



NETFLIX

Environmental Social Governance

2019 Sustainability Accounting
Standards Board (SASB) Report

At Netflix we aspire to have best in class stories across many genres.

At Netflix we aspire to have best in class stories across many genres. We want more people to see their lives and cultures reflected on screen. And we believe that great stories can come from anywhere— like France, South Africa, Brazil, Turkey, Korea, Mexico or India— and be loved everywhere. We offer creators the ability to reach audiences all around the world, across many devices and languages—and we work hard to provide recommendations that make it easy for members to find something they’ll love.

As more people join Netflix from different countries and cultures, we want to ensure that our workforce is as diverse as the communities we serve. We also understand that as we grow, we have a responsibility to be more transparent about our impact on society and our governance structures.

So we will publish a report each year covering our environmental, social, and governance (ESG) performance. It will look back at the previous year and give investors as well as other third parties information about our broader impact in society. The report will focus on what’s material to our business and our industry using the Sustainability Accounting Standards Board (SASB) framework as a benchmark.



SASB guidelines differ depending on the industry. This report provides ESG information for the 2019 calendar year, referencing SASB’s reporting framework for the “Internet & Media Services” and “Media & Entertainment” industries. For more information on SASB, visit www.sasb.org.

Environmental

When members start watching a show or movie on Netflix, it takes a network using energy to connect them to that content. We support renewable projects that reduce the environmental impact of energy use globally. These projects span 15 U.S. states and 20 countries. We're working to understand and minimize our environmental impact.

TOPIC	ACTIVITY METRIC - INTERNET MEDIA & SERVICES	2019	SASB CODE
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Entity-defined measure of user activity	Subscribers	167 million	TC-IM-000.A
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TOPIC	ACCOUNTING METRICS - INTERNET MEDIA & SERVICES	2019	SASB CODE
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Environmental Footprint of Hardware Infrastructure	Total energy consumed (MWh)	94,000	TC-IM-130a.1
	Percentage grid electricity	100%	
	Percentage renewable	100%	

Discussion of the integration of environmental considerations into strategic planning for data center needs	TC-IM-130a.3
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For the electricity we use ourselves, we try to be as efficient as possible. This includes the electricity we use directly in our own offices and studios. It also includes the telecommunications facilities that are part of our [content delivery network](#). A portion of that direct energy use is from non-renewable sources, so we match 100 percent of that portion with [regional renewable energy certificates](#). In 2019, Netflix's direct energy use was about 94,000 megawatt hours.

Then, there's our indirect electricity use—electricity we don't use ourselves but is needed to deliver Netflix to everyone. This includes the energy use of companies we work with such as Amazon Web Services and Google Cloud, and the power required to support the servers we install with internet providers. We don't control this energy footprint, so we're not able to address its efficiency directly ourselves. But we do account for the emissions by matching them with regional renewable energy certificates and [carbon offsets](#). This indirect energy use was about 357,000 megawatt hours in 2019.

That means 100 percent of our estimated direct and indirect non-renewable power use was matched with renewable energy certificates and carbon offsets in 2019. Netflix supports projects across 20 countries and 15 U.S. states. We support international renewable energy projects in:

Brazil	Croatia	Malaysia	Turkey
Canada	Guatemala	Mexico	United Arab Emirates
Chile	India	Philippines	United Kingdom
China	Indonesia	South Africa	United States
Columbia	Israel	Thailand	Vietnam

Environmental

We support renewable energy projects in the following U.S. states:

Alaska	Iowa	North Dakota
Arkansas	Kansas	Oklahoma
Florida	Minnesota	South Carolina
Georgia	Nebraska	South Dakota
Indiana	New York	Texas

Beyond our renewable energy commitments, we are working to be as sustainable as we can in our operations. We are leaning into industry-wide practices in production as members of the Producers Guild of America Green Production Guide and Albert in the United Kingdom. When our employees, production teams and the artists we work with travel on behalf of Netflix, that has an impact on the environment. For 2019, we offset the greenhouse gas (GHG) emissions associated with the majority of this air travel by investing in emission reduction projects. We'll continue this practice going forward.

In our offices, sustainable practices include donating excess food and reducing our use of paper. Finally, through content like *Our Planet*—featuring David Attenborough and supported by the World Wildlife Fund—we work with storytellers who use their talents to build awareness around environmental issues, reaching millions of people around the world.

We take our environmental impact seriously and will continue to look for ways to minimize our impact in the years ahead.

Social

We believe that great storytelling not only entertains but can also challenge prejudice and increase empathy and understanding. To effectively serve our members, who come from all around the world, we need a diverse workforce where employees—whatever their background—can do the best work of their careers.

TOPIC	ACTIVITY METRIC - MEDIA & ENTERTAINMENT	2019	SASB CODE
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Total recipients of media and the number of subscribers	Subscribers	167 million	SV-ME 000.A
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TOPIC	ACCOUNTING METRICS - MEDIA & ENTERTAINMENT	2019	SASB CODE
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Media Pluralism ¹	Percentage of gender and racial/ethnic group representation for management, professionals, and all other employees		SV-ME-260a.1
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Women (Global)	49.0%
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Women in management (Global)	49.0%
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Black/African Americans (US)	7.0%
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Black/African Americans in management (US)	7.0%
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Hispanics/Latinx (US)	7.0%
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Hispanics/Latinx in management (US)	5.0%
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Asians (US)	24.0%
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Asians in management (US)	15.0%
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Description of policies and procedures to ensure pluralism in media content	SV-ME-260a.2
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We've made progress over the last few years to increase the diversity of our workforce. But we still have a lot more work to do. So in 2018, we hired Vernā Myers to lead inclusion strategy at Netflix. She is building a team to develop strategies to integrate cultural diversity, inclusion and equity into all aspects of Netflix's operations worldwide. For up to date diversity information, visit jobs.netflix.com/diversity.

(continued)

¹ Categories based on mostly U.S. reporting requirements. They do not capture our growing diversity around the world, as laws on collecting race and ethnicity data differ outside of the U.S.

We want more people to see their lives reflected on screen and we're working with a wide range of creators—including in the U.S. with Ava DuVernay, Ryan O'Connell, Shonda Rhimes, Mindy Kaling, Alan Yang, America Ferrera, Ali Wong, Tyler Perry and Janet Mock—to help increase the diversity of our storytelling. A recent study by the University of Southern California Annenberg Inclusion Initiative (“Inclusion in the Director's Chair”) found that 20 percent of Netflix's original US scripted films in 2019 were directed by women, nearly double the rest of the industry. However, we have work to do both maintaining that progress and increasing the number of Black, Asian and LatinX storytellers we work with.

We're also working to give new voices the chance to be heard, often for the first time, by investing in programs to help build the talent pipeline from underrepresented communities. For example: in the U.S., we're betting on [first-time directors](#) like Stefon Bristol and Nahnatchka Khan who made their feature directorial debuts with Netflix; in [Canada](#) and in [Australia](#), we teamed up with local Indigenous screen organizations to launch mentorship programs for creators from their communities; and in the United Kingdom, we hosted local youth for a [two-day creative academy](#) around the production of *Top Boy*.

While there's still much more to do, we are proud of how our slate stacks up today.

- In 2019, titles like *When They See Us*, *Orange Is the New Black*, *Always Be My Maybe*, *Dolemite is My Name*, *Raising Dion*, *Homecoming*, *Rhythm + Flow*, *American Son*, *Dear White People* and *Mr. Iglesias* helped increase representation on screen.
- Netflix led in nominations for the [2019 NAACP Image Awards](#), which honors the accomplishments of people of color in television, music, literature, and film in the U.S.
- LGBTQ+ characters and stories were at the center of 2019 titles like *Queer Eye*, *Tales of the City*, *GLOW*, *Special* and *Orange is The New Black*. Netflix led in nominations for the [2019 GLAAD Media Awards](#) honoring LGBTQ+ representation in U.S. TV and film.

We see “international” as much more than an export market for U.S. content. Great stories are universal: they can come from anywhere and be loved everywhere. It's why we're investing in productions from many different countries, including Spain (*La Casa de Papel* and *Elite*), India (*Sacred Games*), Korea (*Kingdom*), United Kingdom (*Sex Education*), Taiwan (*Nowhere Man*), France (*Family Business*), Germany (*Dark*), Mexico (*La Casa de las Flores*), Thailand (*The Stranded*), Turkey (*The Protector*), Brazil (*Sintonia*) and Denmark (*The Rain*).

Our ability to dub and subtitle in over 40 languages means that people from all around the world, who don't speak the local language, can easily enjoy these stories too. Over the last year, the amount of programming our members watch that's not from their home country or the U.S. increased by 10 percent. And in the U.S., where “foreign” language entertainment has traditionally struggled, non-English language viewing on Netflix has increased 23 percent year on year.

Social

TOPIC	ACCOUNTING METRICS - INTERNET MEDIA & SERVICES	2019	SASB CODE
Data Privacy, Advertising Standards & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy		TC-IM-220a.1
	<p>Our service is subscription-based and we do not allow third party advertising on Netflix. When members sign up for the service we ask for very little information: email, name and method of payment. We do not collect socio-demographic data like gender or race for the purposes of our viewing recommendations system. Our Privacy Statement provides a detailed explanation of our privacy practices, including: the information Netflix collects or receives from each member; how we use and disclose it (including advertising that we conduct off Netflix to promote our service); and the controls each member has in relation to this information.</p>		
	Number of government requests to remove content	2 (in 2019)	TC-IM-220a.6
	<p>We offer creators the ability to reach audiences all around the world. However, our catalog varies from country to country, including for rights reasons (i.e., we don't have the rights to show everything in every country where we operate). In some cases we've also been forced to remove specific titles or episodes of titles in specific countries due to government takedown demands.</p> <p>Below are the titles we've removed to date, as of February 2020 — just nine in total since we launched. Beginning next year, we will report these takedowns annually.</p> <ul style="list-style-type: none">• In 2015, we complied with a written demand from the New Zealand Film and Video Labeling Body to remove <i>The Bridge</i> from the service in New Zealand only. The film is classified as “objectionable” in the country.• In 2017, we complied with a written demand from the Vietnamese Authority of Broadcasting and Electronic Information (ABEI) to remove <i>Full Metal Jacket</i> from the service in Vietnam only.• In 2017, we complied with a written demand from the German Commission for Youth Protection (KJM) to remove <i>Night of the Living Dead</i> from the service in Germany only. A version of the film is banned in the country.• In 2018, we complied with a written demand from the Singapore Infocomm Media Development Authority (IMDA) to remove <i>Cooking on High</i>, <i>The Legend of 420</i>, and <i>Disjointed</i> from the service in Singapore only.• In 2019, we complied with a written demand from the Saudi Communication and Information Technology Commission to remove one episode—“Saudi Arabia”—from the series <i>Patriot Act with Hasan Minhaj</i> from the service in Saudi Arabia only.		

Social

- In 2019, we received a written demand from the Singapore Infocomm Media Development Authority (IMDA) to remove *The Last Temptation of Christ* from the service in Singapore only. The film is banned in the country.
- In 2020, we complied with a written demand from the Singapore Infocomm Media Development Authority (IMDA) to remove *The Last Hangover* from the service in Singapore only.

TOPIC	ACCOUNTING METRICS - INTERNET MEDIA & SERVICES	2019	SASB CODE
Data Security	Description of approach to identifying and addressing data security risks The company has a Vice President of Information Security who oversees a team of employees dedicated to information security. We strive to protect sensitive information through various means, such as technical safeguards, procedural requirements and policies, a program of monitoring to detect and address unauthorized modification or misuse, continuous testing of aspects of our security internally and with outside vendors, a robust incident response program, and regular training for employees.		TC-IM-230a.2

Governance

We seek to find the right balance of rights and responsibilities among our shareholders, our board, and our management team. Our goal is to maximize long-term shareholder value most effectively. Our board members, a third of whom are women, bring a diverse skill set in areas such as media, technology, marketing and international and government relations. We take our governance, and feedback on it, seriously and make changes thoughtfully as needed. In some areas, our governance structure is significantly more progressive than market practice; one example is our unique, transparent approach to information sharing with our Board, which was highlighted in a 2018 Stanford study (linked below).

For more information on Netflix governance practices, please visit these links:

- [Netflix Approach to Corporate Governance](#) - Study by Stanford Graduate School of Business Corporate Governance Research Initiative.
- [Netflix Governance Documents](#)
- [Officers & Directors](#)

TOPIC	ACCOUNTING METRIC - MEDIA & ENTERTAINMENT	2019	SASB CODE
Intellectual Property Protection & Media Piracy	Description of approach to ensuring intellectual property (IP) protection We regard our trademarks, service marks, copyrights, patents, domain names, trade dress, trade secrets, proprietary technologies and similar intellectual property as important to our success. We use a combination of patent, trademark, copyright, trade secret laws and confidentiality agreements to protect our proprietary intellectual property. We employ a variety of methods to monitor potential infringement of our intellectual property, including searches conducted internally and by external vendors. A particular focus is preventing uses of our intellectual property that may lead to piracy of our content and/or consumer fraud (e.g., phishing websites that purport to be Netflix).		SV-ME-520a.1