



Spotify's UK Gender Pay Report 2020.

At Spotify we strongly believe in fairness, equality and diversity and using data to drive progress forward, so we welcome the opportunity to review our gender pay figures. Our platform is for everyone, and so is our workplace. This means creating, nurturing and protecting a diverse and inclusive company culture, and committing to fair pay for all of our staff. Our commitment to inclusive hiring practices and pay equity has never been stronger and we're always looking at ways to improve and do better.

Building a diverse and inclusive workplace in which everyone is compensated fairly is incredibly important to us. By considering how everyday organisational practices can be improved, we can move beyond policies and programmes that seek to address only the biases within people's heads, and begin to address structural forms of bias as well.

A snapshot of the UK business during the period.

This is the third year that Spotify has reported under the UK Government's gender pay regulations, and takes a snapshot view of the business as it stood on 5 April 2020. Since our last report (which looked at the same data set as it stood on 5 April 2019), we saw continued growth across all parts of our business. This is particularly true in the UK which has seen a 28% increase in our employee headcount, where we have invested significantly in core Research & Development (R&D) jobs, representing 78% of our middle-management and specialist roles in the UK, and 53% of hires overall. More generally, we've seen growth in all areas and levels of our business which have resulted in a net increase in mid-senior and global-regional lead positions being hired or transferred to the UK (taking us to 8% of our global workforce).

Since this snapshot date, we have continued to grow and pursue our ambitious hiring plans. Even as the reality of the global pandemic became apparent, we remained committed to our diversity, inclusion and belonging agenda; this included the publication of our 2019 gender pay gap numbers. As a result of continued business performance, we're pleased to say that our numbers do not reflect any instances of employees on furlough or redundancies as a result of the economic impact.

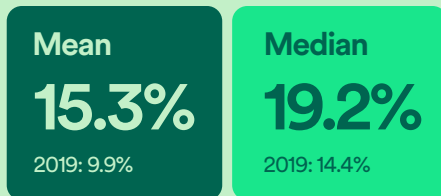
What is the gender pay gap?

The gender pay gap refers to the difference between the average earnings of those that identify as men or women employees across an organisation. This is different from equal pay, which focuses on whether men and women are compensated equally for performing the same or similar work: equal pay is a legal obligation for all employers.

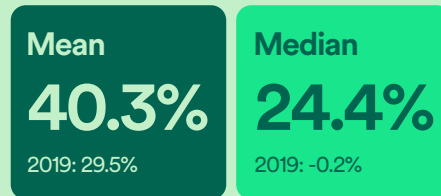
The results.

Our snapshot at 5 April 2020.

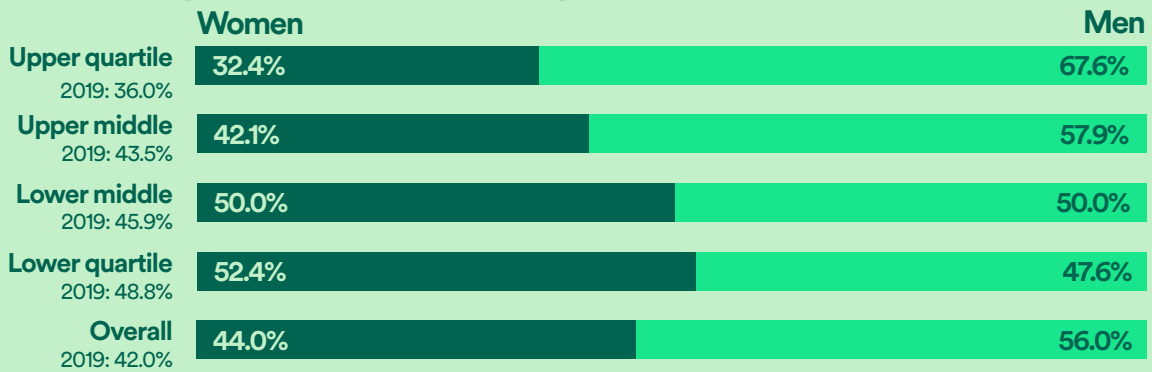
Gender pay gap



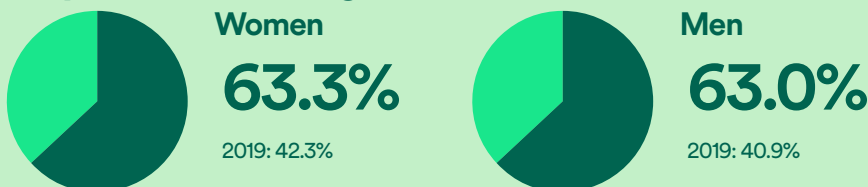
Gender bonus gap*



Gender representation in each quartile



Proportion receiving bonus



**In accordance with the government-required format, the bonus measurement includes commission, sales incentives, other allowances (such as relocation allowances) and bonus payments, but also income realised through our long term incentive programme which is offered to all permanent Spotify employees (and now covers a mix of stock options, restricted stock units and deferred cash awards).*

On 5 April 2020, 44% of our employees in the UK were women and 56% were men (which is more balanced, and an improvement from 42% and 58% respectively from our report this time last year). In the period covered by this report, a small number of employees in the UK identify as non-binary. Those employees who did not declare their gender identity are not included in these numbers.

Spotify's UK mean gender pay gap was 15.3% and median gender pay gap was 19.2%. This demonstrates a widening gap on last year's report. This is of course disappointing for us, given the improvement we saw last year and our commitment to inclusive hiring practices and pay equity, and is something we'll be working hard to bring back down.

Average mean bonuses for women over the 12 months to the snapshot date were 40.3% lower than men, and 24.4% lower at the median. The number of men and women receiving bonuses in the period rose due to an increase in employees choosing to exercise their stock options* in the period. In fact, removing the effect of the stock option gain outliers showed women saw higher average sales bonuses and commissions at the median.

When comparing like-for-like jobs (using our job taxonomy) we see that we are paying men and women equitably; so the representation gap continues, although we continue to hire quickly and actively search for talent of all genders and backgrounds. In fact, when we look at our adjusted pay gap, calibrating for job, level, function, etc we see a much smaller gap of 1% at the mean and 1.4% at the median.

When we look at the breakdown of the payments that make up the bonus pay numbers, we also look at removing the effects of stock option exercises (which continue to be unpredictable in terms of timing and value) and new hire awards (which all employees receive). When we look at just sales commissions and bonuses, we see that women earned more at the median (resulting in a median bonus gap in favour of women). For this reason we know we need to increase the representation of women in those roles that offer a higher share award guide and bonus expectation.

**Every new hire in a given job and level receives the same award value but the choice each employee makes, both in terms of the mix of cash and equity they wish to receive and the timing of realising the award's value, will impact the numbers we see in each reporting period.*

What do our numbers show?

Our UK business saw huge growth during the reporting period, as we opened a new UK office and the largest R&D hub outside of Sweden. In line with this we hired a number of people into R&D roles. As a result, our UK employee demographic shifted. Industry-wide, technology roles are still dominated by men and so the reality of the gender bias of experience and expertise in the technology industry has translated into our hiring figures. Of the R&D roles we hired during the year, two thirds (66.6%) were men. This is in contrast with our hiring into other parts of the UK business which yielded the reverse situation, hiring 65% women into new and existing roles. The gap has widened due to the introduction of many more R&D roles in the UK, which attract higher pay for equivalent size jobs (across all levels), and the higher representation of men in these roles that attract this premium (indicative of the talent market demographic and a challenge that isn't unique to us).

We are succeeding in getting a greater proportion of women into the business at all levels. We've seen a noticeable increase in representation of women at the lower middle quartile (45.9 to 50%) and continue to focus our energies on how to progress women to the upper levels of our business. To put this in the global context, we grew by 27% over this reporting period and the number of employees identifying as female across our global business has continued to increase - from 40% to 42%.

The introduction of the UK government's legislation on gender pay in 2017 provided us with the valuable opportunity to foster open dialogue and reinforce our commitments to fairness and equality across our UK group. We are proud of our accomplishments to date and motivated by the journey ahead.

We've also spent a great deal of time thinking about progressing our diversity agenda globally - which we comment more on here: [Diversity, Inclusion & Belonging](#).

Our commitment to Diversity, Inclusion & Belonging.

We are committed to creating a diverse culture where inclusion and belonging are held up as leading values by each and every member of staff, and so as we look at this year's results we acknowledge the fact that we need to do better. We have a number of ways we're looking to do that:

- In the UK and globally, we've been furthering our inclusive hiring strategy, and rolled out recruitment training globally to educate our partners and hiring managers on interviewing and assessing

candidates inclusively. Challenges of distributed working have helped highlight where we need to support more to help with inclusion and diversity in mind.

- The global pay equity analysis continues to be a prominent feature of our work to ensure fairness across all the compensation practices and processes. The purpose being to hold ourselves accountable for differences in pay between employees of different genders and correcting for unexplainable differences (i.e. objective reasons could be things like current/past job performance, in-role experience, niche skills). This review helps us identify and address any aggregate impact of changes in an individual's pay positioning. This analysis can also be described as a check-in between the annual compensation review and the mid-year promotion cycle to continue to ensure that our pay practices are fair.
- In the last 12 months, we've launched a number of internal initiatives designed to support historically-marginalised or underrepresented groups in our industry, and ultimately improve diversity. Much of the great work is being driven in conjunction with our Employee Resource Groups (ERGs) including Women@, BLK@ and Remix@. The underrepresentation of women in senior leadership and engineering roles continues to be a challenge for many technology companies, including Spotify, and increasing diversity in these roles is a high priority for us.
- One approach we are taking to eliminate the gap is focusing on our talent pipeline. We're in the process of introducing initiatives in the UK that we've already been running in other locations, specifically looking at women and other under-represented groups in the technology / engineering sector. The pilots are due to commence during 2021.
- And looking outwards, Spotify has always been and continues to be dedicated to empowering women creators and giving them a place to share their content with the world. We are especially excited to have recently launched our new campaign EQUAL to demonstrate our commitment to fostering equity for women in audio and celebrating their global contributions. See our For the Record [post](#) for more details.
- Gender diversity is just one of the many areas we look at when focusing on how to create an equal workplace. For example, as a UK business we are committed to anti-racism initiatives, embedding our commitments to ethnic diversity into everything we do both internally and externally. We have further reaffirmed this by signing up to the UK Equality in Audio Pact - more details on this [here](#). Globally, we are continuing to set ourselves up for success and more can be seen [here](#).

With this third year of reporting, we can see we have come a long way, and are proud of the progress we have made so far. Although the results of this year's report show us that there is still work to do, both as a business and within the industries in which we operate, we continue to believe that being open with our plans to close the gaps and improve representation within our business across all levels is an important way to drive action and accountability. As we grow and evolve as a business, we're very much committed to creating equality in all areas of Spotify.



Tom Connaughton

Managing Director, UK & Ireland

We confirm that the information and data provided in this report is accurate and in line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Spotify's UK Gender Pay Report 2019 can be found [here](#).