

UK Gender Pay Report 2023

At Spotify, we are committed to creating a diverse, equitable and inclusive workplace that reflects the unique perspectives of our consumers and creators. We're proud to be industry leaders when it comes to female representation across our business, and we welcome the opportunity to report on these figures.

This is the sixth year that Spotify has reported under the UK Government's gender pay regulations, and the below offers a snapshot view of the business as of 5 April 2023. While we have made some good progress since we first started reporting, we recognise that we still have work to do in reducing and removing the gender pay gap from our business.

For 2023, Spotify's mean gender pay gap is 12.7% and its median gender pay gap is 14.5% in the UK. These figures reflect a slight increase in the pay gap in both measures, but are both better than the national average. The slight increase in gap is driven by the hiring representation we saw over the 2022-2023 period. Specifically, while 55% of our hires were men, and 45% were women, the hiring rate of men at manager level and higher was predominately weighted towards men (65% men and 35% women). Given the pay gap is a measure of representation, this resulted in a slightly increased gap year-over-year. It is important to note that representation at the Director level and higher is 52% men and 48% women, which is in line with our overall gender distribution.

We have seen an improvement in the reduction of the gender bonus gap at 15.3%, down from 20.7% in 2022, as well as an increase in the proportion of women receiving a bonus (86% women vs 83.8% men). There are various components that are considered in the bonus distribution calculation, which include sales commissions and stock option exercises. Given the individual discretion around exercising stock options at certain price points, this may cause fluctuations in our data year over year that do not appropriately reflect the gender gap.

That said, we recognise that as long as men have a higher proportion of senior jobs, the bonus gap will favor men due to the increase in equity award size at these levels. While we are pleased that the gap has reduced, there is work to be done in our representation to fully correct this gap.

In 2022 (the period covered by this report), Spotify pursued ambitious hiring plans and saw a 39.7% growth in its UK headcount. Of these new hires, 44% identified as women. Sixty four percent of UK hires were within our Research & Development ('R&D') function with one third of this group identifying as women.

What is the gender pay gap?

The gender pay gap, as defined by UK legislation, refers to the difference between the average earnings of employees that identify as men and women across an organisation irrespective of role.

This is different from equal pay, which focuses on whether men and women are compensated equally for performing the same or similar work.

In order to mitigate and monitor for this, Spotify has conducted an annual pay equity review since 2015 comparing the pay of employees doing "like for like" work, and investigating the causes of all pay differences that cannot be justified. The objective of these reviews is to course correct if needed and ultimately ensure we are applying equitable pay practices. Pay equity is also taken into consideration when we make any pay decision, like during the hiring process or our compensation review windows.

Our snapshot as of April 5 2023

Gender pay gap

Mean

12.7%

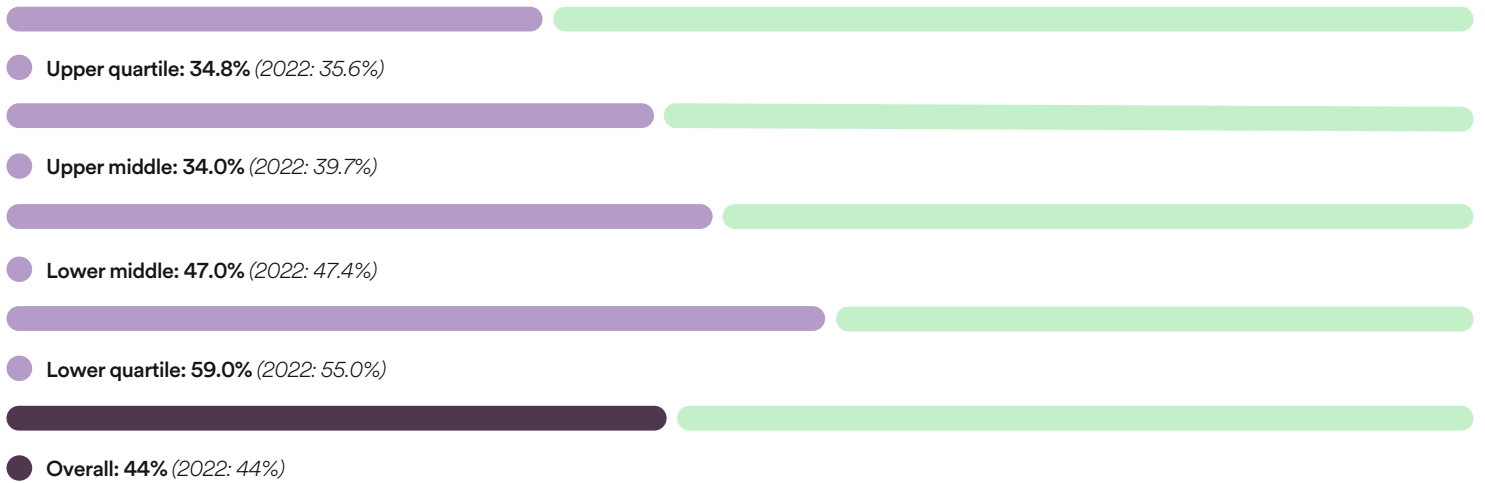
2022: 10.4%

Median

14.5%

2022: 13.1%

Representation of women*



Gender bonus gap**

Mean

15.3%

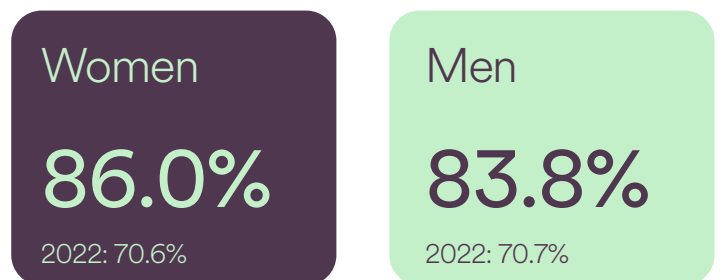
2022: 20.7%

Median

31.5%

2022: 39.0%

Proportion receiving bonus



* In the period covered by this report, fewer than 1% employees in the UK identify as non-binary or questioning. These employees are not included in these numbers.

** 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.

Every new permanent hire receives a long term incentive award 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 value from the awards – will impact the numbers we see in each reporting period.

What do our numbers show?

Spotify's UK mean gender pay gap for 2023 is 12.7% and median gender pay gap is 14.5%. We acknowledge that, while better than the national average, these figures reflect an increase in the pay gap in both measures vs 2022 and that we still have work to do in reducing and removing the gender pay gap from our business.

We have however seen a significant improvement in other measures, with the gender bonus gap reduced to 15.3% on average vs. 20.7% in 2022, and 31.5% vs. 39% at the median. The proportion of women in the business receiving bonuses has also increased from 70.6% to 86%, with more women receiving a bonus than men in 2023 (86% vs 83.8%).

When comparing like-for-like jobs, we see that we are paying men and women equitably. Representation at the mid to senior levels generally continues to be the biggest issue highlighted by these numbers (as it does more generally in the industries in which we operate).

However, we remain committed to inclusive hiring practices at all stages of the recruitment process including diverse candidate slates. In particular, we're prioritising internal mobility initiatives to encourage growth within the business, harnessing and encouraging existing talent and skillsets to promote equity.

While we find the legislation and required calculations can create potentially misleading results, fairness and equal treatment is at the heart of our decision making, whether at the time of hire, our annual pay review or when considering an internal job move.

The representation of our

On 5 April 2023, approximately 44% of our employees in the UK were women and 56% were men and this has been a consistent ratio since we started reporting in 2015. This split translates similarly to our leadership (director plus level) where 48% were women and 52% were men.

As 11.5% of our global headcount, the UK is in-line with our global demographic which is nearly 44% women and nearly 56% men (with the remainder being a mix of non-binary, questioning or not declared). This looks different for our R&D group which is 34% women and 66% men in the UK (in-line with representation globally).

What about other pay gaps?

We've proactively started to capture other demographics to help us to better understand the profile of our UK employees and therefore ensure equity across different groups.

Following the launch of our commitment to ethnicity reporting within the UK, we're pleased to see that we have a disclosure rate of more than 87% and will continue to work with this information to help inform internal discussions and actions. More information can be found in our Equity & Impact Report.

What's next?

Achieving broader representation across our business remains a core focus for us, and so the work continues on that front. Our mission is to create a more equitable and sustainable world for our employees, creators and listeners; we share the intentional work we're doing in our Equity & Impact Report, with two specific focus areas:

- Increasing representation of women and historically underrepresented or marginalised talent through inclusive hiring practices that benefit all. We strive for a workforce that reflects our creators, artists and consumers, because we value different perspectives, experiences, and ideas at decision-making tables. Inclusive hiring means attracting and hiring from different backgrounds, genders, races, and ethnicities, and from a multitude of identities.
- A focus on growing talent internally and accelerating careers with internal mobility opportunities that lead to increased retention of existing talent. By prioritising internal mobility, we can encourage existing talent and skillsets to promote equity.
- At Spotify, we have an inclusion mindset, applying a growth mindset to inclusion that starts with empathy. We embrace diversity and value the unique perspectives and experiences of all individuals. We actively seek out and include those from historically marginalised and underrepresented backgrounds.

You can read more about our focus and actions in the DEIB section of our [Equity & Impact Report 2022](#)

While we've made significant progress in terms of gender representation across the business, it is clear that there is still more work to be done in other areas.

As the business continues to evolve, we remain committed to the pursuit of gender equality and will review and iterate our efforts and initiatives with the ultimate goal of creating equity for all our band members across all areas of Spotify.



Peter Grandelius
Associate, General Counsel

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](#)

Spotify's UK Gender Pay Report 2022 can be found [here](#)