Our Impact Strategy and Progress

We believe that consumers are demanding more of the businesses they support and that the companies best positioned to succeed will build win-win solutions that are good for people, the planet, and profit. 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 environmental impact we want to have on the world while advancing and complementing our business strategy. Since announcing our impact strategy in 2017, we have updated some of our goals to be more specific, measurable, and time bound. We expect to continue to evolve our impact strategy in the future as our impact work matures. We are pleased to share our progress as we execute on this strategy, and we will continue to report our results transparently as it relates to our impact goals.

Economic Impact: Make creative entrepreneurship a path to economic security and personal empowerment

2018 GOALS	2018 PROGRESS	2019 GOALS
Ensure the economic opportunities Etsy creates meaningfully benefit a broad swath of our seller community	Commissioned Etsy's first 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. We found that in 2018, Etsy sellers: - Contributed $5.37 billion to the U.S. economy, more than double their direct business sales; - Created 1.52 million jobs in the independent worker economy, enough jobs to employ the entire city of San Antonio; - Generated more than $1.76 billion in income; and, - Produced $3 billion in additional economic value by harnessing their creativity and bringing unique products to market.	Double U.S. Etsy sellers' economic output by 2023
Foster economic security and personal empowerment for creative entrepreneurs through charitable and in-kind contributions	Invested $280K in programs and initiatives that enable creative entrepreneurship, and support Etsy sellers on their paths to economic security and personal empowerment. — Collectively, Etsy employees donated over 2,700 hours of volunteer time in their communities through Etsy's Volunteer Time Off program.	Invest in social programs that foster economic security and personal empowerment for our stakeholders
Advance public policies that increase economic security and reduce administrative burdens for creative entrepreneurs	Continued to prioritize seller issues, including tax burdens, financial security and championing micro-business more broadly in our key markets. — Focused on policy solutions that help to grow the creative economy, advocating for net neutrality and internet sales tax policy. Etsy sellers generated over 140,000 messages to policymakers on these issues.	Advance public policies that increase economic security and reduce administrative burdens for creative entrepreneurs

Social Impact: Enable equitable access to the opportunities that we create

2018 GOALS	2018 PROGRESS	2019 GOALS
Meaningfully increase representation of underrepresented groups and ensure equity in Etsy's workforce	Increased our targeted recruiting efforts, created hiring guidelines to ensure that all candidates are evaluated fairly and with objective criteria, and implemented a more formal company-wide performance management process to support consistent and fair evaluations. As a result, female engineers now make up 33.2% of our engineering workforce at Etsy, up 4% from the prior year. — Commissioned a pay equity study using a third party consulting firm which revealed no influence of age, race, or gender in Etsy's pay practices. — Ramped up our targeted recruitment efforts by focusing on growing our employer brand awareness and maximizing our presence at industry conferences and events. — Focused on growing our strategic and data-driven recruiting efforts, launching employee mentorship and sponsorship programs, tracking our diversity & inclusion efforts through recruiting, hiring, survey, and exit interview data.	Approximately double the percentage of Black and Latinx employees in Etsy's workforce by 2023
Build a diverse, equitable, and sustainable supply chain to support our operations and bring value to both Etsy and our vendors	Updated Etsy's supplier code of conduct to highlight the importance of progressive social, environmental, and economic business practices. — Incorporated priority questions into our vendor compliance screening tool in order to develop a comprehensive baseline of our supply chain impact.	Build a diverse, equitable, and sustainable supply chain to support our operations and bring value to both Etsy and our vendors
Increase the presence of underrepresented populations within the Etsy seller community	Undertook research to understand and address barriers and activate opportunities for underrepresented populations within the Etsy seller community. — In 2019, we plan to continue investing in this stream of work, embedding our insights into our product, expanding to focus on both our buyers and our sellers, and building an inviting and inclusive user experience.	Make Etsy a more inclusive and welcoming marketplace for people from underrepresented backgrounds

Ecological Impact: Build long-term resilience by eliminating our carbon impacts and fostering responsible resource use

2018 GOALS	2018 PROGRESS	2019 GOALS
Utilize and source energy responsibly so that we can power our operations with 100% renewable electricity by 2020 and reduce the intensity of our energy use by 25% by 2025	Procured 58% of our electricity from renewable sources, up from 30% in 2017. — Entered into a virtual power purchase agreement for solar energy to help us meet our goal of powering our operations with 100% renewable electricity by 2020. — Began transition to cloud computing to help reduce our energy consumption and selected Google Cloud Platform, a partner that shares our commitment to 100% renewable electricity. — In 2018, our colocated data centers accounted for 68% of total energy consumed, or 7,330 MWh. Due to data availability challenges, our current energy footprint is not inclusive of cloud computing, but does include our colocated data centers. In 2019, we will continue to explore how to accurately quantify our cloud energy footprint, and how to activate levers of change to drive further efficiencies in computing. — Achieved a 25% reduction in energy intensity (kWh per square foot) across our office operations based on a 2016 baseline, and an associated 15% reduction in carbon intensity across office operations (tCO2e per square foot).	Utilize and source energy responsibly so that we can power our operations with 100% renewable electricity by 2020 and reduce the intensity of our energy use by 25% by 2025
In 2018, develop a plan and set a goal to mitigate the carbon impacts of our marketplace that aligns with business growth	Developed a strategy to mitigate the carbon impacts of our marketplace which includes taking immediate action to balance our footprint: - In February 2019, we announced that we will offset 100% of our emissions from shipping through investment in verified emissions reductions, and, - We plan to activate levers of change that will help to drive carbon reduction in the long term, including policy advocacy, vendor negotiation and peer collaboration.	Mitigate the ecological impact of our marketplace by offering carbon neutral shipping on 100% of transactions by 2020
Run zero waste operations by 2020	Diverted 95% of waste from global operations from landfill or incineration, up from 87% in 2017.	Run zero waste operations by 2020

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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 supports work that contributes directly to generating comparable and consistent data. We have considered SASB's Consumer Goods Sector – E-Commerce industry standard and have provided key details below.

SASB Metrics

SASB Code	Metric		2016	2017	2018
CG-EC-000.A	Entity-defined measure of user activity	Active buyers (thousands)	28,566	33,364	39,447
		Active sellers (thousands)	1,748	1,933	2,115
CG-EC-000.B	Data processing capacity	In December 2017, we announced our Google Cloud Partnership, an initiative that will transition our infrastructure to the Google Cloud Platform. We are currently in the process of migrating our colocated data centers to Google Cloud. In 2018, we successfully migrated our website and mobile apps to the platform, and we expect to complete the migration by the beginning of 2020.			
	Percentage outsourced		100%	100%	100%

Hardware Infrastructure Energy & Water Management

SASB Code	Metric	2016	2017	2018
CG-EC-130a.1	Total energy consumed, MWh	6,155	7,111	7,330
	Percentage renewable energy	—%	32%	65%
	Percentage grid electricity	100%	100%	100%
CG-EC-130.a	**Discussion of the integration of environmental considerations into strategic planning for data center needs.** Etsy's goals include powering our operations with 100% renewable electricity by 2020, and reducing the intensity of our energy use by 25% by 2025. 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 Platform, a partner that shares our commitment to 100% renewable electricity. Their highly efficient data centers are expected to help us save significant energy. Moreover, moving to flexible cloud-based infrastructure should enable us to reduce major idle time and associated energy consumption. In 2018, Etsy entered into a virtual power purchase agreement for solar energy in Virginia. Once operational, this project is expected to provide 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. We actively monitor and manage energy consumption from our computing infrastructure. In 2018, our colocated data centers accounted for 68% of total energy consumed, or 7330 MWh.			

Data Privacy and Advertising Standards

SASB Code	Metric
CG-EC-220a.2	**Description of the policies and practices relating to behavioral advertising and user privacy**. 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. 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, 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 and its affiliates, and user controls for sharing and controlling such information with third parties.

Data Security

SASB Code	Metric
CG-EC-230a.1	**Description of approach to identifying and addressing data security risks.** Data security is overseen by our Chief Information Security Officer who reports to our Chief Technical Officer. 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

SASB Code	Metric	2016	2017	2018
CG-EC-330a.1	Employee engagement as a percentage	80%	60%	70%
	Employee engagement as a percentage and discussion of methodology. In July 2018, Etsy conducted an engagement survey of all global employees. Of employees surveyed, 82% submitted a response. The survey was conducted through the Culture Amp platform and consisted of 48 questions - 45 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, and three free-text questions to which employees were asked to write out a response. The responses were analyzed against the results from a similar survey conducted in 2017, as well as Culture Amp's 2018 New Tech - 500+ Benchmark, which consists of survey results from 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	*See Impact Strategy section for detailed metrics.*		
	Discussion of diversity and inclusion strategy and performance	*See Impact Strategy - Social Impact for details.*		
CG-EC-330a.4	Percentage of technical employees who are H-1B visa holders			2.5%

Product Packaging and Distribution

SASB Metrics

SASB Code	Metric	2016	2017	2018
CG-EC-410a.1	Total greenhouse gas (GHG) footprint of product shipments in metric tons CO_2e	103,646‡	118,153‡	135,459†
CG-EC-410a.2	**Discussion of strategies to reduce the environmental impact of product delivery.** 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. We have identified a number of levers that we expect to help to drive carbon reduction in the long term, including policy advocacy, vendor negotiation, and peer collaboration. In the near term, Etsy recognizes the need to act on climate change and we are taking immediate action to help balance our footprint. In 2019, we are committing to offset 100% of our emissions from shipping through investments in verified emissions reductions.			

Greenhouse Gas ("GHG") Emissions Summary (tCO₂e)	2016	2017	2018
GHG Emissions by Scope			
Scope 1	410‡	467‡	372†
Scope 2 - Market	2,946‡	2,209‡	1,213†
Scope 2 - Location	3,076‡	3,152‡	2,923†
Scope 3	105,295	119,444	137,042
Scope 3 GHG Emissions by Activity Source			
Shipping	103,646‡	118,153‡	135,459†
Air Travel	967‡	550‡	943†
Commuting	597	663	544
Remote Workers	49	64	87
Waste	18	7	6
Water	9	4	3
Electricity, Transmission and Distribution Losses	9	3	<1

† Etsy commissioned an external third party to perform attest procedures with respect to our carbon and energy metrics for the period from January 1, 2018 to December 31, 2018. Full details and data methodology are available at investors.etsy.com.

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