



Sustainability & Social Impact Report

2018

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01

**This is
Spotify**

Letter to Our Stakeholders

2018 was quite a ride for Spotify. We launched in 17 new markets in Europe, Asia, the Middle East and Africa, expanding our global footprint to 78 markets. We hired 948 new Spottifiers in offices across 23 countries. We added tens of thousands of new pieces of content every day to the more than 40 million pieces of existing content. We took our company public on the New York Stock Exchange.

We added more artists, more songs, more playlists, more podcasts and more videos to entertain, inspire and inform Spotify's more than 200 million active users.

Spotify has come a long way since we set out to disrupt the disruptors who were pirating music and failing to pay creators. We've gotten bigger, but we have never lost the startup spirit that encourages experimentation, empowers employees and embraces failure as an opportunity to learn.

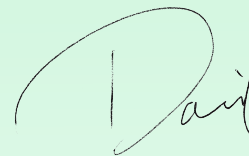
As we've grown, we've also become more focused on our responsibility to use the power of our brand and our global reach as a force for good, internally and externally. Growth comes with higher expectations. The creators and fans who connect through Spotify expect more of us. We expect more of ourselves.

Last July, we issued our first Sustainability and Social Impact Report to assess our progress on a range of issues related to environmental sustainability and other aspects of socially responsible corporate behavior. That initial report established a baseline for where things stood at the end of 2017.

This 2018 Sustainability and Social Impact Report is our first opportunity to measure ourselves against that baseline. As you will see, there is significant progress in several areas, often driven by dedicated Spottifiers who have been empowered and given the autonomy to pursue their commitment to environmental sustainability and social impact at Spotify.

We're proud of the progress we've outlined in this report, but it's just a start. And it will count as a good start only if we follow through by scaling up successful ideas, learning from projects that didn't work and coming up with new, innovative ways to minimize our environmental impact, foster diversity and inclusion, protect user privacy and advance positive change.

This process of experimenting and adapting is the Spotify way. It's the mindset that will continue to turn intention into action on our sustainability and social impact goals.



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. Our mission informs our view of the future and our role in society. In the words of our CEO, Daniel Ek:

“Today, art has an even greater opportunity to be a transformative cultural force. And culture is the force that binds us all—no matter who we are or where we’re from—in a shared human experience. It’s what helps us understand one another across differences. It’s what breaks us out of isolation and brings people together. That’s why, everywhere I go around the world, I see artists finding inspiration across oceans, drawing on sounds born in one part of the world and making them their own—from punk music in Myanmar to rap in Mongolia.

This is the future we envision; where artists cross genres and cultural boundaries, creating ideas that propel society forward; where fans can discover something they never would have otherwise; where we’re all part of a global network, building new connections, sharing new ideas, across cultures.”



Spotify In Numbers 2018



Launched in

2008



Number of subscribers

96M



Number of tracks

40M+



Number of
permanent employees

3,855



Number of
monthly active users

207M



Number of markets in
which Spotify is available

78

Revenue paid to
rightsholders is more than

€10B

(as of August 31, 2018)



Number of playlists

3B+

Our Business Model

We built Spotify to be at the forefront of the music revolution, change the world and transform an industry. Spotify is already one of the world's most-used apps, but we are always exploring opportunities to reach beyond music to engage users in entirely new ways. We are moving rapidly in the next phase of growth in audio -- podcasting. Our business consists of two healthy and growing segments-- an ad-supported, free offering, and a premium subscription service. Among our core value propositions is giving fans an exceptional listening experience and creators the tools and resources to be discovered by millions of fan.



How We Create Value

Since Spotify's inception, we have been working to connect artists and fans in a new way, building a community of mutual discovery and inspiration. In fact, today Spotify is the largest contributor to global music industry revenues of all music streaming services.



Benefits for Creators

We built Spotify to create economic opportunity for the creative community so they can do what they love and enrich the lives of our fans everywhere. Since our launch in 2008, we've paid rights holders more than €10bn and, via Spotify for Artists, Spotify Analytics, Spotify for Podcasters and more, provide a range of tools and resources to facilitate deeper engagement between creator and fan.

Benefits for Fans

We give fans access to all of the music and podcasts they love anytime, anywhere. But Spotify doesn't just offer access. We help make it easier to discover new music and podcasts that fans will love through a truly personalized experience. We're always testing new ways to create better listening experiences for more users, while also finding ways for users to discover more.

A Platform for Everyone

Maintaining the trust of creators, music fans and industry partners is a top priority for Spotify. We are committed to providing an accessible platform that protects our users' privacy and security, and empowers them to exercise their privacy rights (See "Data Privacy" for more details).

Our Approach to Sustainability

Our sustainability strategy is grounded in an holistic view of sustainability and social impact. We recognize that our social responsibilities extend to every aspect of our business, covering everything from our internal hiring processes to our role in publicly advocating for positive change. Our strategy is reflected in the structure of this report, which outlines our approach to sustainability in three areas — our people, our practices and our platform.

If you want to dive deeper, the final section, Reporting Principles and Notes, provides additional details, including a materiality analysis and an auditor's report.

People

Who we are as a company —
how we treat employees and how
Spotifiers 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 serving fans.

02

For Our People

We aim to create an environment where innovative and passionate people can be their true selves, achieve their ambitions, and operate at the highest level. We believe in our team. Learning and growing each day is core to our culture – and we know that it pays off in engagement, productivity and wellbeing for everyone. And we mean everyone. At Spotify, it doesn't matter who you are, where you come from, what you look like or what music you love. We believe that diversity of experience, perspective and background lead to a better environment for all of us. This means creating, nurturing and protecting a diverse and inclusive company culture.

In 2018 we expanded our workplace benefits, introduced new programs and made progress against our 2020 Diversity & Inclusion goals. We're proud of our progress but believe culture cannot and should not be static. We'll continue to embrace feedback from Spotifyers and look for ways to advance our innovative, collaborative, sincere, passionate and playful culture.

Our Values

The common denominator for the entire Spotify team is a strong, values-based culture with passionate and competent employees who build long-term, authentic relationships with creators, consumer and coworkers alike.

We live our values every day. They guide the way we build teams and create partnerships. Through our commitment to innovation, collaboration, passion, sincerity, and playfulness, we know we can change the world.

Innovative

We're all pioneers.

We're original and creative in our thinking. To us, innovation is a default mind-set – a hard wired desire to improve things.

Collaborative

We're all Spotify.

We're stronger together. The better we collaborate, the more effective we are. When we're working well across functions, we're unstoppable.

Sincere

We mean it.

The best relationships are based on mutual trust and respect. We want to be fair and transparent in everything we do. We don't micromanage, we trust each other to do a great job.

Passionate

We feel it.

We're proud of what we've achieved, and passionate about where we're going. We like being bold. We're not afraid of taking big bets, or getting them wrong. We all share a passion to learn and grow.

Playful

We say yes to fun.

Let's be honest, we have bands playing in the office – it kind of sets the tone. We're a playful company and a playful brand. We always have been. We never take ourselves too seriously.

Our Workplace

To foster an environment where all Spotifiers can be their very best, we've developed workplace policies and benefits to make sure every employee feels included, safe, and inspired to follow their passions and interests. We recognize and respect that Spotifiers have lives outside of work, and we're proud that Spotifiers are taking advantage of our industry-leading parental leave policy and flexible public holidays policy that supports the diversity of beliefs around the globe. Advancing our own mindset about benefits and healthy living, in 2018 we launched a new program focused on mental health called *Heart & Soul*.

Parental Leave

Our paid parental leave policy is one of the cornerstones of our culture. We offer all Spotifiers up to six months of fully paid parental leave, regardless of location, gender or how one becomes a parent — adoptive, surrogate or birth. We know the demands of every new parent are unique, so Spotifiers have the option of splitting their leave and taking it at any point in the first three years of new parenthood. Because we believe so strongly in the importance of parental leave, we feel a responsibility to promote similar policies across geographies. In the United States, where we're leading in this space, we've been strong advocates for more generous parental leave policies and have spoken at events hosted by the Department of Labor and the White House's Conference on Women. We've also shared our views at industry events, including the Global Women's Innovation Network. Spotify's work on these issues has earned a "Game Changer Award" from Family Values @ Work, a coalition of organizations that advocates for generous employee benefits, and a Silver Healthy Mothers Workplace Award from Legal Aid at Work, a non-profit organization that offers legal services to support workers' rights.

#LeadOnLeave in Action

"I remember telling my family when I was taking six months off to look after my first born, they couldn't believe it. They were asking how and why I could do it. But I had to explain that number one, it's an amazing opportunity to spend time with my daughter and number two, from the experience of it, I came back six months later, completely recharged."

– Jim Butcher, Director of Communications
& father of three

Flexible Public Holidays

With 94 different nationalities across offices in 23 countries, we know that not everyone's heritage and beliefs match the public holiday schedule of the country where they currently work. Our Flexible Public Holidays policy makes it possible for everyone to celebrate what is most important to them. Spotifyers can exchange any public holiday for days off of their choosing in line with their personal beliefs. In 2018, 810 Spotifyers — roughly 20 percent of our employees — chose to exchange holidays.

Heart & Soul

Mental health issues such as depression and anxiety are increasing in society. We want to create a safe environment where we look after ourselves and each other. So in 2018 we introduced *Heart & Soul*, a global initiative to create awareness, acceptance, knowledge, and sensitivity around mental health and emotional wellbeing, and provide support and resources for employees when they need it. In the first few months of its existence, the *Heart & Soul* team, together with 22 employee ambassadors around the world, hosted more than 30 workshops on mental health issues. *Heart & Soul* also offers several resources including free access to the mindfulness app, Headspace; an online self-care toolkit; and an Employee Assistance Program, *All the Feels*, for Spotifyers seeking professional support.

Measuring Employee Engagement

As we continue to grow as a global company we want to ensure our employees, no matter where they are located, feel included, engaged and committed to our vision. We regularly assess employee morale and attitudes about working at Spotify via weekly check-ins with supervisors, our quarterly Net Promoter Score (eNPS) pulse survey and our more extensive annual Tune In survey. Our eNPS score for Q4 2018 was 23, down from 36 in Q4 2017. Managers at all levels, from our leadership team all the way to first-line managers, work with the feedback results to make necessary adjustments in each part of the organization.

Growth for Everyone

When our employees grow, Spotify grows. With the help of our Learning & Development team, called GreenHouse, we empower Spotifiers to learn faster than the world is changing.

Growth starts with developing each employee's individual potential and how they engage with managers. We know that an employee's relationship with their manager is key to driving happiness and job satisfaction. The number of employees who had at least one development talk with their manager increased in 2018 to 83%, up from 72% in 2017—but of course our work won't be done until we get to 100%. Our managers are also committed to their own development as leaders, with more than 300 managers attending our two foundational leadership programs in 2018.

We also offer opportunities for self-driven personal development. Aligned with our roots as a start-up, we have an online portal where all Spotifiers, anywhere in the world, can access and share material that helps them develop their skills, talents and leadership qualities. The platform also encourages collaboration to support the development of colleagues. We call this *Play it forward*, and hundreds of Spotifiers are using the platform to share their insights and skills with one another. To complement these Spotifier-to-Spotifier exchanges, the GreenHouse team hosted 170+ *Drive Your Own Development* training sessions.

We're big on collaboration at Spotify because most of the work we do involves mixing within and across teams. In 2018, we expanded on our successful *Building a High Performing Team* program with the launch of a catalogue of self-led workshops. These resources help teams move to the next level of collaboration, productivity and driving change. Besides the on-demand workshops the GreenHouse team facilitates, we developed more than 30 workshops tailored to the stages of a team's maturity. Leaders can develop workshops to address the needs of their group, whether it's a newly formed team or an experienced team that's taking on a new task.

Cultivating a Growth Mindset

We believe that embracing failure is an essential part of enabling a high-paced innovation culture. We are not afraid of failure; we see it as a valuable learning experience that makes us grow and allows our next attempt to be much better. Teams regularly arrange project retrospectives or "fail-fikas" to go through their learnings together ("fika" is a Swedish word that means "getting together to chat over coffee and possibly a cinnamon roll".) Our CEO sets the tone by sharing his own setbacks and learnings with the company. It's all part of a strategy to encourage a growth mindset.

A Diverse & Inclusive Spotify

The Spotify work environment should be as diverse, creative and inspiring as the world we live in and the music and audio entertainment we deliver to it. By focusing on Diversity & Inclusion (D&I), we encourage creativity, foster innovation and get closer to our consumers and creators.¹

Our dedication to D&I infuses everything we do, large and small. It's in how we communicate, what social activities we offer, the food we serve in our offices. It's why we ensure that managers are aware of the pitfalls of unconscious bias when reviewing compensation or considering promotions. It's also why we continue to develop and expand our internal D&I programs, and why we've increased our outreach to communities that have historically been underrepresented in our industry.

In an important 2018 change, we took a major step forward in holding ourselves accountable to elevating our work in D&I. The release of our first Diversity Data Report in July 2018² established the baseline for future progress. The results, drawn from information shared voluntarily by our employees, offered some reasons for encouragement but also pointed to work that we still need to do. It's not sufficient that fewer than half of Spottifiers were women and only 6.1% of Spottifiers in the U.S. were Black. That's why we set 2020 aspirational goals—to make sure we're always seeking improvement in all aspects of D&I.



¹ <https://www.catalyst.org/knowledge/diversity-matters>

² Spotify's 2018 Diversity Data Report, July 2018: <https://hrblog.spotify.com/2018/07/09/say-hi-to-the-spotify-diversity-data/>

Making Progress on our 2020 D&I Goals

Our first sustainability report in 2017 listed five D&I goals that we intend to achieve by 2020. Here's an update on some of our progress:

Create diverse programs for our business and platform.

- Launched more than 30 product and platform initiatives dedicated to D&I and celebrating key milestones such as Black History³, Pride⁴ and Women's History⁵ months.
- Took action, in some cases with help from outside experts like Color of Change and Stonewall, to hardwire D&I into business deliverables and platform considerations.
- Commissioned Annenburg Women in Music research in partnership with the Social Impact team.

Amplify our culture of belonging.

- Expanded our annual Inclusion Summit to include delegates from more teams and offices, more than doubling participation since its launch in 2015. Because each delegate reports back to their team about their experience, the growth of the summit meant that its impact spread more widely throughout the company.
- More than doubled the number of Employee Resource Groups (ERGs), from 6 to 14. The newest groups include Ability, Parents, Shalom and Christians, and a new InterFaith Alliance that united the new Shalom and Christian ERGs with the existing Muslim ERG.

Attract, hire and represent the most talented diverse people and reflect global diversity at all levels.

- Expanded our outreach and recruitment at Historically Black Colleges and Universities (HBCUs) in the United States.
- Increased the racial and gender diversity of our intern class by 15 percent points.
- Increased representation of women on our executive leadership team. What used to be a group of five men and one woman is now four men and three women.

Empower our people and leaders to advance our Diversity and Inclusion goals across all our offices.

- Hosted 30 Unconscious Bias workshops, reaching 640 Spotifyers.
- Hosted more than 50 respectful workplace trainings.

Promote an accepting and welcoming environment for all Spotifyers, partners, creators and guests.

- Launched *Heart & Soul*, a global initiative in support of mental health and emotional well-being.⁶
- Adopted new benefits for transgender employees.
- Continued to expand the work of our Accessibility Guild to make our platform accessible to all.

³ <https://newsroom.spotify.com/2018-07-10/spotify-continues-to-celebrate-black-history-year-round-with-volume-2-of-black-history-is-happening-now-curated-by-pharrell-williams/>

⁴ <https://newsroom.spotify.com/2018-06-11/loud-and-proud-turning-up-the-pride-with-the-fab-five/>

⁵ <https://open.spotify.com/view/whm-page>

⁶ <https://hrblog.spotify.com/2018/09/21/hey-are-you-ok/>

Fostering Diversity in Tech

It is well known that people of color aren't well represented in the technology industry.⁷ Spotify is working to change that. We've expanded our engagement with Historically Black Colleges & Universities (HBCUs) in the U.S. to create new avenues of opportunity for young, talented students from under-represented communities. Building on the success of our first HBCU gathering, The Opening Act || HBCU Conference in 2017, we amped it up last year with more students, more content and more collaboration with other tech and media companies. Nearly 100 students from 39 HBCUs joined us at our office to learn more about careers in technology. We invited BuzzFeed, Snap, Venmo and other companies to participate in the event, in the belief that our entire industry, and society at large, will benefit from more diversity and inclusion. We intend to scale up the Opening Act initiative in 2019 by expanding to our recruiting outreach with on-campus activities and participation at events such as HBCU@SXSW.

Raising the Bar For Transgender Benefits

In 2018, Spotify joined a small handful of other companies in offering benefits recommended by the World Professional Association for Transgender Health, an organization that advocates for the highest standard of care for transsexual, transgender and gender nonconforming people. In keeping with the association's guidelines, U.S. Spotifyers will receive support for diagnosis and treatment that meets their individual needs. We also conducted outreach to make sure that Spotifyers were aware of their new benefit options so they could sign up before they took effect in 2019.

⁷"Diversity in High Tech" U.S. Equal Employment Opportunity Commission
<https://www.eeoc.gov/eeoc/statistics/reports/hightech/>

⁸<https://hrblog.spotify.com/2018/02/22/recruiting-black-students-challenging-the-status-quo/>

Know Our Numbers

(as of December 31, 2018)

Number of permanent employees

3,855

The average age of our employees

34

Locations in

23

countries

Represented nationalities

94

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

Total

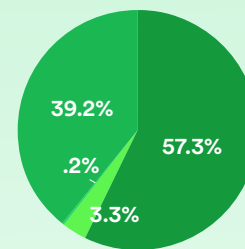


Managers

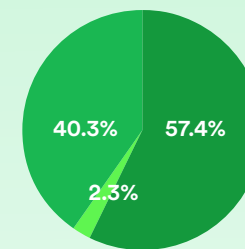


Gender Distribution ● Male ● Female ● Non-binary ● Undeclared/No Data

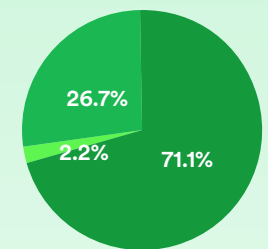
Total



Managerial Roles



VPs and Above



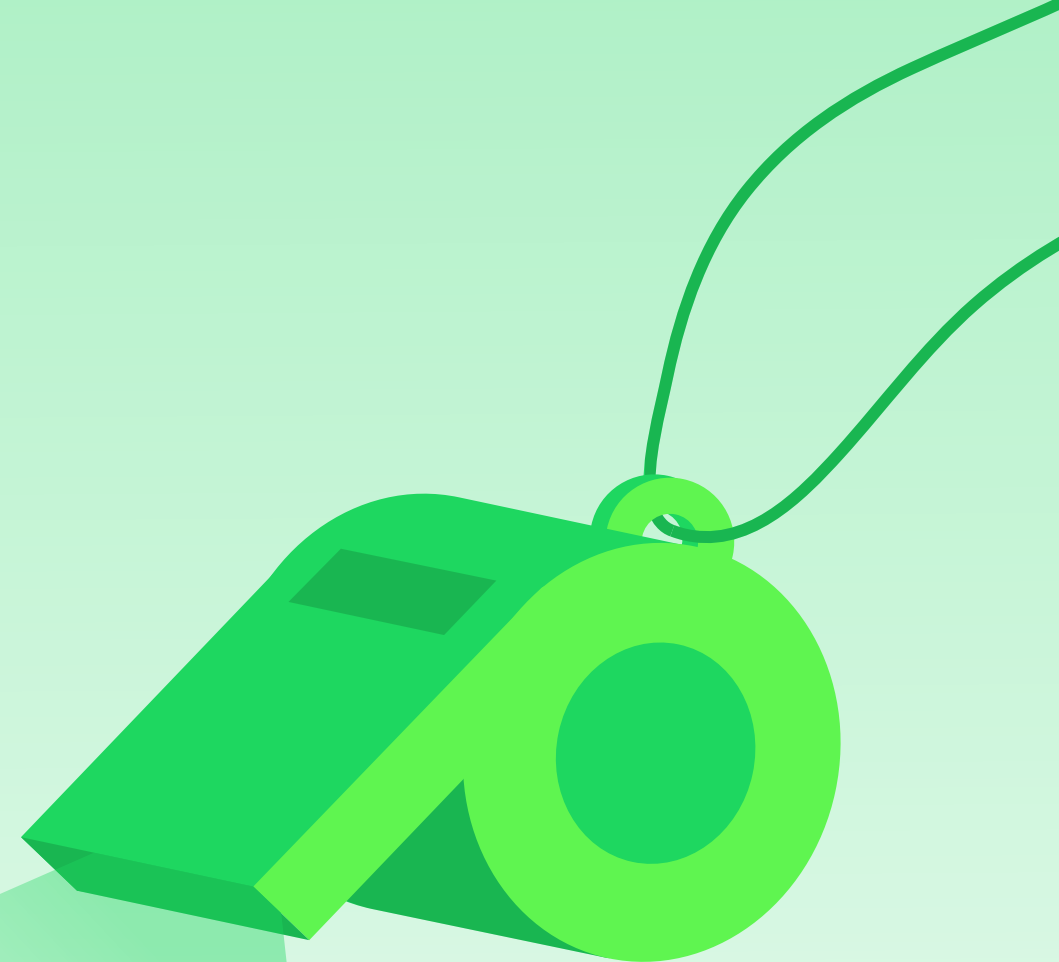
Protecting Our Employees

Spotifyers represent a variety of cultures, experiences and backgrounds from around the world. We strive to create and maintain an inclusive work environment where everyone is treated with dignity, decency, and respect.

We have zero tolerance for discrimination or harassment of any kind. Our Employee Handbook includes our Code of Conduct and our Anti-Discrimination and Harassment Policy, but there is always more we can do to foster a respectful environment where Spotifyers are empowered to speak up if they have any concerns.

That's why in 2018 we launched a new initiative we call *Let's Play Nicely* to actively engage Spotifyers in conversations about upholding policies, and promoting an inclusive and respectful workplace. In its first year, the program hosted 50 sessions that focused on fostering inclusivity and assured participants that they can report any concerns without fear of retaliation.

We believe our workplace belongs to everyone and we share responsibility for making Spotify a place where everyone feels safe being their true selves.



03

With Our Practices

Spotify is keenly aware of our obligation to behave in socially responsible way in all that we do. Our creators expect it, their fans expect it, Spotifiers expect it. Our global reach also means that we can also help change attitudes and have a positive impact on the environment, data privacy and ethical corporate behavior. In 2018, we achieved a significant milestone in the carbon neutrality of our computing operations, met strong new requirements for data privacy and initiated annual legal compliance trainings for Spotifiers.

Environmental Impact of Our Operations

Sincerity is one of our core values, and we believe that transparency breeds trust and respect. That is our north star as we progress along our environmental sustainability journey.

With the encouragement of Spotify leadership, Spotifiers have launched a number of pilot projects to promote sustainability across departments and offices. In keeping with Spotify's culture of discovery and experimentation, this approach continues to inspire us and encourage broader environmental sustainability initiatives.

One of those pilot projects, first announced in 2017, was a commitment on the part of the Technology Platforms Mission (TPM) — the team that oversees our technology infrastructure — to achieve carbon neutrality. Over the course of 2018, the team completed our transition to the carbon neutral Google Cloud Platform (GCP) and decommissioned six of our seven data centers (one in Sweden is still used for a small amount of internal work and planned to be decommissioned by end of 2019). In doing so, TPM reduced Spotify's carbon footprint by almost 1,500 tonnes and succeeded in making our streaming and computing platform is nearly 100% carbon neutral.

Data Center Energy Use



Energy use measured at 6 datacenters
(excluding Google and our content delivery network), 2018

7,678 MWh \approx **317** tonnes CO₂e

While Google has set an example of environmental responsibility by designing energy efficiency data centers, purchasing large amounts of renewable energy and offsetting the remaining emissions to achieve carbon neutrality, we recognize that not every region where GCP operates is powered directly by renewable energy. We utilize GCP services 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. For instance, while Iowa's local grid mix was 18% carbon-free in 2017, 74% of Google's Council Bluff data center's energy use was matched on an hourly basis with carbon-free sources, due to the large-scale purchases of wind power they've made in the region.⁹ In St. Ghislain, Belgium, where Google runs one of its most energy-efficient facilities, the company has installed an on-site solar installation expected to generate 2.9 gigawatt hours of renewable energy every year.¹⁰ And in Taiwan, a region with challenges in its grid mix, Google has entered into a long-term agreement to purchase the output from a 10-megawatt solar array.¹¹

In addition to data centers, Spotify relies on a global Content Delivery Network (CDN) to keep the music playing. In 2018, the estimated electricity consumption of our CDN was 460 MWh. We value the work that our vendors have done to increase their supply of renewable energy.¹²

Simply choosing to work with environmentally responsible partners is not enough. As part of our quest for radical transparency, we've started tracking the energy sources our partners use to power Spotify's operations. The more we know, the more effective we can be in advocating for clean energy in the regions where we operate and beyond.

⁹ <https://storage.googleapis.com/gweb-sustainability.appspot.com/pdf/24x7-carbon-free-energy-data-centers.pdf>

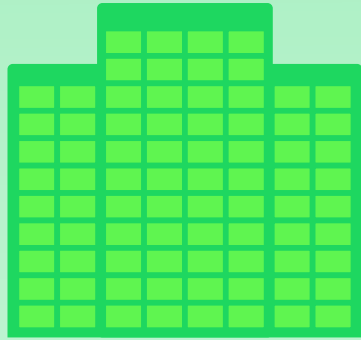
¹⁰ <https://blog.google/around-the-globe/google-europe/time-shine-new-solar-facility-and-additional-data-center-belgium/>

¹¹ <https://www.blog.google/outreach-initiatives/sustainability/let-sunshine-opening-market-more-renewable-energy-asia/>

¹² One of our vendors, Akamai, has set a goal of sourcing 50% renewable energy by 2020.

<https://www.akamai.com/uk/en/about/corporate-responsibility/sustainability/our-commitment/targets-progress.jsp>

Office Building Energy Use



Energy use at our major office

6,388.6 MWh \approx **661.3** tonnes CO₂e

We also work to source renewable energy for our office buildings. For 2018, we have total energy data from our two major offices in both Stockholm and New York and one in Boston, representing 69% of our total headcount. In 2018, 100% of the electricity and energy supply for cooling our two offices in Stockholm came from renewable sources - and the share of renewables used for heating was 90%. Our new office in New York, located at 4 World Trade Center, is 100% powered by renewable energy. The total energy use of these offices was 6,388.6 MWh and they generated 661.3 tonnes of CO₂e (market based). Many of our smaller offices are located in WeWork facilities, which have a goal of being climate neutral by 2023. We're working with WeWork to understand how they source energy for their facilities and how they plan to achieve their climate neutrality goals.

Business Travel



In addition to our electricity consumption, business travel is also a key contributor to our emissions. In 2018, travel resulted in 15,486 tonnes of CO₂e, an increase of 29% from 2017. We can attribute this increase to our rapid growth and expansion into new markets, but we recognize the need to reduce air travel. We encourage our employees to make use of video-conferencing tools such as Google Hangouts and the live streaming platform on Facebook Workplace whenever possible. Recognizing we can do better, we have committed to offsetting travel company-wide in 2019.

Total emission from
air travel (tonnes CO₂e)

15,486

Emission per employee
(tonnes CO₂e)

4.02

While we are still in the early stages of our sustainability journey, we recognize that discovery and transparency are critical to ensure we are adequately informed about where we are so we can create the best opportunities for sustainability in the future.

One Team's Passion for Sustainability

The Technology Platform Mission (TPM) — the 500 Spotifyers responsible for nearly all of our technology infrastructure — led the way in 2017 by initiating the company's move to Google Cloud Platform (GCP) and helping Spotify reduce its carbon footprint, but their aspirations didn't stop there. They developed a team-level climate strategy, and dedicated funds to offset their travel emissions through goldstandard.org, which adheres to a rigorous global standard for carbon offset projects. In 2018 they invested in the reduction of 2,700 tonnes of CO₂ to compensate for flying a total of almost 13 million kilometers.

Minimizing Waste

We continued to look for ways to reduce waste in 2018, and 32% of the electronic waste and equipment collected from our decommissioned data centers — more than 25,000 items — was recycled or reused in 2018. In some locations, we went beyond our previous efforts to minimize waste by tracking progress with general waste and plastic as well as electronic equipment. This information will help us measure our progress in future years.

Retooling and Reusing in Stockholm

During 2018, Spotify began renovating our at Birger Jarlsgatan in Stockholm, Sweden, with the goal of limiting the environmental impact of the project to the greatest possible extent. We will reuse 850 chairs, 800 desks, security equipment and our AV and IT equipment. Any materials we aren't reusing will be resold, meaning they won't pile up in a landfill.

Spotifyers Take Environmental Action

Spotifyers in offices around the world are taking action to reduce waste and conserve resources. In Italy, Spotifyers established a green oversight committee, replaced plastic with reusable bottles, switched to recycled paper in printers and took steps to encourage recycling and composting. Spotifyers in the U.S. are eliminating plastic, switching to more energy-efficient lighting, increasing recycling and using environmentally friendly cleaning products.

Data Privacy

Data privacy is a paramount issue at Spotify. Over the last two years we put substantial effort into enhancing our privacy program to comply with the stringent requirements of the new EU General Data Protection Regulation (GDPR). We enhanced our internal processes to embrace “Privacy by Design” at the inception of product development, challenging teams to limit the privacy impacts of any new services. We also added new security safeguards to our engineering systems such as encryption, access control, and data retention management.

We established a dedicated Data Protection Office (DPO) to oversee our privacy program, updated our Privacy Policy to provide more detailed information about our data protection practices, and created a Privacy Center to further help users understand and exercise their privacy rights. The DPO provides guidance and training to Spotify teams that handle personal data and serves as a resource for fans who have questions about our data processing. The Privacy Center serves a central and convenient source of information about our personal data processing activities and customer privacy rights. We also gave users additional controls to manage their data choices, including a dedicated “Privacy Settings” page within their Spotify account.

In 2018 we launched the ‘Download my Data’ feature. This automated tool enables users to access their data more easily than before, and helps to comply with GDPR requirements on right to access. As a consequence, more than 400,000 people downloaded their data.

The DPO has identified one notifiable data breach under GDPR Article 33 involving the data of two customers and accordingly notified our lead regulator in Sweden.

We recognize that protecting data and user privacy requires ongoing vigilance and technology enhancements.



Zero Tolerance for Corruption

To help ensure that our employees adhere to the highest ethical standards wherever we operate, we launched an annual compliance training program for all employees. The program includes an annual review of our anti-corruption policy that 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 reach out to internal resources with any questions or to report any suspected corrupt practices.



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Through Our Platform

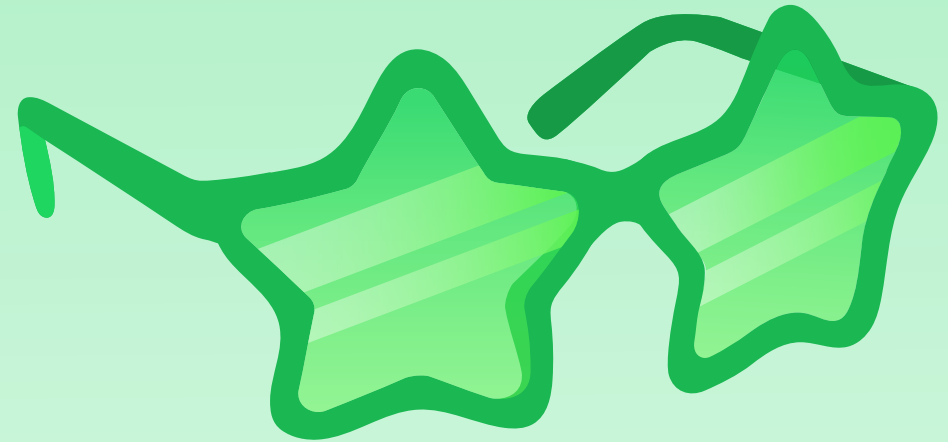
Spotify's platform is a gateway to discovery and a celebration of audio in all its forms. Spottifiers are constantly searching for opportunities to connect creators and fans of all kinds. We want to encourage exploration, and nurture emerging creators and new genres across music, podcasting and more. We strive to provide an inclusive experience that supports creativity, respects differing opinions and is accessible to all. We advanced these goals in 2018 by expanding opportunities for underrepresented creators and genres; establishing a policy against content that promotes violence and hatred; and improving access to our platform.

Supporting Artists

Spotifyers aren't just looking for new talent; they are constantly looking for ways to share that talent with the widest possible audience through compelling playlists, podcasts, tools and resources. In 2018, we expanded our efforts to highlight underrepresented talent.

In July 2018, we amplified the work of black creators well beyond Black History Month by releasing *Black History is Happening Now*, which included curated and original productions by Janelle Monae, Mahogany L. Brown, Therese Chromati, Sadé Clacken and Pharrell Williams. We also offered a *Black History is Happening Now* Fellowship, an entry-level position on our Shows & Editorial Team reserved for a rising star with a passion for Black history and culture. To amplify the voices of Brazilian women in the music industry, we created *Escuta As Minas*, a campaign that featured an original song, music video and a documentary highlighting a diverse group of 11 inspirational female Brazilian creators.

We also launched a new 2018 project — Amplify — to empower underrepresented communities and highlight important social issues. The first playlist, Amplify: Women of the World, featured women artists from more than 100 countries, with separate playlists for diverse genres, themes and cultural identifies — Women of the World, Badass Women, Black Girl Magic, Latin Divas. Since the launch, we have amplified Arab women, the International Day of the Girl, and people of faith.



Modernizing Music Licensing

In keeping with our belief that creators deserve fair compensation, we advocated for passage of the Music Modernization Act, which simplified the music licensing process and helped ensure that creators are paid on time. The legislation was signed into law in October 2018.

Diversifying Our Industry

We amped up our efforts to promote inclusion in the audio industry in 2018 by launching new projects and expanding existing ones.

The Equalizer Project, launched in 2017 to promote gender equality in music production, was back and bigger than ever in 2018. This year's role models, including Katy Perry, Sabina Ddumba, Silvana Imam, Cherrie and many others, offered their guidance and encouragement to women through our Equalizer podcast and industry networking events.

We also launched programs that offer more direct help to aspiring underrepresented creators. The EQL Residency program offers full-time, paid six-month residencies in Nashville, London and New York to aspiring female engineers. We collaborated with SoundGirls.org and other empowering organizations to create the EQL Directory, a global directory of women in audio production.

Another new initiative, Sound Up Bootcamp, brought aspiring female podcasters together for an intensive week-long training program. In addition to guidance on editing, marketing and distribution, the gathering included insights from experts like Nadia Reiman, Brittan Luse and Leila Day. Participants also received \$10,000 to fund their proposed podcasts. This program was replicated for women of color in the UK and the First Nations community in Australia.



Connecting to Culture through Music

Throughout history, music has offered hope to oppressed people and inspiration for social justice movements. Spotify proudly encourages, supports and sometimes leads efforts to use music as a force for positive social change.



Celebrating playlist milestone by giving back to those who are struggling

Our premier dance playlist, Mint, celebrated 5 million followers in 2018. To recognize our growing community, we partnered with To Write Love on Her Arms, a nonprofit that provides resources to those that are struggling with depression, addiction, self-injury and suicide. Together we raised money through exclusive merchandise available to our Mint fans with all profits going to help our friends and family around that world who are struggling.

Nathaniel Rateliff & Hurricane Florence

The artist's foundation, The Marigold Project, worked with the Rural Advancement Foundation International (RAFI) in response to Hurricane Florence. They created a limited-edition t-shirt (made by a North Carolina manufacturer) available only for Spotify listeners. All proceeds of the shirt went to RAFI in support of their ongoing work in helping family farmers and rural citizens get back on their feet in the Carolinas.

Promoting tolerance in Germany

In August a man was killed in Chemnitz, Germany, by Kurdish immigrants. The murder ignited anti-immigrant sentiment in the area and sparked protests and demonstrations. Together with the artistic community, Spotify organized a free concert on the same streets where the fatal stabbing occurred highlighting the message #WirSindMehr, "We are more." We promoted the concert through various social channels spreading a message of "more tolerance, and less racism" along with a livestream of the event. 50,000 people attended the concert showing that together, we are more.

Creating an Inclusive Ecosystem

Music is a common language, even if we don't always understand why another person likes what they like. We want our platform to be a place where people come together to enjoy and share their passion, regardless of their musical tastes.

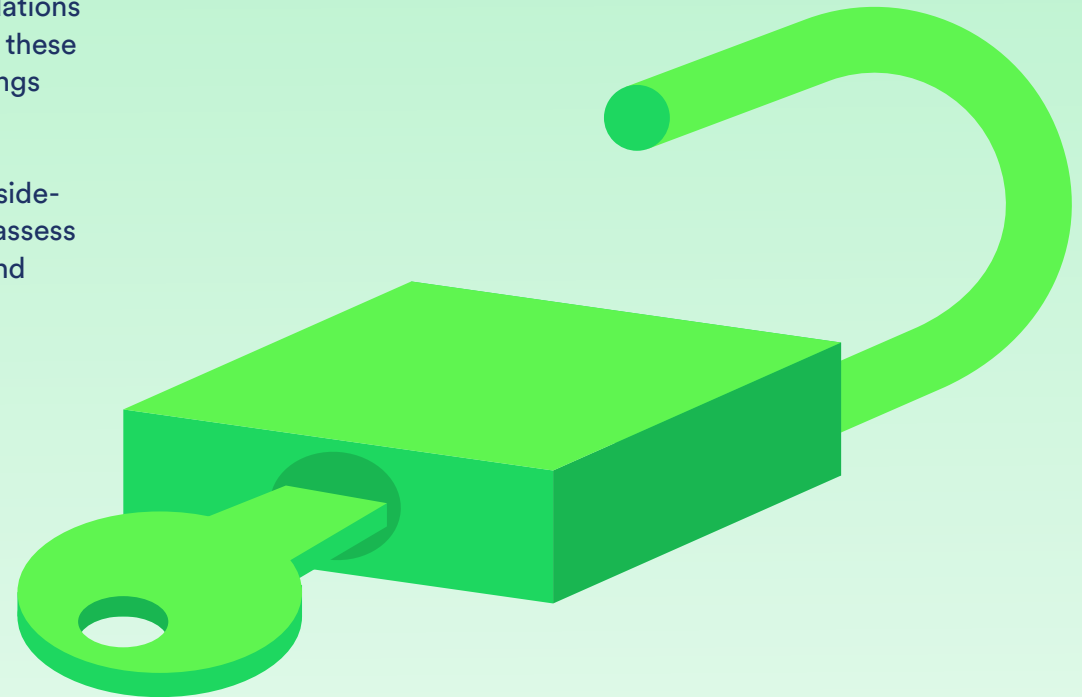
In 2018, we issued a new policy to make clear that our platform is not a place to espouse hatred or incite violence. Spotify does not permit content whose principal purpose is to incite hatred or violence against people because of their race, religion, disability, gender identity or sexual orientation. We will remove content that violates that standard. In another 2018 change, we took steps to grow our dedicated Trust & Safety team, which is committed to ensuring our platform remains a safe place for users and creators.



Spotify for All

Because it is our mission to share music as widely as possible, we constantly strive to make our platform more accessible. To oversee and support this goal, in 2017 we created the Accessibility Guild. In 2018, the Guild organized sessions to teach Spottifiers how to make our products more inclusive for all, worked with our customer support team to create a dedicated channel for Spotify users and sourced external accessibility organizations who could benchmark our products against Web Content Accessibility Guidelines 2.1, a series of recommendations to make Web content more accessible. In 2019, we will work with one of these organizations and focus on making enhancements as a result of the findings from their review.

We also took steps in 2018 to guard against the potential discriminatory side-effects of machine learning. We established a dedicated effort to better assess and mitigate algorithmic bias in creator representation, gender, locale, and popularity in Spotify streams and playlists.



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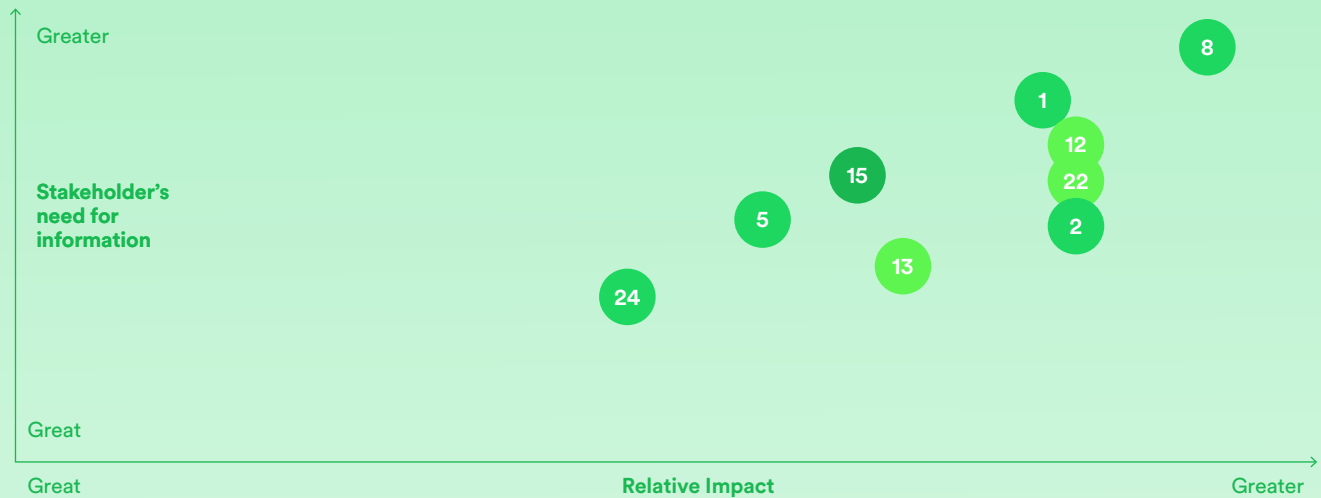
Reporting Principles & Notes

Materiality Analysis

Spotify’s Materiality Analysis was conducted in 2017 to identify environmental, social and governmental topics that are relevant to our business and of interest to internal and external stakeholders. The result of this analysis was the framework for our first Sustainability Report covering financial year 2017 and will continue to be areas we report on annually.

This initial process analyzed sustainability reporting frameworks, articles and news on the impacts of our technology and the IT sector; involved a cross-functional team who looked at our peers; launched an employee survey and hosted a workshop with representatives from different functions to secure perspectives on what mattered most to Spottifiers and our business. The illustration shows the nine most material reporting areas, including anti-corruption, which is a legal requirement, which are the basis for our report.

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 important to potential readers of the report; what the readers would expect us to report on.

Material aspects

Our People	Our Practices	Our Platform
12 Diversity, equality and inclusion in the workforce	1 Emissions of greenhouse gases	15 Content responsibility
13 Non-discrimination policies	2 Energy use and efficiency	
22 Implementation and communication of corporate values and ethics	5 Waste disposal, including discarded hardware	
	8 Protection of data privacy	
	24 Anti-corruption	

About this Report

This is Spotify AB's second Sustainability Report and refers to the financial year 2018. 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 14 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 2018. In addition to our permanent headcount of 3,855 (3,431 in 2017), we had almost 70 people (60 in 2017) on fixed term or intern/student contracts working at Spotify in December 2018.

With regard to gender, we ask employees to identify themselves as male, female or non-binary. Employees are also given the option of not responding. Some 0.2% of our employees have identified themselves as non-binary, and for 3.3% (4% in 2017) of our people, we do not have any data on their gender. In 2017 we excluded the percentage of employees for which we have no data from our gender distribution presentation; in 2018 we opted to include them in the gender distribution charts on page 19.

We report our performance regarding diversity and inclusion with reference to Disclosure 405-1 from GRI 405: Diversity and Equal Opportunity 2016.



Environmental data

Environmental data has been collected and consolidated for the second time in 2018. We do not have complete data for all Spotify activities and locations at this time, but will continue developing the data collection process going forward.

For energy and waste data we have faced some limitations to gathering data from all countries. Therefore, we report office energy consumption based on two offices in Sweden and New York, and one in Boston, which in terms of employees represents approximately 69% (35% in 2017) of total employees in Spotify. During 2018 we completed the transition of our data centers to Google Cloud Platform, but have collected the energy data for the six phased out data centers. We were not able to obtain data for energy use in the Google data centers. For the amount of e-waste collected and recycled, we considered data from Sweden, UK/Ireland and US. For business travel, we have received data on air travel from our travel agent for all trips booked via them and through our travel system (Concur), which we believe makes up the vast majority of all our travel.

In order to report emissions of greenhouse gases from purchased electricity and heat we have used Market Based reporting and utilized supplier specific emission factors and renewable electricity certificates. 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. For air travel, we have used the emission factors provided by our travel agent, and they have used standardized emission factors from the 2017 "UK Government GHG Conversion Factors for Company Reporting.

Our Scope 2 emissions have decreased due to decommissioning of our own data centers to Google Cloud Platform. From 2019, our Scope 2 consists mainly of electricity purchased for offices. Our Technology Platform Mission's travel offset has resulted in decreasing our Scope 3 emissions.

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 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 has 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 below 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	· 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 To The Report

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 2018 and that it has been prepared in accordance with the Annual Accounts Act.

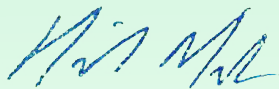
The scope of the audit

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 28 February 2019
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>