketplaces as destinations for sustainably-minded shoppers and conscious living.</p> <p>Target: In 2021, define a key performance indicator and establish a baseline for marketplace impact.</p>

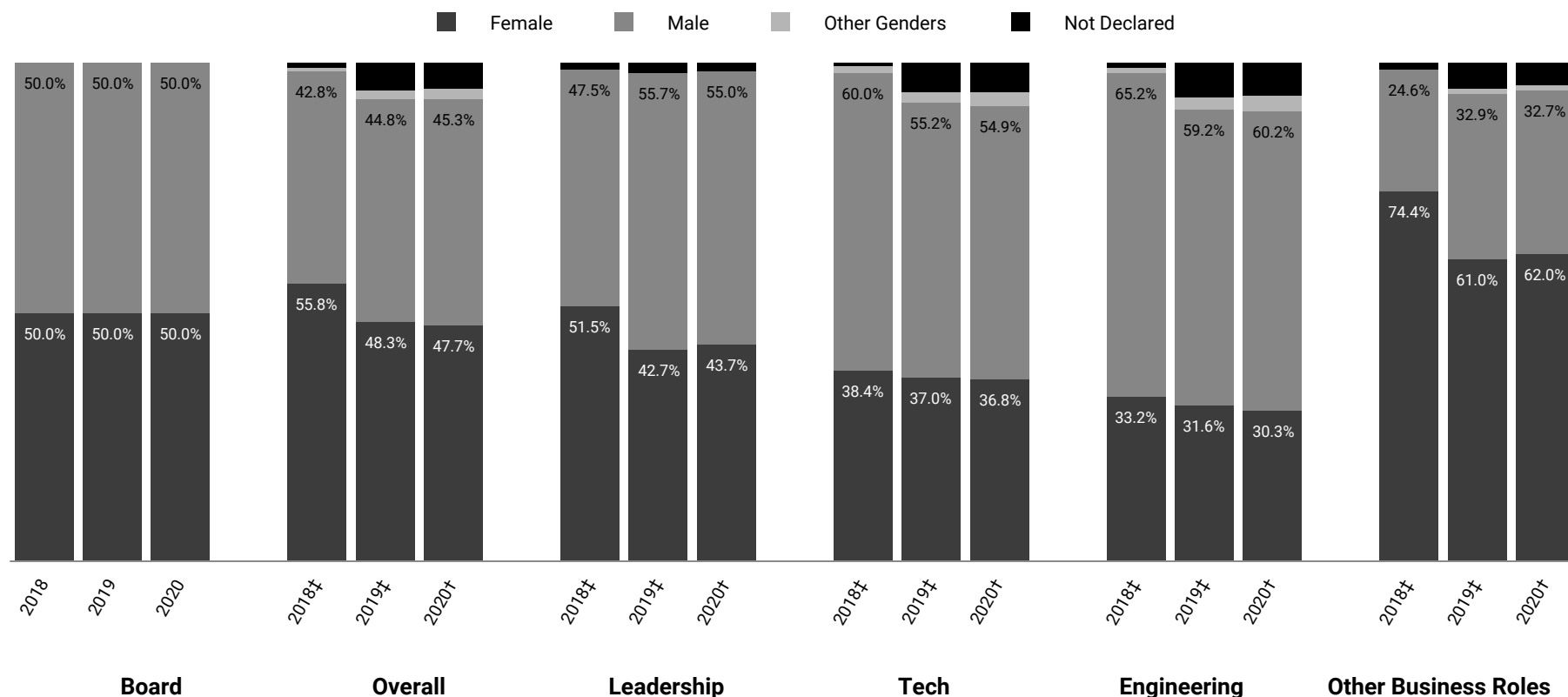
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Our mission is to “Keep Commerce Human.” Our DEI goals are integral to who we are as a company: namely, a marketplace and a workplace that are made stronger by the unique and special qualities of our communities.

We are committed to transparent reporting on workforce diversity. All metrics below are as of December 31 of the stated year. Overall metrics include all employees globally. Leadership is defined as Director level and above. Engineering employees are defined as those employees who work within the Engineering Job Family Group. Tech employees are defined as those employees who work on Product, Engineering, Analytics and HR Information and Financial Systems Administration teams. Other Business Roles are defined as those employees who work in roles outside of the Tech definition, inclusive of non-tech Leadership positions. Gender and age metrics represent our global employee base, while race and ethnicity metrics represent U.S. employees only. 2019 and 2020 metrics include both Etsy and Reverb employees, while metrics from 2018 do not include Reverb employees.

Our Board of Directors also affirmed its dedication to diversity in 2020, committing to actively seek out diverse director candidates to include in the pool from which Board nominees are chosen. Etsy will provide additional disclosures on Board diversity in our Proxy Statement for our 2021 Annual Meeting of Stockholders.

Gender Metrics - Global



† Etsy commissioned an external third party to perform attest procedures with respect to our diversity metrics as of December 31, 2020. Full details and data methodology are available at investors.etsy.com.

‡ Metrics for which historical data has also been subject to previous attest procedures.

Race & Ethnicity Metrics - U.S. Only

	Board	Overall			Leadership			Tech			Engineering			Other Business Roles		
	2020	2018†	2019†	2020†	2018†	2019†	2020†	2018†	2019†	2020†	2018†	2019†	2020†	2018†	2019†	2020†
American Indian or Alaska Native	—%	0.1%	0.1%	0.2%	—%	—%	0.7%	—%	—%	0.1%	—%	—%	—%	0.3%	0.2%	0.2%
Asian	—%	16.5%	15.3%	17.5%	19.3%	15.5%	14.4%	22.6%	21.1%	25.6%	21.9%	20%	22.6%	8.5%	7.7%	8%
Black/African American	12.5%	3.7%	5.2%	5.9%	3.4%	2.7%	5.8%	2.6%	4.6%	5%	3.2%	5.1%	5.5%	5.5%	5.9%	7.2%
Hispanic	—%	4.8%	5.2%	6.1%	—%	1.8%	2.2%	4.7%	4.7%	4.6%	5.1%	5.5%	5.5%	5.2%	5.7%	8%
Two or More Races	—%	2.8%	3.1%	3.4%	2.3%	2.7%	3.6%	3%	3.6%	4.2%	3.2%	4.1%	4.4%	2.7%	2.4%	2.5%
White	87.5%	67.0%	64.6%	63.0%	75%	72.7%	71.9%	60.8%	58.8%	56.4%	60.8%	58.4%	57.5%	74.8%	72.1%	70.6%
Not Declared	—%	5.1%	6.5%	3.8%	—%	4.6%	1.4%	6.3%	7.2%	4%	5.8%	6.9%	4.6%	3%	6%	3.3%

Age Metrics - Global

	2018†	2019†	2020†
24 years and younger	5.3%	4.3%	3.3%
25-29 years	27.9%	27.6%	25.3%
30-34 years	32.2%	34.9%	33.8%
35-39 years	20.8%	19.5%	21.4%
40-49 years	11.1%	11.0%	12.9%
50+ years	2.7%	2.7%	3.3%

† Etsy commissioned an external third party to perform attest procedures with respect to our diversity metrics as of December 31, 2020. Full details and data methodology are available at investors.etsy.com.

‡ Metrics for which historical data has also been subject to previous attest procedures.

SASB Disclosure

The Sustainability Accounting Standards Board’s (SASB) mission is to develop sustainability metrics for public corporations to disclose material, decision-useful information to investors. Etsy’s disclosures are designed to provide comparable and consistent data. We have included below the metrics from SASB’s Consumer Goods Sector – E-Commerce industry standard that are relevant to our business.

SASB Metrics					
SASB Code	Metric		2018	2019	2020
CG-EC-000.A	Entity-defined measure of user activity	Active buyers (thousands)	39,447	46,351	81,898
		Active sellers (thousands)	2,115	2,699	4,365
CG-EC-000.B	Data processing capacity	<ul style="list-style-type: none"> In December 2017, Etsy announced our Google Cloud Partnership, an initiative to transition Etsy.com infrastructure to Google Cloud Platform (“GCP”). In February 2020, we completed our full migration to GCP. We believe this transition will result in increased engineering efficiency, and enhance our overall infrastructure by providing faster processing speed, improved page load time, and more nimble fulfillment to capacity on an as needed basis. 			
		Percentage outsourced	100%	100%	100%

Hardware Infrastructure Energy & Water Management					
CG-EC-130a.1	Total energy consumed, MWh		7,330	6,376	5,675
	Percentage renewable energy		65%	89%	100%
	Percentage grid electricity		100%	100%	100%

CG-EC-130a.3	<p>Discussion of the integration of environmental considerations into strategic planning for data center needs.</p> <ul style="list-style-type: none"> In 2020 we met our goal to source 100% renewable electricity for our operations, and we have a 2025 goal to reduce the intensity of our energy use by 25%. These goals are included as key considerations as we plan for our computing needs, and have been a focus of our sustainability efforts. When transitioning to a cloud computing infrastructure, we selected Google Cloud, a partner that shares our commitment to 100% renewable electricity. Their highly efficient data centers are expected to help us save significant overhead energy. Moreover, moving to flexible cloud-based infrastructure has enabled us to reduce energy consumption. We achieved a 23% reduction in total energy use from computing between 2018 and 2020, despite substantial growth in our business over the same time period. We actively monitor and manage energy consumption from our computing infrastructure. In 2020, our collocated data centers consumed 1,506 MWh and we estimate that our energy consumption in Google Cloud was 4,169 MWh, based on a methodology developed by Etsy and reviewed by industry experts. Quantification of our cloud energy consumption is allowing us to meaningfully explore and activate levers of change to drive further cost and energy efficiencies in our computing footprint. Our 2020 hardware infrastructure footprint does not include Reverb, but we plan to include Reverb’s energy used from computing in our 2021 analysis. In 2018, Etsy entered into a virtual power purchase agreement for solar energy in Virginia. This project is providing us with renewable attributes to apply to our operations and computing infrastructure, furthering our goals of creating a cleaner internet and reducing our impact on the planet.
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Data Privacy and Advertising Standards

CG-EC-220a.2	<p>Description of the policies and practices relating to behavioral advertising and user privacy.</p> <ul style="list-style-type: none"> We care deeply about privacy and we’re committed to being upfront about our privacy practices, including how we treat personal information. Etsy’s Privacy Policy provides a detailed explanation of our privacy practices. Etsy’s transparency report also includes details of our Privacy Principles. Among other things, our Privacy Policy covers the user information that Etsy collects or receives, the choices and control that a user has in relation to this data including based on type and sensitivity by region and worldwide, the purpose for which Etsy uses such information (including first and third party advertising purposes), our policies relating to our usage and sharing within Etsy, its affiliates and third party partners, disclosures about third party partner privacy policy and options, and user controls for sharing and controlling such information with third parties.
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SASB Metrics				
SASB Code	Metric	2018	2019	2020
Data Security				
CG-EC-230a.1	Description of approach to identifying and addressing data security risks.			
	<ul style="list-style-type: none"> Data security is overseen by our Chief Information Security Officer (“CISO”) who reports to our Chief Technology Officer (“CTO”). We strive to protect sensitive information through various means, such as technical safeguards, procedural requirements and policies, an intensive program of monitoring on both our web platform and within our corporate network, continuous testing of aspects of our security posture internally and with outside vendors, a robust incident response program, and regular training for employees. 			
Employee Recruitment, Inclusion and Performance				
CG-EC-330a.1	Employee engagement as a percentage (Etsy)	70%	76%	81%
	Employee engagement as a percentage (Reverb)			75%
	Employee engagement as a percentage and discussion of methodology.			
	<ul style="list-style-type: none"> In September 2020, Etsy conducted an engagement survey of all global employees. Of all employees surveyed across Etsy and Reverb, 92% submitted a response, and 81% of Etsy respondents and 75% of Reverb respondents reported favorable employee engagement. The survey was conducted through the Culture Amp platform and consisted of 57 questions - 53 rating questions on which employees were asked to indicate their level of agreement with a statement based on a five-point scale from Strongly Agree to Strongly Disagree, two free-text questions to which employees were asked to write out a response, and two demographic questions. The responses were analyzed against the results from a similar survey conducted in 2019, as well as Culture Amp’s 2020 New Tech - 500+ Benchmark, which consists of survey results from approximately 650 companies that are primarily internet-based or focused on creating new technologies, and that have between 500 and 5,000 employees. 			
CG-EC-330a.3	Gender and racial/ethnic group representation for leadership, technical staff and other business functions	<i>See Impact Strategy section for detailed metrics.</i>		
	Discussion of diversity and inclusion strategy and performance	<i>See Impact Strategy - Social Impact for details.</i>		
CG-EC-330a.4	Percentage of technical employees who are H-1B visa holders	2.5%	3.5%	5.1%
Product Packaging and Distribution				
CG-EC-410a.1	Total greenhouse gas (“GHG”) footprint of product shipments in metric tons CO ₂ e	135,459‡	154,078‡	303,218†
	Total greenhouse gas (GHG) footprint of packaging in metric tons CO ₂ e			53,489†
CG-EC-410a.2	Discussion of strategies to reduce the environmental impact of product delivery.			
	<ul style="list-style-type: none"> The delivery of products sold on our marketplace represents the majority of Etsy’s carbon footprint. As a peer-to-peer marketplace, Etsy does not directly control seller shipping or the associated logistics networks; however, we are committed to addressing carbon emissions from shipping. In 2019, we announced immediate action to balance our footprint by offsetting 100% of our emissions generated from Etsy.com shipping through investment in verified emissions reductions. In April 2020, we announced 100% carbon-offset shipping for Reverb.com. We added a “local seller” signal to listing pages when the buyer is in the same ship-from region as the item. Local purchases can play a significant role in reducing our carbon footprint from shipping. In addition, we take action in support of policy solutions that will help to drive carbon reduction from product delivery in the long term. In 2020, we prioritized advocating for ambitious regional policies that have the potential to accelerate the decarbonization of the transportation sector and drive significant market transformation. We are especially focused on electrification infrastructure and heavy- and medium-duty vehicles that play an important role in e-commerce logistics. We continue to collaborate with peers, vendors, and NGOs on industry-wide efforts to drive efficiency and resilience in the shipping and logistics sector. 			

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Greenhouse Gas (“GHG”) Emissions Summary (tCO ₂ e)	2018	2019	2020
GHG Emissions by Scope			
Scope 1	372‡	371‡	294†
Scope 2 - Market	1,213‡	652‡	4†
Scope 2 - Location	2,923‡	1,859‡	914†
Scope 3 - Market	137,042	155,967	404,439
Scope 3 - Location	137,042	155,967	407,021
Scope 3 GHG Emissions by Activity Source			
Category 1: Purchased Goods & Services			
Purchased Goods & Services			42,646†
Category 5: Waste Generated in Operations			
Waste	6	13	3
Water	3	6	9
Category 6: Business Travel			
Air Travel	943‡	1,217‡	153†
Other Business Travel			10
Category 7: Employee Commuting			
Commuting	544	510	111
Remote Workers - Market			672
Remote Workers - Location	87	114	1,136
Category 8: Upstream Leased Assets			
Cloud Computing - Market (Etsy only)		29‡	0†
Cloud Computing - Location (Etsy only)			2,355†
Category 9: Downstream Transportation & Distribution			
Shipping	135,459‡	154,078‡	303,218†
Packaging			53,489†
Category 11: Use of Sold Products			
End User Energy Use - Market			4,127†
End User Energy Use - Location			3,890†
<p><i>Our 2020 greenhouse gas emissions include both Etsy and Reverb, unless otherwise stated. Our 2019 greenhouse gas emissions include both Etsy and Reverb, except for Shipping and Cloud Computing. Reverb’s footprint has been accounted for from the date of acquisition in 2019 forward. Our 2018 greenhouse gas emissions include only Etsy. Etsy has included emissions generated from our colocated data centers as Scope 2 emissions, consistent with prior years. Emissions generated from cloud computing are classified as Scope 3 - Category 8 emissions. In 2020, we expanded our inventory to account for the Scope 3 greenhouse gas emissions from: (1) The packaging our sellers use to ship products to buyers, (2) the use of our platforms on consumers’ personal devices, and (3) our corporate supply chain.</i></p>			

† Etsy commissioned an external third party to perform attest procedures with respect to our carbon and energy metrics for the period from January 1, 2020 to December 31, 2020. Full details and data methodology are available at investors.etsy.com.

‡ Metrics for which historical data has also been subject to previous attest procedures.

The Task Force on Climate-Related Financial Disclosures

The Financial Stability Board established the Task Force on Climate-Related Financial Disclosures (“TCFD”), which is committed to market transparency and stability, to develop recommendations for more effective climate-related disclosures. Beginning this year, Etsy is providing enhanced climate-related disclosures using the TCFD framework. The following table summarizes specific information that addresses the disclosures recommended in the TCFD, including the publicly available source where each disclosure is referenced. Etsy plans to leverage the TCFD framework and recommendations as we continue our focus on climate-related disclosures and management.

Core Elements	TCFD Disclosure Recommendation	Disclosure
<p>Governance</p>	<p>a) Describe the board’s oversight of climate-related risks and opportunities</p>	<p>Etsy’s Board is responsible for reviewing and approving Etsy’s Annual Operating Plan, which includes both climate-related strategy, goals and targets, and associated budgets required to meet those goals.</p> <p>The Nominating and Corporate Governance Committee of the Board, within its charter, has responsibility for the periodic review of progress against the company’s economic, social and ecological impact goals, which includes climate-related issues.</p> <p>The Audit Committee of the Board oversees Etsy’s 10-K disclosure, which includes our climate-related and impact disclosures.</p>
	<p>b) Describe management’s role in assessing and managing climate-related risks and opportunities</p>	<p>Etsy’s annual Impact goals are set by our Executive Team at the corporate level, aligned with its three Pillars of economic, social and ecological activities. Within these pillars, the Executive Team sets specific and measurable goals.</p> <p>Etsy also has a Risk Steering Committee, a cross functional team that meets at least quarterly and is responsible for the management and oversight of key financial, operational, legal and strategic risks facing Etsy, including any risks that are climate-related.</p> <p>Etsy’s Impact Committee meets monthly to set and drive company-wide impact strategy, including our climate-related goals. It ensures organization-wide internal and external accountability for climate-related goals. The Impact Committee also assesses climate-related issues and develops management plans to address these issues accordingly. The Impact Committee includes cross-functional membership from major business functions at Etsy, including legal, workplace, strategic sourcing, sustainability, advocacy, product analytics, marketing, public relations, and investor relations.</p> <p>Etsy’s Impact Committee provides periodic updates to the Risk Steering Committee and the Etsy board.</p>

Core Elements	TCFD Disclosure Recommendation	Disclosure
<p>Strategy</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term</p>	<p>Etsy’s Sustainability and Legal/Advocacy teams help to assess regulatory issues associated with current or emerging climate-related legislation and the potential impacts on Etsy’s ability to meet our short and long-term goals. These teams, as well as the Impact Committee and our Executive Team, also monitor ESG trends, market trends, and other issues that might impact Etsy’s brand and reputation. Etsy considers ESG risks and opportunities in the short-term (0-1 years), medium-term (1-3 years), and long-term (3-5 years).</p> <p>In our ESG risk analysis, Etsy considers both transitional and physical risks. Transitional risks include the assessment of current and emerging regulatory, technology, legal, market, and reputational risks. Physical risk assessment includes both acute and chronic risks. Etsy considers natural disasters and other weather and climate-related risks, which could impact operations, internet or mobile networks, or the operations of one or more of our third-party service providers.</p> <p>Etsy has identified climate-related opportunities in the short term (0-1 years) that may have financial or strategic impacts on the business, including participation in renewable energy programs and adopting energy-efficiency measures, using lower-emission sources of energy, and being prepared for any climate-related shift in consumer preferences.</p>
	<p>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning</p>	<p>Etsy evaluates climate-related risks and opportunities across the value chain including direct operations, upstream, and downstream. This evaluation is integrated into a multi-disciplinary company-wide risk management process. We conduct interviews and roundtable discussions with internal stakeholders across the business to gather perspectives on these factors and associated strategies. Assessment of size and scope, and risk management strategy is overseen by the Risk Steering Committee.</p> <p>At this time, we have not identified near-term climate-related risks with the potential to have a substantive financial or strategic impact on our business. Etsy’s buyer and seller base is distributed globally, and as a two-sided marketplace we are not directly responsible for production of goods sold or for holding inventory. We will continue to look at additional ways to incorporate assessment of these factors in our risk management processes.</p>
	<p>c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2 degree or lower scenario</p>	<p>Etsy has set a long-term carbon reduction goal aligned with science to be Net Zero by 2030, which includes absolute reduction targets for Scope 1, 2, and 3. We are currently undertaking exploratory research to understand the best way to apply climate-related scenario analysis to inform business strategy. The Etsy Impact Committee and Sustainability team continue to coordinate with other teams to determine the appropriate scope of this analysis, involving a preliminary exploration of how climate change will impact Etsy and its community. We plan to use this research to inform relevant scenario selection for broader analysis, and evaluate impacts accordingly, including potential opportunities for our business.</p> <p>We also take action in support of policy solutions that will help to drive carbon reduction in the long term. In 2020, we prioritized advocating for ambitious regional policies that have the potential to accelerate the decarbonization of the transportation sector and drive significant market transformation. We are especially focused on policies to improve the electrification infrastructure and to reduce emissions for heavy- and medium-duty vehicles that play an important role in e-commerce logistics.</p>

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Core Elements	TCFD Disclosure Recommendation	Disclosure
<p>Risk Management</p>	<p>a) Describe the organization’s processes for identifying and assessing climate-related risks</p>	<p>The Etsy Sustainability team, along with others in relevant functions within the Company, evaluates climate-related risks and opportunities, analyzes them in the context of our business, develops recommendations as appropriate, and escalates them for oversight senior management. For example, the Sustainability team has conducted a geographic analysis in selected geographic segments of projected physical climate impacts on Etsy sellers and buyers.</p> <p>The Sustainability team, in consultation with the Legal/Advocacy team, assesses regulatory issues associated with current or emerging climate-related legislation.</p>
	<p>b) Describe the organization’s processes for managing climate-related risks</p>	<p>The Sustainability team, in addition to their role outlined in Section (a) above, develops management plans to address these issues accordingly.</p>
	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management</p>	<p>Etsy’s Impact Committee is a cross-functional group with representation from major business functions across the company, including: legal, workplace, strategic sourcing, sustainability, advocacy, product analytics, marketing, public relations, and investor relations. This ensures that climate-related issues are considered strategically and integrated throughout the business, as appropriate.</p> <p>Since 2018, Etsy has used an integrated annual report structure, and has included ESG-related topics in our Annual Reports and Proxy Statements. These reporting structures ensure that climate-related issues are considered holistically from a risk and opportunity perspective by a cross-functional group and are appropriately elevated to senior management through defined channels.</p>

Core Elements	TCFD Disclosure Recommendation	Disclosure
<p>Metrics and Targets</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	<p>Etsy tracks climate-related metrics related to total energy consumed, percentage renewable, percentage grid electricity, total GHG footprint of scope 1, 2 and 3 emissions including product shipments, packaging, end user energy use, water, and outgoing waste material streams. For a historical view on our metrics, please view pages 29-31 of this Integrated Annual Report.</p> <p>As a result of offsetting 100% of carbon emissions across all measured Scope 1, 2, and 3 categories, Etsy.com became a carbon neutral business and put an internal price on our emissions, creating a financial incentive to support decisions through the business that reduce greenhouse gas emissions, from driving operational efficiencies to integrating sustainability into our procurement process.</p> <p>We continue to act in support of solutions that will help drive carbon reduction in the long term, including advocating at the federal and state level for comprehensive climate and carbon reduction policies and collaborating with peers on industry-wide efforts to drive efficiency and resilience in the shipping and logistics sector.</p> <p>For all teams at Etsy, compensation is tied to the company’s financial performance, as well as individual employee contributions. While responsibility for delivering on our impact goals is distributed across the company, each goal owner is responsible for ensuring that the work associated with advancing their goal is incorporated into team members’ individual goals, which is in turn directly tied to compensation. The annual performance goals of our Executive Team are often directly tied to some of our Impact goals. They also serve as executive sponsors for specific goals to help ensure that teams stay on track and have the value of executive leadership and expertise as plans are executed.</p>
	<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</p>	<p>Please view pages 29-31 of this Integrated Annual Report for our Greenhouse Gas (“GHG”) Emissions Summary.</p>
	<p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</p>	<p>Our climate-related targets include:</p> <ul style="list-style-type: none"> • Achieve Net Zero by 2030 through a 50% absolute reduction in our Scope 1 and 2 greenhouse gas emissions and a 13.5% absolute reduction in our Scope 3 greenhouse gas emissions. This target is aligned with current climate science. • Continue to source 100% of Etsy’s electricity from renewable sources. This is an absolute-based target set from a 2016 base year. • Achieve a 25% reduction in the intensity of Etsy’s energy use by 2025. This is an intensity-based target set from a 2016 base year. • Maintain a 90% waste diversion rate across global operations. This is an intensity-based target set from a 2017 base year.