

Welcome to Etsy

Etsy is the global marketplace for unique and creative goods. Since 2005, Etsy has connected sellers with buyers around the globe, all in the spirit of our mission: Keep Commerce Human. Each year, we release our Transparency Report to provide visibility into our content policy enforcement, intellectual property takedowns, member disputes, and requests for information or enforcement. Our fifth Transparency Report reinforces our commitment to being a mindful and transparent organization.

Our community by the numbers:1

39.4 million active buyers

2.1 million

60 million

items for sale

As of December 31, 2018, our community was made up of 39.4 million active buyers. Our 2.1 million active sellers had over 60 million items for sale. All members of our community must follow our policies, which we call <u>Our House Rules</u>. We strive to write our policies as clearly as possible to help our members around the world understand their rights and responsibilities when using our marketplace.

Content policy enforcement

As a marketplace that doesn't hold inventory or ship products, we enforce our policies based on reports from our community, third parties, and our internal Trust and Safety systems.

All Etsy sellers commit to following our Seller Policy, which outlines our marketplace criteria and customer service expectations. Our Trust and Safety team is dedicated to educating our community about our policies, screening potential content violations, and removing items and member accounts when they violate our policies. Policy violations include infractions like listings of new commercial items in our handmade category, trying to sell prohibited items like recalled goods, and providing a poor customer experience by not shipping orders. Our team employs a combination of automated systems, proactive review by specially trained employees, and flags from our members to alert us to potential policy violations. We strive to consistently enforce our policies to hold all members accountable to the same standards, to build trust in our community, and to maintain the integrity of our platform.



Insights from 2018

In 2018, Etsy received a total of 556,564 flags regarding potentially non-compliant listings, a 71% increase in flags from 2017. This increase is due to our improved automated flagging systems generating more content than ever before. Our team manually reviewed 85% of flags, including machine-processed flags, to ensure their accuracy.

Our team takes a variety of enforcement actions, depending on the nature of the policy violation. We may remove an item from the marketplace. provide a seller with educational content, suspend an account, or permanently refuse service to a member. The most common policy violations were breaches of our Handmade Policy, and our specialized Marketplace Integrity team removes resellers from our platform regularly. In total, Etsy's policy enforcement teams permanently closed² 36,331 accounts for policy violations not related to intellectual property in 2018.

¹ As of December 31, 2018

² In previous Transparency Reports, we reported on temporarily suspended accounts. We believe that permanent suspensions are more reflective of our enforcement efforts.

Intellectual property takedowns

Etsy requires that sellers represent that they have all necessary intellectual property rights for the content they upload to their Etsy shop. Our Intellectual Property Policy is based on industry best practices, worldwide intellectual property laws and decisions, and regionspecific laws such as the Digital Millennium Copyright Act (DMCA). The policy reflects a commitment to the expeditious removal of allegedly infringing material with responsible communication of such to our members and third parties. Our Legal Response and Enforcement team reviews allegations and notices of infringement under our policies.

Insights from 2018

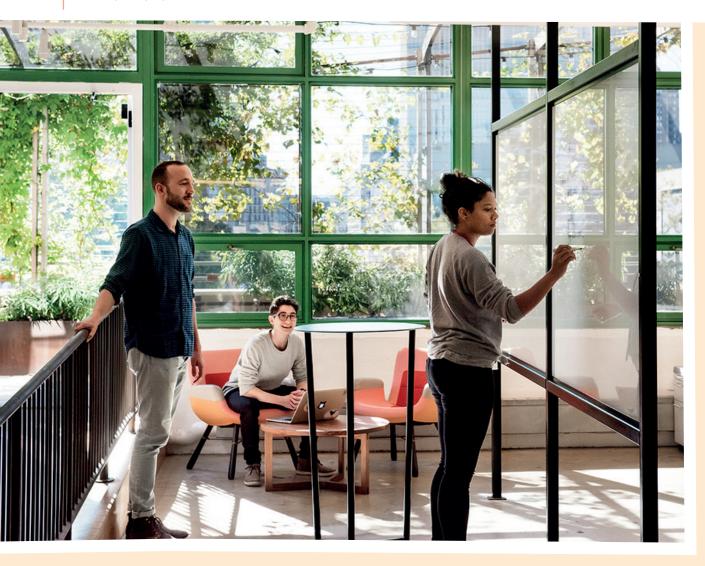
Etsy executed 27,023 properly submitted takedown notices, removing or disabling access to 404,640 listings from 91,381 sellers. We closed 6,775 shops for repeat infringement. Complaining parties formally withdrew their notice(s) for 3% of listings with a takedown notice. Overall, we saw a 71% increase in intellectual-property-related takedowns from 2017, which we attribute to expanded use of our reporting tools by new and existing reporters.

We rejected 12% of notices, a 3% decrease from 2017. A notice may be rejected for reasons like Etsy being unable to verify that the person submitting the notice is authorized to act on behalf of the intellectual property owner, if the description of the intellectual property is insufficient, or if the notice fails to comply with Etsy's policies. Members submitted DMCA counter notices opposing copyright claims for 3% of listings with a takedown notice.









Resolving member disputes

We expect our sellers to provide great customer service. If an order is not delivered or is not as described in the product listing, we ask that the seller and buyer work together to reach an amicable resolution. While Etsy is not directly involved in a transaction between buyers and sellers, we provide a <u>Case System</u> for members to work together to resolve disputes with the assistance of Etsy's Dispute Resolution team.

Insights from 2018

About 0.3% of orders placed in 2018 resulted in a case, consistent with the past two years. In 2018, 0.8% of buyers with a purchase filed a case, and 10.1% of sellers who made at least one sale in 2018 received a case. Both numbers represent a slight decrease in case rates.



	2018
North America	64%
Europe	25%
Asia	7%
Rest of world	4%



Requests for member information or action

Etsy's <u>Privacy Policy</u> details how we handle member information and reflects our commitment to member privacy and transparency. Under limited circumstances, like court orders and subpoenas, we may be compelled to provide member information or take certain actions on member accounts. We describe our process for requesting member information in our <u>Requests for Information Policy</u>.

When appropriate, we notify members about legal process requests for information or action from third parties.

Insights from 2018

Etsy produced records in response to 100 of the 115 formal legal process requests we received. In connection with these requests, we disclosed member information on 112 accounts. We saw an increase of 35% in valid legal notices from 2017 to 2018. We also handled 8.370 requests from members to permanently close and delete their accounts, a large jump from 729 requests in 2017. This increase is likely related to the General Data Protection Regulation (GDPR) coming into effect across the European Union in 2018.

Aside from requests for member information, we also received legal process requests that were administrative. These included requests to freeze or divert funds from a member's payment account to comply with a legal obligation, such as those relating to liens, levies, or garnishments.

Etsy disclosed member account, transaction, or listing information in other limited circumstances as permitted under our Privacy Policy. This allows the release of information when we believe in good faith that disclosure is necessary to: comply with the law, prevent imminent physical harm or financial loss; or to investigate, prevent, or take action regarding illegal activities, suspected fraud, threats to our property, or violations of Etsy's Terms of Use. In particular, we responded to requests from law enforcement about specific transactions and accounts related to potentially fraudulent activity and reported activity related to imminent risk of harm to members or others. Additionally, we cooperated with requests from government agencies such as the United States Department of Agriculture (USDA).

We did not receive national security letters, Foreign Intelligence Service Act (FISA) orders, or other classified requests for information in 2018.

Requests for member information or action, by type



	2018	
■ Governmental subpoenas	40	
 Civil litigants subpoenas or court orders 	22	
Governmental search warrants	4	
■ Governmental court orders	0	

A MESSAGE FROM OUR LAWYERS

We are planning to provide
Transparency Reports in the
future. As legal frameworks
change worldwide, the
information we share and the
way it's determined may change
over time. We think it's important
to share this data with the public,
but we don't have any obligation
to do so or to otherwise update
the statements in this report,
even if new information becomes
available in the future.



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