

Why Etsy Is Integrating Our Sustainability Reporting With Our Financial Reporting



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We are taking a new approach to impact reporting. Here, we explain why we are doing it and how we made it happen.



Today, Etsy filed its [Form 10-K](#) with the U.S. Securities and Exchange Commission (SEC) for 2018.

Usually this isn't something to make a big deal about. A 10-K filing is a standard part of the regulatory disclosure process for U.S. public companies like ours.

But this year's report contained something different — a deep dive into Etsy's ecological, social and economic impact strategy and metrics, in addition to the legally required disclosures.

That's because at Etsy, we are committed to growing sustainably by aligning our mission, guiding principles, and business strategy. But until this year, we — like many companies — had divided our public reporting into two separate workstreams. We had a 10-K, filed in line with SEC requirements and filing deadlines, and we had an Impact Report, which was usually released a few months later.

As we continue to integrate impact into the heart of our business, we saw an opportunity to change our reporting to reflect this deeper integration. So now, we have just one report.

In our recently filed [Form 10-K](#), we reported on Etsy's impact strategy, progress toward our company goals, and our revised goals for 2019. We also reported against certain metrics from the [Sustainability Accountability Standards Board](#) (SASB), with the goal of providing consistent and comparable data for our investors.

This shift doesn't mean that we are doing away with the storytelling our stakeholders have come to expect from our Impact Reports. In fact, we now have the bandwidth to create deeper, more meaningful content for specific stakeholder groups. Medium is an ideal platform for this and in the coming months, we will bring you more regular updates, commentary and deep dives into the issues we are tackling. Follow [Etsy Impact on Medium](#) to stay up-to-date.

Why make this change now?

There are three main reasons we decided to integrate our financial and impact reporting this year:

1. As we shared above, we are committed to growing sustainably by aligning our mission, guiding principles, and business strategy. Last year our CEO, Josh Silverman, talked about how Etsy's business and impact strategies are mutually reinforcing at the BSR Conference in New York City. Economic empowerment is at the very core of what we do at Etsy, which makes it possible for us to do well while also doing good. Key non-financial metrics around our economic, social and ecological impact are an integral part of how we run Etsy. It just makes sense for us to report those metrics in the same place.
2. We support any effort to promote consistent, comparable data for the investor community. Over the past few years, we have seen the business community converge around the SASB standards, a set of globally applicable industry-specific standards which identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry. The new standards were published in November 2018, and we were excited about the opportunity to be an early adopter for putting them into practice.
3. Institutional investors are placing increasing emphasis on consistent and insightful reporting on environmental and social factors. A recent survey by RBC found that over 70% of institutional investors have incorporated ESG components into their investment strategies. We wanted to provide high quality ESG data in a document that investors are already using for company information.

What did it take to integrate our reporting?

We had been exploring the idea of integrating our reporting processes for years, and last year, we began taking meaningful steps toward this next step. We accelerated the collection and analysis of our impact metrics so we were able to analyze and assure them on the same timeline as our Form 10-K process.

There are a few factors that allowed us to make the switch within this timeframe:

- A strong consensus across the company that integrating and streamlining our reporting was the right thing to do.

- We had strong, tested systems and processes in place for collecting, reporting and assuring data, both internally and externally. Since 2015, PricewaterhouseCoopers has assured our carbon and energy data, and this year, for the first time, our diversity and inclusion metrics were also externally assured.
- Given the size and scale of our operations, we are able to build cross-functional relationships between the different teams involved in the process. This was invaluable for the reporting process, as we were able to come together on strong footing to work toward this ambitious goal.

What have we learned in the process?

This year's process — though new and different — was also the easiest reporting cycle to execute.

Here are a few reasons why:

- **Integration streamlines the project management process.** Rather than create our own project plan, we were able to align with an existing framework and timeline created by the financial reporting team. This meant less time keeping the project on track, and more time focusing on the reporting itself.
- **A compressed timeline drives action.** It is necessary to file a 10-K within the timeline set by the SEC. The urgency of a fixed deadline was able to drive action and quick response times, speeding up the whole process.
- **Fewer bells and whistles frees up time.** Putting together a compelling impact report is a significant effort — collecting and verifying data, creating an eye-catching design, locating the right photos and anecdotes that bring our story to life. Despite all this effort, the report might not reach its intended audience, and the format of information can vary widely year-to-year. Our new process allows us to deliver clean, comparable data to the stakeholders that need it through our 10-K filing. We can then use other channels like Medium — which is more conducive to storytelling — to share content in a deeper, more thoughtful way for the people who are interested in learning more.

At Etsy, we are excited about the goals we've set for the company, and we're committed to holding ourselves accountable through regular, transparent reporting on our progress. You can read about our 2018 progress in our [Form 10-K](#) and [follow Etsy Impact on Medium](#) for regular updates throughout the year, and deeper dives into our work.

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