Spotify's UK Gender Pay Report 2021

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 fourth 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 2021.
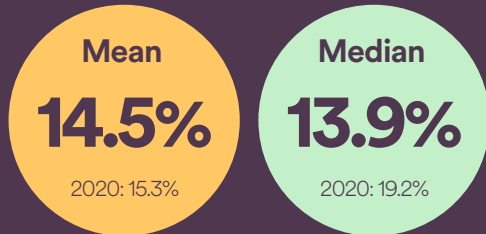
Since our last report (which looked at the same data set as it stood on 5 April 2020), we have continued to grow and pursue ambitious hiring plans. As a result of continued business performance, our numbers do not reflect any instances of employees on furlough.

What is the gender pay gap?

The gender pay gap refers to the difference between the average earnings of employees that identify as men or 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.
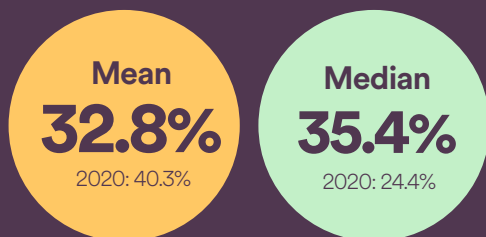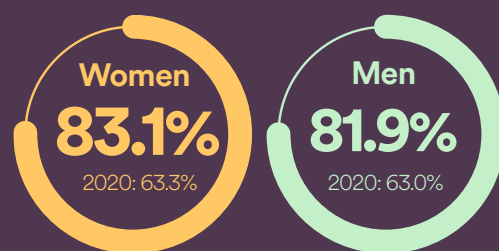
Our snapshot at 5 April 2021

Gender pay gap

Mean
14.5%
2020: 15.3%

Median
13.9%
2020: 19.2%

Representation of women*

Upper quartile
2020: 32.4%
32.6% — 67.4%

Upper middle
2020: 42.1%
43.9% — 56.1%

Lower middle
2020: 50.0%
51.2% — 48.8%

Lower quartile
2020: 52.4%
53.0% — 47.0%

OVERALL
2020: 44.0%
45.0% — 55.0%

Gender bonus gap**

Mean
32.8%
2020: 40.3%

Median
35.4%
2020: 24.4%

Proportion receiving bonus

Women
83.1%
2020: 63.3%

Men
81.9%
2020: 63.0%

In the period covered by this report, a small number of employees in the UK identify as non-binary. Those employees and those who did not declare their gender identity 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?

On 5 April 2021, 45% of our employees in the UK were women and 55% were men (which is more balanced, and an improvement from 44% and 56% respectively from 2020). This translates similarly to our leadership team where 44% were female and 56% were male.

Spotify's UK mean gender pay gap for 2021 is 14.5% and median gender pay gap is 13.9%. This demonstrates a reduction of the pay gap in both measures. This is a positive but we know more work needs to be done to make sure that the gap continues to close. This has been helped by a steady improvement in representation across different jobs and this can be seen in the improved numbers in each quartile.

Average mean bonuses for women over the 12 months covered by this report were 32.8% lower than men, and 35.4% lower at the median. This is less encouraging but a result of a particular group of senior leaders realising the value of their share awards and bonus payments in the period. The number of both men and women receiving bonuses in the period rose due mainly to an increase in the number of employees realising value from our long term incentive programme.

When comparing like-for-like jobs, we see that we are paying men and women equitably; so representation continues to be the issue highlighted in these numbers (as it does more generally in the industries in which we operate). However, we continue to 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 minimal differences between genders, sometimes with a positive impact for women.

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.

We know the main challenge we face now is reflective representation, and so we're challenging ourselves to counter the current trend. For example, we have a global goal to increase female representation in our Research and Development (R&D) groups to 40%+ (from 32%) and 30% at leadership level (from 25%) by the end of 2023.

What about other pay gaps and data?

We've proactively started on our journey to capturing other demographics – as allowed by law – to help us to better understand the profile of our UK employees. We have started looking at ethnicity pay gap reporting and we hope this will further the dialogue on improving representation of historically under-represeted groups in the workplace.

Our commitment to Diversity, Inclusion and 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 we continue to push forward with actions that will help us to build and improve on what we've achieved so far. We have a number of ways we're looking to do that:

- In the UK and globally, we continue to further our inclusive hiring strategy, and rolled out recruitment training globally for our Talent Acquisition and hiring managers on interviewing and assessing candidates inclusively.

- Since 2015, Spotify has performed an annual global pay equity analysis to ensure that everyone is being paid fairly regardless of factors that are not job related, like gender, and race and ethnicity in countries where the analysis is permitted, such as in the US (and more recently in the UK). If there is no objective reason for a pay disparity, we make pay adjustments. This analysis also acts 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.

- Gender diversity is just one of the many areas we look at when focusing on how to create an equitable workplace. For example, as a UK business we have a commitment to anti-racism, with a lens on anti-black racism, 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**, and most recently to the **Tech Talent Charter** in the UK as well as the **Valuable 500** from a global standpoint. Globally, we are continuing to set ourselves up for success and you can find out more **here.**

- During 2021 the new Diversity, Inclusion and Belonging team (DIB) was formalised. The team is made up of strategy leads, specialists and leaders who support and drive the agenda across the whole of Spotify. DIB sits alongside Social Impact and Sustainability, within the wider Equity and Impact team led by **Elizabeth Nieto**.
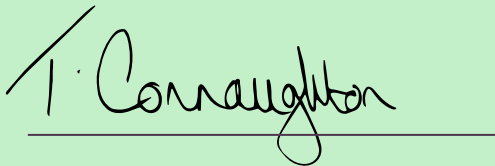
Despite the challenges of the past year, we can see we have continued to make progress.

This year's results 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 how we're tracking and our desire to improve representation across all levels of our business is an important way to drive action and accountability.

As we grow and evolve as a business, we remain committed to creating equity in all areas of Spotify.

Tom Connaughton
Managing Director, UK and 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**.

Spotify's UK Gender Pay Report 2020 can be found **here**.