

2016
Progress
Report

Etsy



**117 Adams Street
Brooklyn, NY 11201**

Introduction

At Etsy, having a positive impact on our community and our world is core to our mission of keeping commerce human. Our ability to empower our sellers, to cultivate an engaged and loyal employee base, and to be mindful of how we use our resources all drive our success as a company.

This report details the progress we made in the areas of economic, social, and environmental impact in 2016. While we've attempted to capture the key milestones throughout the year, it would be nearly impossible to include all of the countless ways that Etsy's employees go above and beyond each day to show that business can be a force for good.

We'll continue to work towards our ambitious goals and to provide regular updates on our progress.

Unless otherwise indicated the numbers within this report are as of December 31, 2016.

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This report includes forward-looking statements regarding our business strategies, plans and operations, and our progress toward our corporate mission and ideals. We have high hopes, but there are risks and uncertainties (including those identified in our 2016 Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q), and our actual results could be materially different. We are planning to provide progress reports in the future; however, 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.

Economic

Etsy brings together a global community of creative microentrepreneurs. The vast majority of our sellers are businesses of one and they face unique challenges when it comes to starting, managing, and scaling their businesses. Our marketplace provides them with a global audience of buyers and our services address key business needs. But truly setting sellers up for success requires us to extend our efforts beyond our own ecosystem.

We have a strong responsibility to advocate for favorable policies and regulations that make it easier for microentrepreneurs around the world to do business and earn a living.

Policymakers often overlook the Etsy community when considering new laws, and fail to understand the common challenges sellers face—from managing complicated tax laws to the pains of international shipping. Governments can help reduce those barriers, but we need to educate them about the unique experiences and needs of our community.

In 2016, we advocated across a range of key issues, engaged directly with local and national policymakers, and gave sellers a voice by putting them in front of their representatives. Here are some of the highlights:

Portable benefits

As the nature of work continues to change, we believe it's time to embrace a 21st-century approach to benefits: one that supports anyone who works, no matter how they work.

We believe that everyone needs:

- A single place to manage benefits, regardless of income source
- A simple, common way to fund those benefits
- A way to manage income fluctuations.

With this in mind, in September 2016, we released “Economic Security for the Gig Economy: A Social Safety Net that Works for Everyone Who Works.” The report outlines policy proposals to deliver a safety net for all, and provides actionable ideas that aim to broaden the scope of the current conversation around the future of work in the United States.

The ideas we proposed include:

- Creating a federal benefits portal which ties all benefits to the individual, not their job
- Using tax withholding as the universal means to administer benefits contributions
- Combining all existing tax-advantaged savings accounts into a single MyFlex account, which everyone could use to manage short-term income fluctuations
- Expanding the Earned Income Tax Credit to cover more people and provide more robust income protection, as well as allowing it to be administered quarterly

Maker Cities

In February 2016, we launched Etsy Maker Cities to bring Etsy sellers together with community leaders and policy makers. We wanted to explore a new model for local creative economies, one that puts people at the center of commerce, promotes sustainable production, and empowers makers to build creative businesses on their own terms.

Following an open call for Etsy sellers and city leaders to share their ideas, we received more than 215 applications. From this pool, we ultimately selected 13 cities from the US and Canada to attend a Summit in Brooklyn, New York. At the Summit, we helped sellers and city officials partner to design a specific action plan for their region.

The results were inspiring. For example, Knoxville, Tennessee, formed a Mayor's Maker Council to advocate on behalf of the maker community. Talent, Oregon, decided to open a new makerspace. Memphis, Tennessee, focused on researching and collecting data about their creative economy to quantify its impact. Pittsburgh, Pennsylvania, launched a craft entrepreneurship program and plans for maker-based revitalization projects. Tacoma, Washington, came up with a 20-year strategic plan that enables makers to access funding and resources.

In 2017, we evolved Etsy Maker Cities into a grant program, open to new applicants as well as cities that have already developed action plans. In August 2017, we announced our support of Open Works in Baltimore, Maryland, and the Berlin Kreativ Kollektiv, in Berlin, Germany. We're excited to support the Maker Cities initiative and can't wait to see what's next for each participating community.

Global Trade

Global trade laws are built for big companies—not for small businesses, and certainly not for microbusinesses with only a handful of employees, if any. Roughly half of Etsy sellers ship their wares internationally, but trade laws haven't kept up with the growth of peer-to-peer marketplaces like ours. We're working to change that by advocating for trade policies that make it easier for small businesses to ship their goods internationally.

Most countries exempt small, inexpensive shipments from customs and duties requirements. Goods that fall under these “de minimis exemptions” aren't subject to extra fees and don't get hung up at the border. The problem is, these thresholds vary from \$0 to \$1,000 around the world.¹ If every country set a universal threshold that exempted all goods under, say, \$1,000, it would make it easier for microbusinesses to export their goods.

Since 2014, Etsy has been bringing sellers to Washington, DC to educate policymakers about the challenges of shipping goods internationally and advocating for a customs bill that would increase the US de minimis threshold for imports into the US. In 2016, thanks in part to this advocacy, Congress passed the bill and raised the thresholds from \$200 to \$800. This benefits Etsy sellers who ship to the US from another country. It also encourages other nations to raise their import thresholds for the benefit of US-based sellers and increases our leverage. Easing barriers to international trade and shipping helps our sellers, so we'll continue to fight for reforms that make the global marketplace better for micro-businesses.

¹ United States Senate
Committee on Finance,
February 10, 2016.
[Bipartisan Trade Bill
Brings U.S. Customs
System into 21st Century](#)
[press release].

Net Neutrality

The internet has democratized access to entrepreneurship for millions, allowing microbusinesses to access a global market of customers and compete with much bigger brands.

For several years now, Etsy has been a leading voice fighting for net neutrality - the idea that everyone should have access to the same speeds online, and that bigger companies shouldn't be able to pay for faster access to consumers online. We were an important voice in the successful effort to establish strong net neutrality rules in 2015, and in 2016 continued the fight in the courts.

Almost immediately after the 2015 net neutrality rules became law, big cable companies challenged them in court. Etsy joined that case in defense of the Open Internet Order. On June 14, 2016, the courts upheld the net neutrality rules for which we fought so hard.

Since the 2016 US presidential election, the new administration and FCC Chairman have vowed to roll back net neutrality protections. To protect an open internet now and in the future, we will continue to advocate for net neutrality.

Social

At Etsy, we believe that fostering a diverse and inclusive workplace makes us a more relevant, more competitive, and more resilient company.

By welcoming people from all backgrounds, ethnicities, cultures, and experiences we open ourselves up to new perspectives and ideas, which we believe will drive our business forward. There's a wealth of business research showing the relationship between diversity and innovation.²

To us, diversity means diversity of thought, style, perception, and backgrounds. We acknowledge that differences in power, privilege, and access are part of this conversation too. It is impossible to embrace human difference without addressing the realities of inequality. We have and will continue to engage employees in conversations that examine identity, marginalization, and intersectionality; understanding that building the capacity to have these conversations at work is a foundational step towards change.

Here are a few examples of steps that Etsy has taken in 2016 to foster diversity and inclusion in our workplace:

² McKinsey Global Report; Diversity Matters, 2015. Center For Talent Innovation; Innovation, Diversity, and Market Growth, 2013. The Peterson Institute for International Economics; Is Gender Diversity Profitable? Evidence from a Global Survey, 2016.

Employee Resource Groups

In 2016, we formed Employee Resource Groups (ERGs), which bring together groups of employees from underrepresented backgrounds, lifestyles, and abilities. Employee Resource Groups have formed around many communities, including our Asian Resource Community, Black Resource and Identity Group at Etsy, Jewish People at Etsy, Hispanic Latinx Network, Parents Groups, Queer @ Etsy, and Women and Non-Binary People in Tech. ERGs aim to foster a positive and inclusive workplace culture and amplify diverse voices through, for example, presenting at company-wide meetings and hosting various community hours and informational sessions.

Parental Leave Policy

In April 2016, we rolled out a revised parental leave policy. 100% of full-time Etsy employees are eligible for 26 weeks of paid parental leave, regardless of gender or whether they became a parent through birth or adoption. 48 employees took leave between April 2016 and February 2017. Of those:

- 50% of employees who took leave identify as women
- 50% of employees who took leave identify as men
- 35% of employees who took leave were promoted soon before, during or after their leave

Internal Process Audit

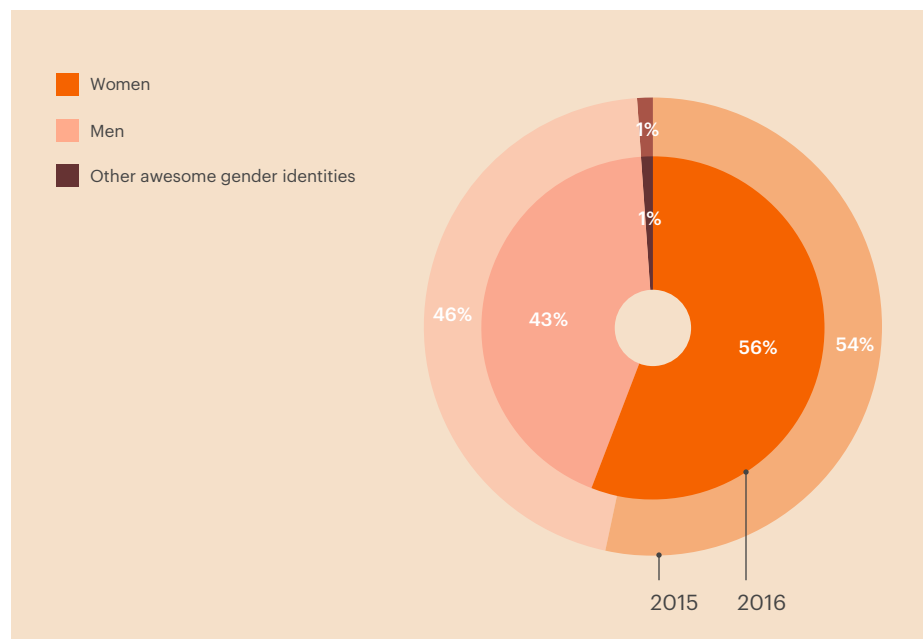
Also in 2016, we engaged an outside consultant to perform a comprehensive internal audit of processes such as recruiting, talent management, organizational development, and employee development. We have been working with these advisors to develop and implement best practices for processes that support diversity and inclusivity. This work has continued into 2017 and we are operationalizing the findings and recommendations.

Diversity Metrics

In 2016, many tech companies continued to have challenges³ with gender, racial, and ethnic diversity in their workforces. At Etsy, we've had some big wins, thanks to an ongoing focus on gender equity. As of December 31, 2016, 56% of our global workforce identified as women. As of the publication of this report, our board was 50% women—much higher than the U.S. average of 19.9% board representation at S&P 500 companies.⁴ For many reasons, it's important to us that Etsy is a place where women thrive—one key benefit being that we're better able to reflect our seller base, which is 87% women. We've also made some progress on racial and ethnic diversity, with year-over-year increases in employees from under-represented racial and ethnic groups.

To hold ourselves accountable, share our learnings, and look for areas of opportunity, we're publishing a few different metrics: gender diversity, racial and ethnic diversity, and age. All numbers are as of December 31 of the respective years indicated.

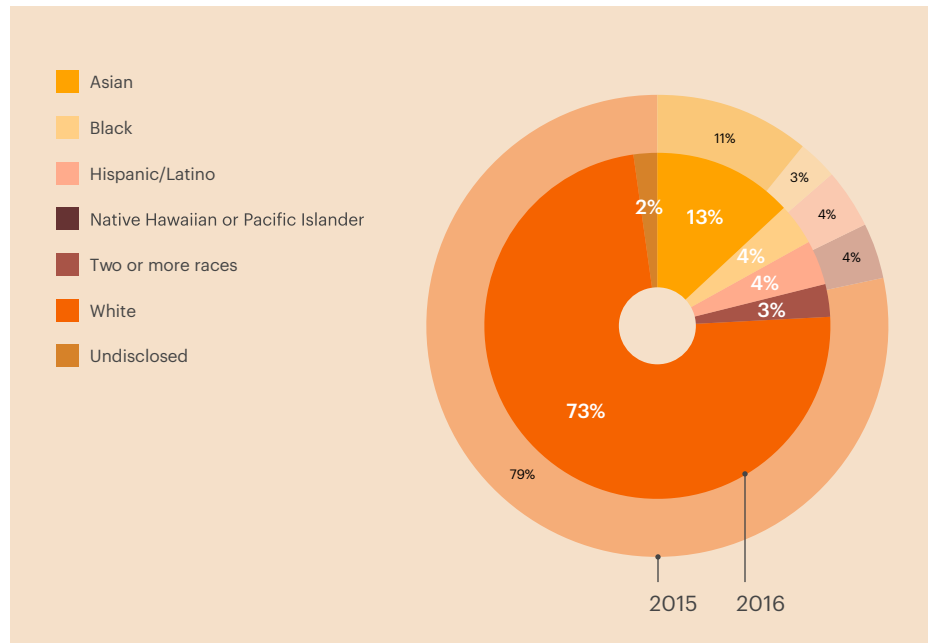
OVERALL GENDER (GLOBAL)



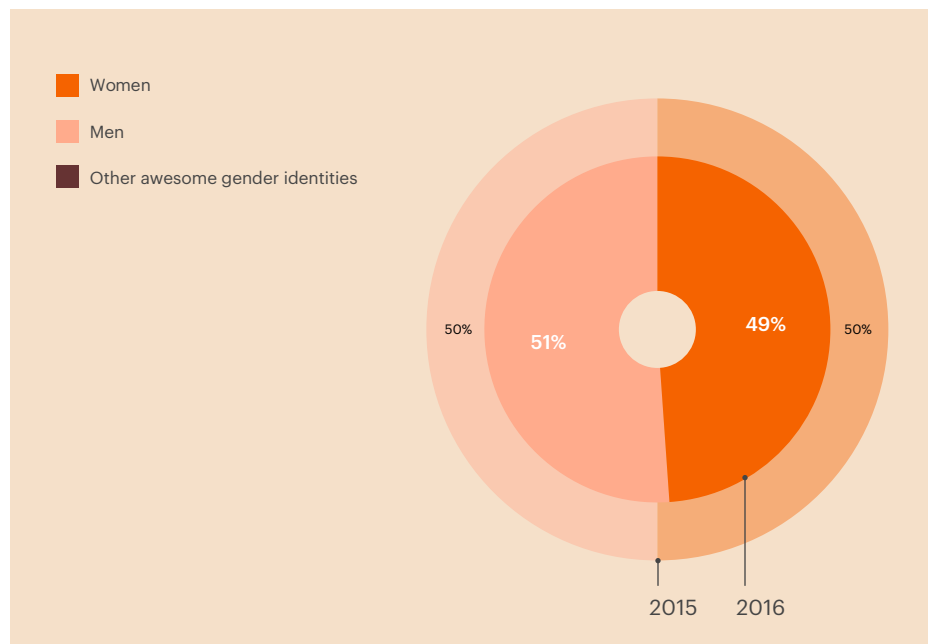
³ Information Is Beautiful. [Diversity in Tech 2016](#). Concept & Design: David McCandless. Research: Miriam Quick, Stephanie Smith. Sources: Company & Press Reports, Global Figures Unless Otherwise Stated. Data: bit.ly/KIB_DiversityTech

⁴ Catalyst. [Quick Take: Women on Corporate Boards Globally](#). New York: Catalyst, January 4, 2017.

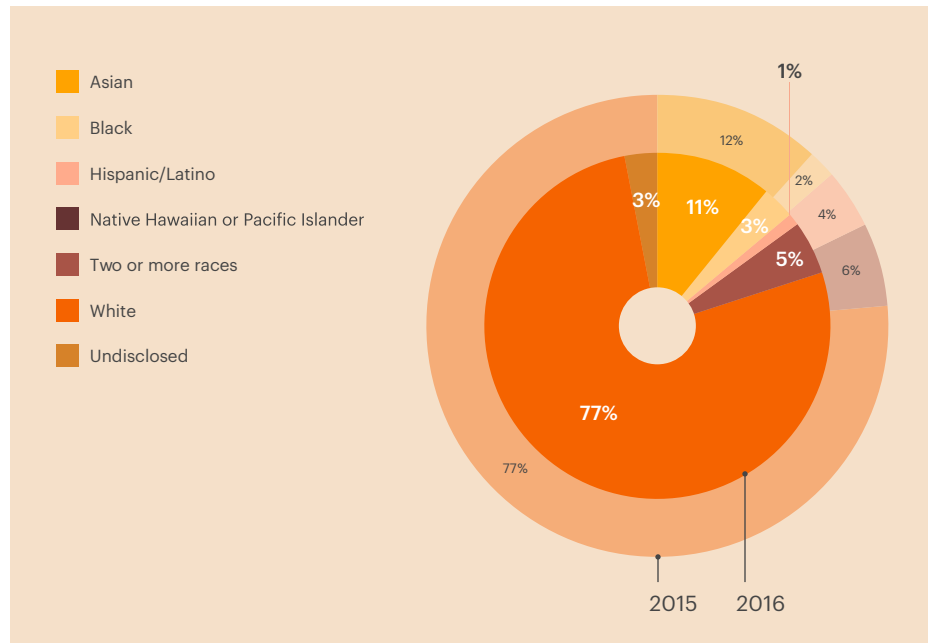
OVERALL RACE / ETHNICITY (US)



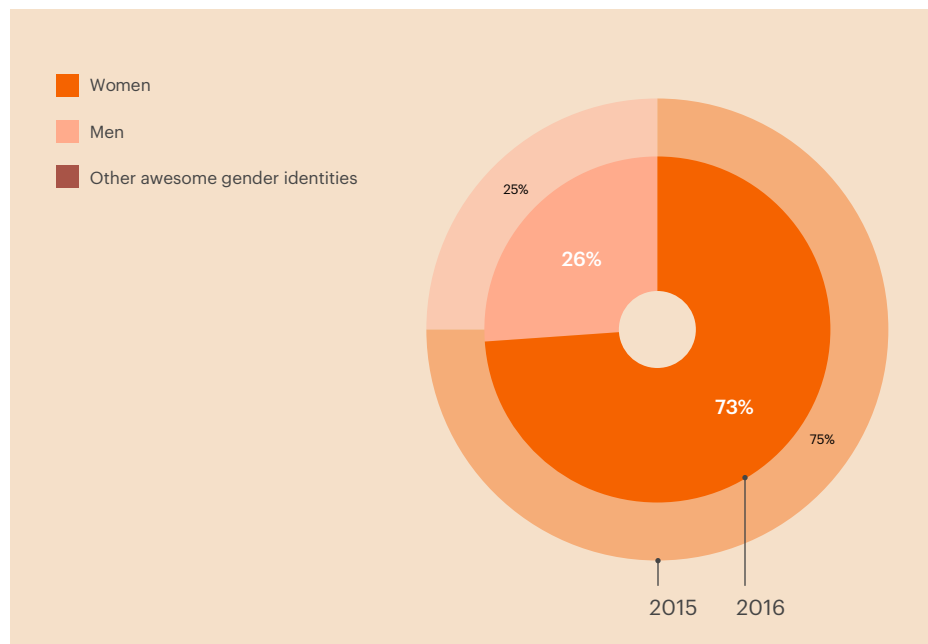
LEADERSHIP GENDER (GLOBAL)



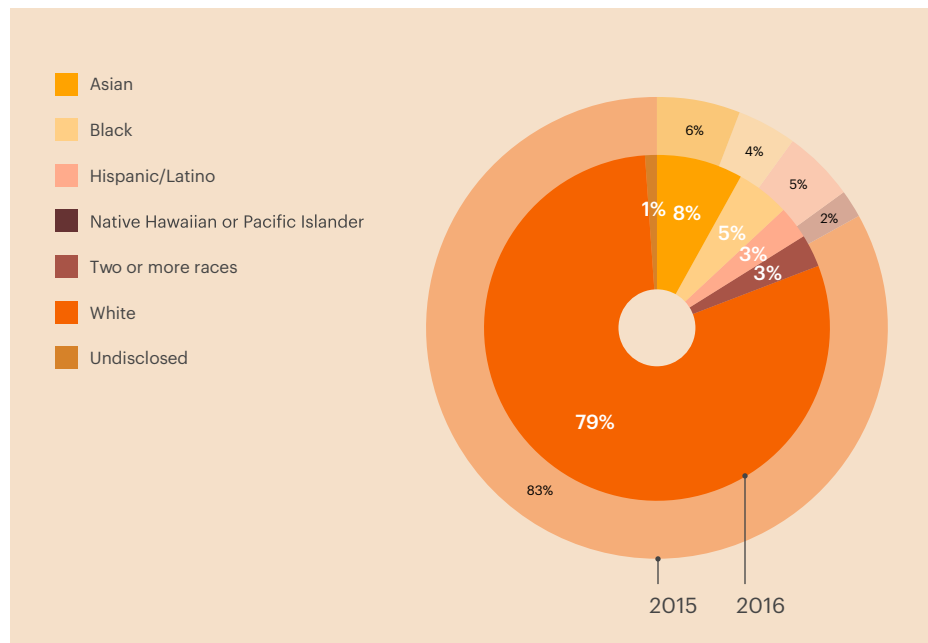
LEADERSHIP RACE / ETHNICITY (US)



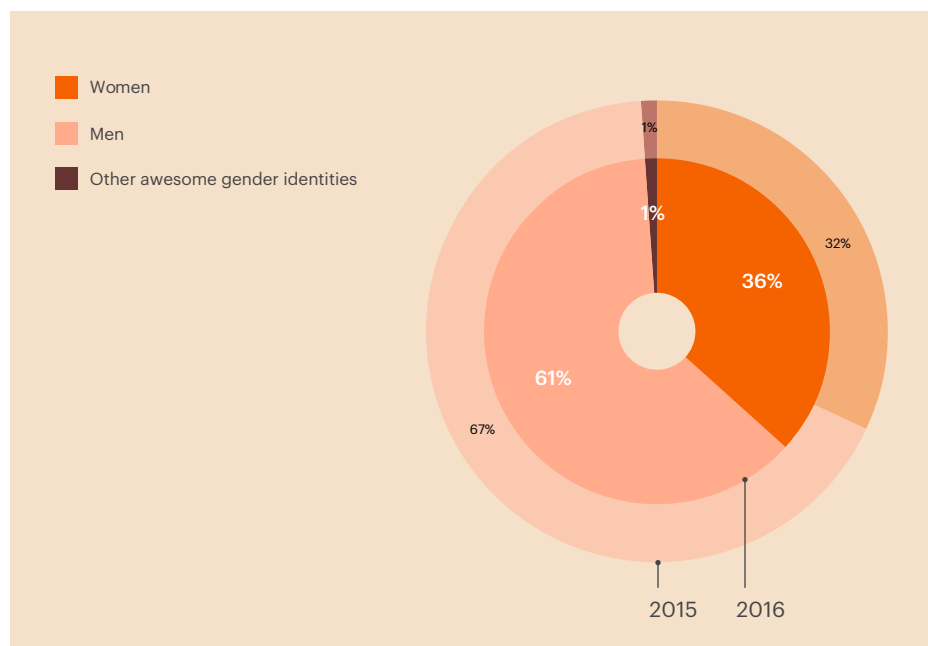
OTHER BUSINESS FUNCTIONS GENDER (GLOBAL)



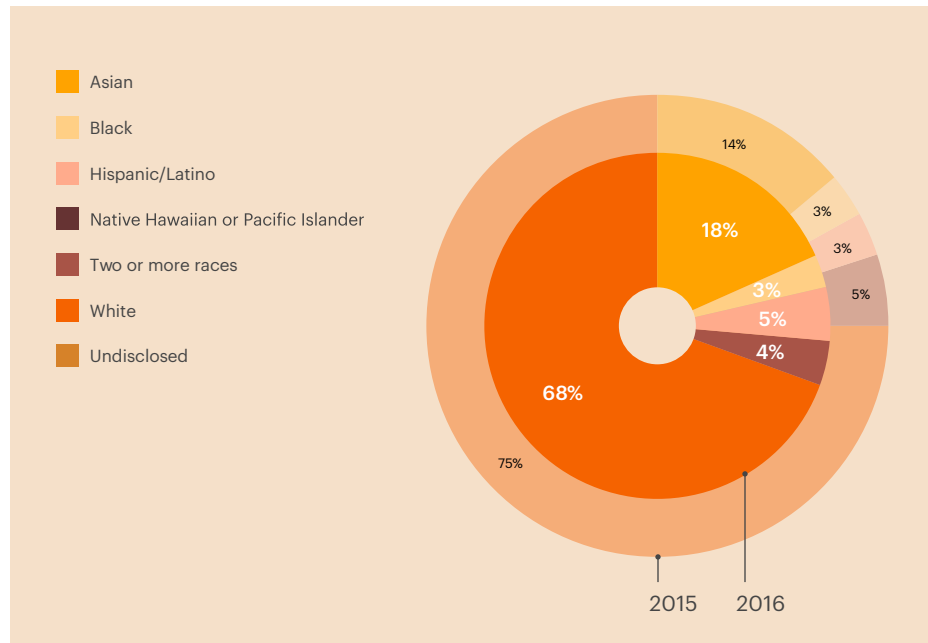
**OTHER BUSINESS
FUNCTIONS RACE /
ETHNICITY (US)**



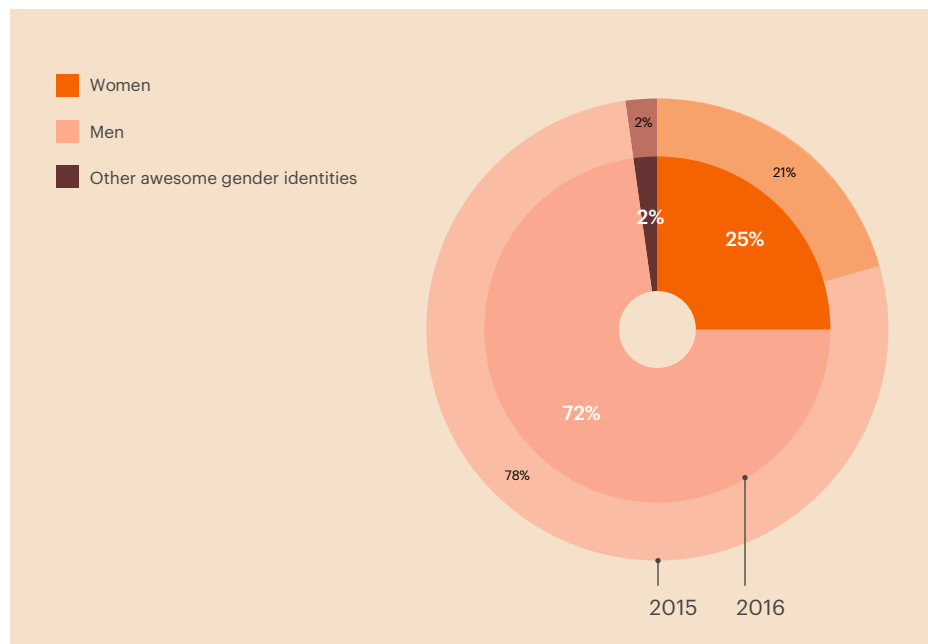
**TECH GENDER
(GLOBAL)**



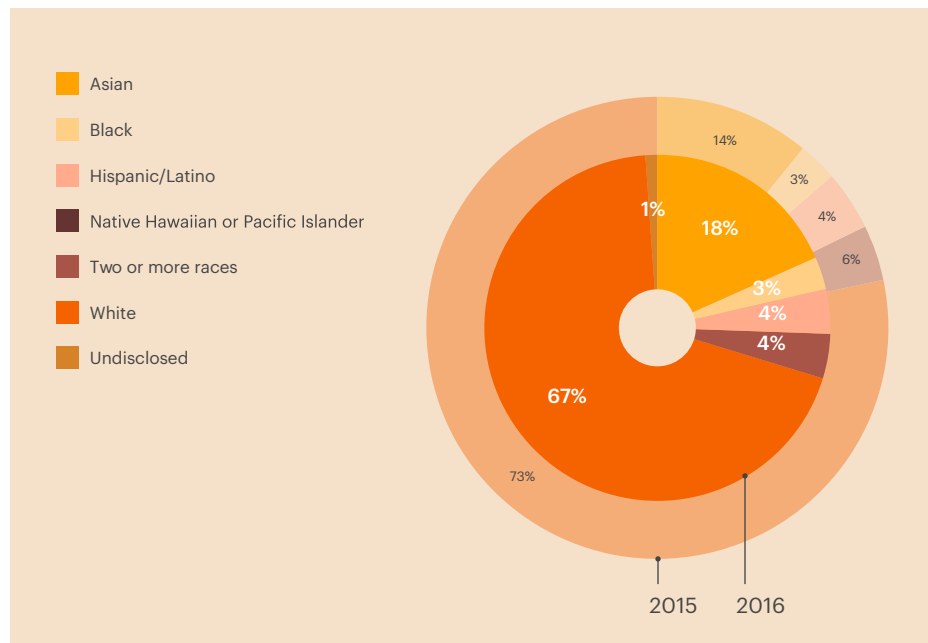
TECH RACE / ETHNICITY (US)



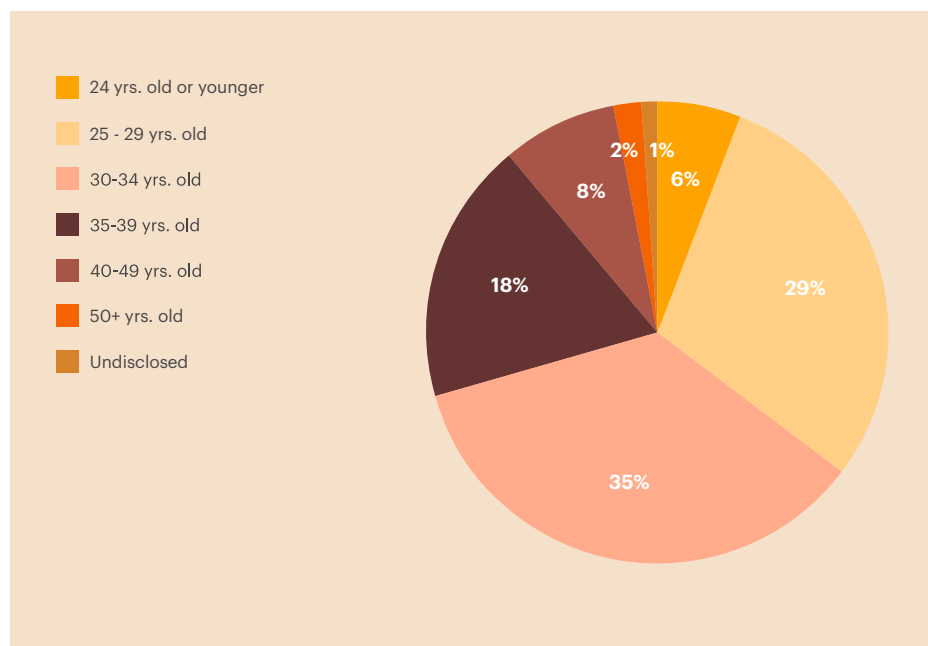
ENGINEERING GENDER (GLOBAL)



ENGINEERING RACE / ETHNICITY (US)



OVERALL AGE (GLOBAL)



How we measure and report diversity

Since last reporting our demographic composition in 2015, we've made two key changes to how we measure our employees. First, we are now using self-reported employee data for race and ethnicity. Some employees leave this data blank or decline to state; we aggregated their responses under "undisclosed." Second, we have published age distribution metrics for the first time, in recognition that generational diversity is a valuable but often unacknowledged asset.

We use racial and ethnic identifications from the Equal Employment Opportunity Commission. We also acknowledge that gender is not binary. Employees are given the option to voluntarily self-report their gender identity from a list of more than 60 options. We aggregated responses that were not cis/male/man or cis/female/woman into a third category. "Tech" includes engineering and product organizations as well as technical analysts. "Engineering" refers to all employees in our engineering organization. "Leadership" refers to employees at the Director level or above.

Environmental

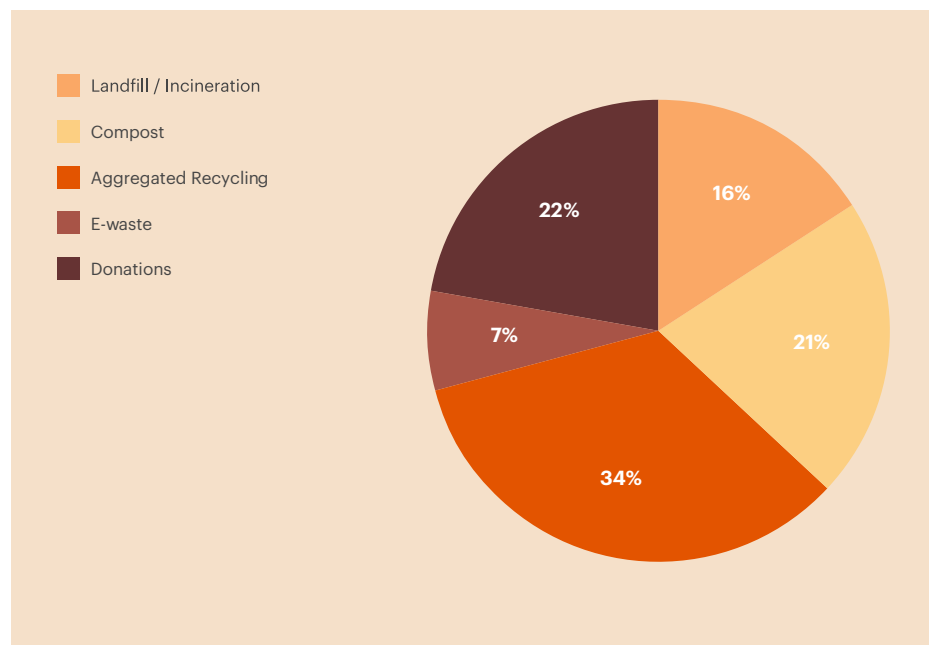
At Etsy, we have big goals for the future. We believe that businesses have a responsibility to further the conversation around global climate change, and we take our environmental impact seriously. That's why we've made public commitments in areas where we know we can move the needle: achieving zero waste operations by 2020 and powering our company with 100% renewable electricity by 2020. Over the long term, we have a lofty ambition of eliminating our carbon impacts.

We approach our business as the sum of many small parts. Everything adds up, from energy to shipping to waste. We've had challenges and successes, and we're sharing those here. Because we believe in making our impact data and strategy available to other companies and communities, we strive to open-source our sustainability learnings. Many of our stakeholders—sellers, buyers, employees, investors, creative entrepreneurs, and the full spectrum of the Etsy community—are interested in sustainability and taking action towards it. We hold ourselves accountable to them.

Our progress towards Zero Waste

Zero waste is more than just a goal to divert waste from landfills or incineration. It's a way of rethinking waste as a resource, not just something to be discarded.⁵ At Etsy, a continuous focus on recycling, composting, and waste reduction led us to commit to zero waste operations globally by 2020. (The U.S. Green Building Council defines Zero Waste as a minimum of 90% waste diversion from landfills, incinerators, and the environment.) In 2017, three of our offices were certified as Zero Waste Facilities by the USGBC - Brooklyn and Dublin at the Platinum level, and Hudson at the Gold level. We plan to pursue certifications for other offices in 2018, moving us closer to our goal of zero waste operations.

BREAKDOWN BY WASTE STREAM



⁵ As defined by the Zero Waste International Alliance, zero waste is a goal "to guide people in changing their lifestyles and practices to emulate sustainable natural cycles, where all discarded materials are designed to become resources for others to use." The USGBC defines successful achievement of zero waste for "businesses, organizations and communities that divert more than 90 percent of waste from landfills, incinerators and the environment."

⁶ Reduce, Reuse, Recycle is a motto of the Environmental Protection Agency, and a guide to implementing donation, recycling, and composting programs at the state and local level.

We've been building on the classic reduce, reuse, recycle hierarchy,⁶ embracing the highest and best use of materials so they remain useful, rather than downcycling materials through processes like recycling. While we've gotten smarter about waste, we know we need to focus on reduction to bring down the volume of waste we produce. Here are a few examples of actions we've implemented to move closer to our zero waste goals.

Rethink

- Etsy carefully tracks our outgoing material streams—from traditional waste streams like recycling and compost, to donations—using Divertsy, our in-house waste data tracking software. Using the data, we track our progress and look at ways to reduce waste across streams. In 2017, we open-sourced Divertsy, making it available to any organization or individual who is interested in doing the same.
- We evaluate materials for their highest and best uses. By integrating zero waste principles into our operations, we aim to keep materials useful for as long as possible. This also means rethinking waste as a resource—for example, collecting rainwater that would have been stormwater runoff to feed our office plants.

Reduce

- Across categories, we're moving from single-serve packaging to bulk and reusables, wherever possible.
- We're engaging employees in waste diversion with educational events, signage, and tips. In our Dublin office, for instance, our landfill bins are officially "closed for business", prompting employees to think about ways to reduce and reuse waste.

Reuse

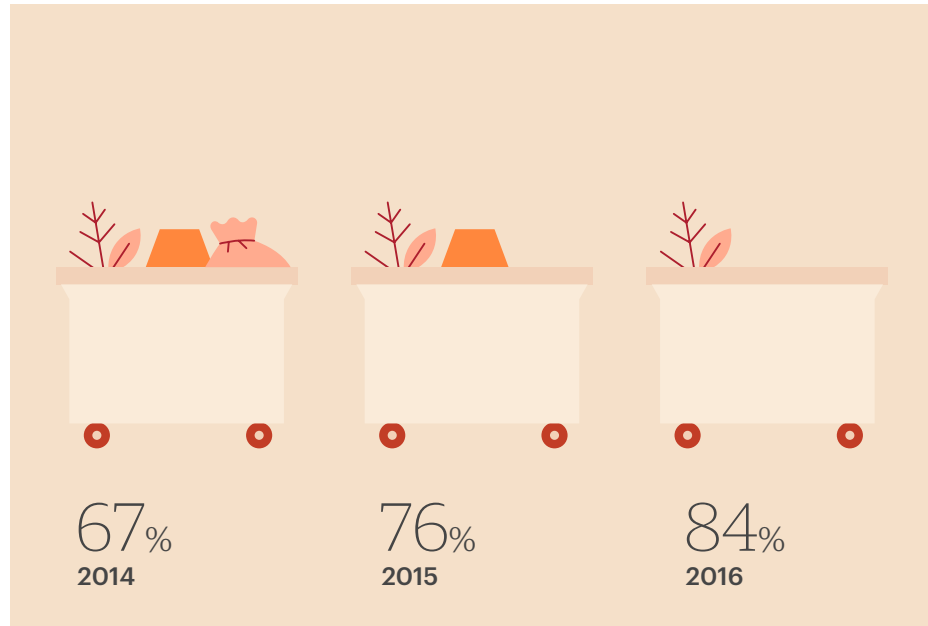
- We're preventing the purchase of disposable items by switching to reusables wherever we can: in food packaging, dishware, and office supplies.
- Our Brooklyn headquarters contains over 750 salvaged items. We also prioritize purchasing locally made, nontoxic furnishings for our offices, investing in durable items that will have a long, healthy life.
- When we moved our Brooklyn headquarters in 2016, we auctioned off furniture, art, and supplies to our employees. We kept what pre-existing furniture we could, and some of our old desks were repurposed into new tables and art installations throughout our new space. We also donated 13,865 kg of materials to local partners.
- Using best practices and lessons learned from our Brooklyn move, we set up a zero waste relocation strategy for all moves going forward.

Recycle and compost

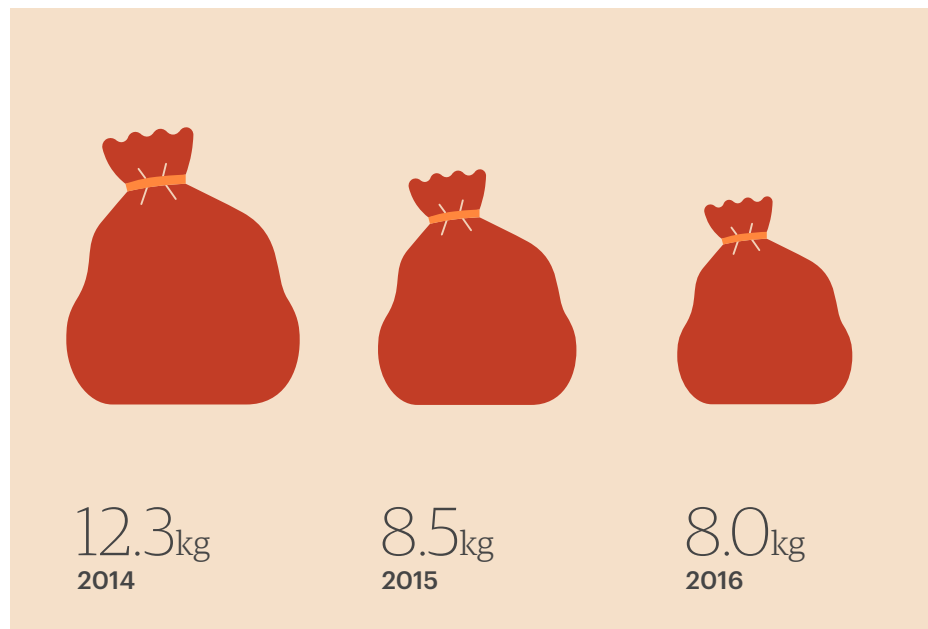
- When we moved our Brooklyn headquarters in 2016, we sent 2,753 kg of electronic waste—like broken computers and cords—to be repurposed or responsibly disposed, and 138 kg of textiles to be recycled.

- Recycling infrastructure is in place at all our offices. On average, each Etsy employee sent 28.66 kg of stuff to be recycled in 2016.
- We're composting at all of our global offices now, and the compost data has helped us renew our focus on food waste reduction. On average, each Etsy employee produced 23.48 kg of compost, and our per capita compost increased over 20% in 2016.

DIVERSION FROM LANDFILL



AVERAGE ANNUAL WASTE TO LANDFILL / INCINERATION PER CAPITA



Overall, our diversion rate (how much waste we divert from landfills or incineration) continues to increase steadily toward our zero waste goal of 90% waste diversion from landfills, incinerators and the environment across all global offices. This year, our average diversion rate was 84% across global offices, up from 76% in 2015. On average, each Etsy employee sent 8.01 kg of waste to landfill or incineration in 2016, down from 8.5 kg in 2015, a year-over-year decrease of 6%.

As we roll out more programs to support Etsy's commitment to zero waste, we're looking at ways to scale our impact beyond Etsy's facilities. Besides open-sourcing our waste-tracking software, we're also looking at creative ways to partner with our neighbors. We believe that we can have a ripple effect, and we're excited to work with larger communities to make zero waste possible for anyone.

How we measure and report on waste

Divertsy is Etsy's system to electronically record and report on the outgoing material streams generated at each office. It consists of local collection systems and a web-based reporting interface. Collection happens locally at each office before the items are sent to a recycling facility, donation partner, or worst case, the landfill. Items are placed on a digital scale, the stream is recorded, and that data is sent directly into an online database. The reporting server also supports manual entry in the case of data from a third-party collection agency's invoices or estimates, or events in which the digital scales are not available. Each site's system is suited to localized waste management infrastructure and material streams. The system is operational at all of our global offices. Where gaps in data exist, estimates are calculated based on an average waste generation per employee derived from the available data, applied to the number of employees in the months for which data was missing.

Reducing Etsy's Carbon Impact

Etsy acknowledges that carbon emissions have a cost to society. They contribute to climate change, impacting agriculture, health, property, and energy systems. Those social costs also increase over time, as climate change advances and ecological systems become more stressed.⁷ That's why we've set an ambitious goal to eliminate our carbon impacts.

Shipping between Etsy sellers and buyers is the single largest generator of carbon emissions for our business. In 2016, Etsy shipments generated 97,195 metric tons of CO₂e.⁸ Eliminating our carbon impacts is a huge challenge, and it requires our entire community—Etsy staff, sellers, buyers, and partners—to work together. So, we're implementing creative solutions, and sharing our progress so that others can build on what we've learned.

Powering our offices with renewable energy

We use renewable energy to power or partially power six of our ten offices: Hudson, Brooklyn, Dublin, London, Paris, and Berlin. In 2016, we installed solar panels on the roofs of our Brooklyn and Hudson offices and we set plans into motion to procure renewables for our data centers. Globally, we doubled the percentage of renewable electricity purchased for our offices, from 8% in 2015 to 16% in 2016. By 2020, we want to power our offices with 100% renewable electricity globally.

Investing in energy efficiency

In 2016, we moved into our new Brooklyn headquarters, where we invested in energy-saving features including LEDs, daylight harvesters, smart power strips, and smart metering. Throughout all our offices, we build efficiency into our processes. At our Dublin office, for instance, our cleaning and security staff conserves energy by turning off lights, computer screens, and power strips at night. We audit our offices for energy efficiency, and in response, we've sealed, insulated and made structural improvements to building envelopes in cities like Dublin, London, and Hudson. We use signage and change management programs to engage our staff in saving energy. To further improve our efficiency at our Brooklyn headquarters, we partnered with Bard College's MBA in Sustainability program to develop a strategy for buildings and employees, and we're looking at ways to use structural and behavioral changes to reduce energy consumption.

⁷ EPA. The Social Cost of Carbon: Estimating the Benefits of Reducing Greenhouse Gas Emissions. ²⁰¹⁶.

⁸ Etsy commissioned PricewaterhouseCoopers LLP ("PwC") to provide third-party assurance of this data (for the period from January 1, 2016 to December 31, 2016) in our 2016 Progress Report. For full details and data methodology, see PwC's Report of Independent Accountants (*which includes Appendix A (Management's Assertion)*).

Offsetting our carbon footprint

In cases where we can't reduce our carbon impact, such as business travel and employee commuting, we budget for an equivalent investment in carbon reduction. With every purchase, we're investing in projects that balance – or offset – the emissions we generated. In McKinney, Texas, our carbon offset purchases have helped fund a greenhouse gas reduction project at the local landfill. Most landfills slowly release greenhouse gases into the atmosphere, polluting the air and groundwater. In McKinney, a custom piping system collects the gas and funnels it into a generator, where it's converted into electricity. In Colombia, our carbon offset purchases go towards the conservation of the Chocó-Darién Conservation Corridor. Managed by a community association of Afro-Colombian families, the project protects 13,465 hectares of tropical rainforest in one of the most biologically diverse regions on the planet.

Bringing renewable energy to the Etsy community

Etsy's offices and data centers emit carbon into the atmosphere, but shipping between Etsy sellers and Etsy buyers is the biggest generator of Etsy's carbon emissions. Etsy Solar is one of the most innovative ways we're working to offset our marketplace emissions because it directly impacts our community of sellers. We're providing accessible, affordable solar installations to Etsy sellers who want renewable electricity for their homes or studios. In 2016, we rolled out the pilot program in four states: West Virginia, South Carolina, Florida, and Texas. In 2017, we rolled out Etsy Solar to all eligible sellers in the U.S.

How we measure and report on carbon

We report our carbon emissions in alignment with the Greenhouse Gas Protocol, the industry standard and international tool for greenhouse gas accounting. Etsy's emissions are broken into three categories or scopes, and are defined in our year-over-year reporting. Etsy commissioned PricewaterhouseCoopers LLP ("PwC") to provide third-party assurance of all asterisked data (for the period from January 1, 2016 to December 31, 2016) in our 2016 Progress Report. For full details, see PwC's Report of Independent Accountants.

Tracking our effect on the environment ⁹

Greenhouse gas emissions

These numbers represent our total carbon footprint. Between 2015 and 2016, our total emissions went up by 14%, while the change in our intensity metrics MTCO₂e per employee decreased 1% and MTCO₂e per \$1 million GMS decreased by 4%.

Growth and expansion cause upticks in emissions, and we're committed to addressing those upticks with a combination of strategies.

GHG EMISSIONS	2016	2015	2014	2016-2015 YOY % CHANGE
Scope 1* - Onsite Combustion/Heating Fuel (tCO ₂ e)	410	171.74	144	139
KPI: tCO ₂ e/FTE	0.51	0.26	0.29	97%
Scope 2* - Purchased Electricity (tCO ₂ e)	Location based: 3084.70 Market based: 2946	2340.06	1522	32
KPI: tCO ₂ e/FTE	3.57	3.12	2.85	14
KPI: tCO ₂ e/GMS per \$1 million GMS	1.09	0.98	0.79	11
Scope 3 - Shipping*, Air Travel*, Commuting, Content Delivery Networks (CDNs), Water + Waste (tCO ₂ e)	98923.22	86996.20	79144	14
KPI: tCO ₂ e/\$1 million GMS	34.81	36.43	40.97	-4
Shipping tCO ₂ e*	97195	88925	78036	9
Air Travel tCO ₂ e*	966.83	804.36	823	20
Commuting tCO ₂ e*	596.84	428.22	254.35	39
Content Delivery Network (CDNs) tCO ₂ e	89.3	87	—	3
Transmission of Water and Methane Gas Production from Waste tCO ₂ e	26.47	7.78	1.61	240
Total tCO ₂ e	102417.92	89510	80810	14
Total tCO ₂ e/\$1 million GMS	36.03	37.48	41.83	-4
Total tCO ₂ e/FTE	111.23	112.69	136.55	-1

⁹ Etsy commissioned PricewaterhouseCoopers LLP ("PwC") to provide third-party assurance of this data (for the period from January 1, 2016 to December 31, 2016) in our 2016 Progress Report. For full details and data methodology, see PwC's Report of Independent Accountants (which includes Appendix A (Management's Assertion)).

Energy

Due to business growth, Etsy's total energy consumption at our offices and data centers rose 46% between 2015 and 2016. Business growth consists of everything from headcount increases, to additional square footage in our offices, to growing traffic and sales on Etsy.com. Our servers, routers, computers, equipment, and security systems all require electricity to run. Our data center energy use increased by 20%, while our office energy use more than doubled. In response, we've set an ambitious goal to reduce the intensity of our energy use by 25% by 2025.

Our data centers remain our largest source of energy consumption (at 58% of total MWh), but they're also where we saw a significant reduction in the rate of growth. Total energy consumption growth slowed from 2015 to 2016, thanks to investments in new talent, the creation of an internal computing resource team and infrastructure that have allowed us to maximize hardware and software performance and efficiency, which decreases our energy use. In 2016, we also introduced PHP 7, which allowed us to run code faster and reduce the number of servers we use—a first in Etsy engineering history.

In 2016, our headquarters moved into a new building in Brooklyn, doubling our square footage. To further improve our efficiency, we partnered with a student consulting team from Bard College's MBA in Sustainability program to develop a strategy that uses structural and behavioral changes to reduce energy consumption. Installation of solar panels in our Brooklyn and Hudson offices are bringing us closer to our goal of 100% renewable electricity by 2020, and our purchase of renewables for our offices rose from 8% in 2015 to 16% in 2016.

ENERGY	2016	2015	2014	2016-2015 YOY % CHANGE
Total MWh	10679	7300	4923	46
Office MWh	4524	2160	1572	109
Data Center MWh	6155	5140	3352	20
KPI: MWh per FTE	12	10	11	22
KPI: MWh/\$1 million GMS	3.76	3.06	2.55	23
% Renewable Energy [Offices]	16	7.7	—	

Shipping

Between 2015 and 2016, GHG footprints from shipping of items between Etsy buyers and sellers grew less quickly than the number of marketplace shipments. Those shipments generated a footprint of 97,195 metric tons of CO₂e* in 2016 (+9% year-over-year). Emissions from the average shipment decreased in 2016 by 8% primarily due to emissions decreases in certain classes of shipping. First Class Mail with USPS generated the least carbon emissions per shipment in 2016—shipping the average first class package resulted in emissions of 0.068 kg CO₂e. Parcel Select had the greatest emissions, with the average shipment generating 63.6 kg CO₂e. The average distance Etsy packages traveled also decreased in 2016 by 4%, further contributing to the reduction in average CO₂e per shipment.

SHIPPING	2016	2015	2014	2016-2015 YOY % CHANGE
Shipping tCO ₂ e	97195	88925	78036	9

Air Travel

We promote the use of global video conferencing across our offices and rely on air travel when necessary for our business. We also approve carbon-intensive first and business class flights only when necessary. These approaches are working, and carbon-intensive flights remain a small fraction of our total flights taken, representing only 4% of total flight miles.

In 2016, we launched new tools for travel management. Since we're less reliant on estimating air travel, we believe a change from estimated methodology to actual data may account for a portion of the 3% increase in tCO₂e year over year.

AIR TRAVEL	2016	2015	2014	2016-2015 YOY % CHANGE
Air Travel tCO ₂ e	967	804	823	20
KPI: tCO ₂ e/FTE	1.05	1.06	1.35	-1

Commuting

In 2015, we saw an increase in commuting tCO₂/FTE (15% per full time employee) year-over-year, due to more employees—and therefore increased commuting—in our non-urban offices, where employees are more reliant on cars. We continue to integrate access to public transportation as a key criterion for real estate planning.

Of Etsy's total commuting miles, 60% are from low-carbon public transportation, and 10% have no-carbon impact at all (such as biking, walking, or skating). At our Brooklyn headquarters, 93% of total miles commuted over the year are from public transportation.

COMMUTING	2016	2015	2014	2016-2015 YOY % CHANGE
Commuting tCO ₂ e	597	428	254	39
KPI: tCO ₂ e/FTE	0.65	0.56	0.41	15
% of total miles from Public Transportation	60	62	61	-3
% of total miles from Cars (non-carpool)	41	31	35	

Waste

Our diversion rate (how much waste is diverted from landfill or incineration) continues to increase steadily toward our goal of Zero Waste (defined by the U.S. Green Building Council or USGBC as more than 90% diversion) across all global offices. This year, our average diversion rate was 84% across global offices, up from 76% in 2015. On average, each Etsy employee sent 8.01 kg of waste to landfill or incineration in 2016, down from 8.5kg in 2015, a year-over-year decrease of 6%. You can read more about our Zero Waste initiatives [here](#).

WASTE	2016	2015	2014	2016-2015 YOY % CHANGE
Waste tCO ₂ e	17.99	5.02	5.08	252
Total Waste kg	9507.71	6028.65	7496.52	58
Diversion from Landfill Rate (%)	84	76	67	—
Waste to landfill/incineration per FTE (kg)	8.01	8.5	12.3	-6

Water

Water is a small portion of our footprint, and in leased office and data center spaces, our water usage is often hard to manage and track. However, we're implementing ways to track our water use and adding water management technology where it makes sense. For example, our Brooklyn headquarters incorporates low-flow fixtures, a 3,400-gallon rooftop rainwater collection cistern, and an innovative irrigation system that connects the rainwater cistern to living walls inside the office, creating self-sustaining mini-ecosystems indoors while reducing water waste.

Year over year, we saw total water consumption increase 218%, which is caused primarily by a change in methodology, where we're now tracking real water consumption for our headquarters as opposed to estimated or unavailable data in previous years. As we improved our data quality and moved from estimating water consumption in 2015 to tracking actual water consumption in 2016, we also saw increases in water use at one of our data centers. Going forward, we'll be using 2016 as our baseline year for calculating water use.

WATER	2016	2015	2014	2016-2015 YOY % CHANGE
Water tCO ₂ e	8.79	2.76	0.81	218
Total Water cubic meters (supply + treatment)	8531	2626	2224	218
KPI: Office cubic meters/Sq. Ft	0.020	0.006	0.016	221
KPI: Data Center cubic meters/Sq. Ft	0.102	0.096	—	6