Building for the long term
Building for the long term

Shopify’s mission is to make commerce better for everyone. We are swinging the door wide open for anyone to be able to start a business because we know that the future of commerce lies in more voices and ideas, not fewer. From our inception, building for the long term has been a core value at Shopify. As part of our commitment, our product teams and service lines consider our impact beyond the current quarter or year.

This report outlines our current sustainability efforts, inclusive of social, environmental and economic sustainability topics, from supporting digital literacy in our local communities to help foster talent for future operations; to choosing less carbon-intensive options to help global efforts to rein in the growing greenhouse gas emissions that cause climate change. Our inclusive work environment is focused on the growth-mindset and encourages team members from a healthy mix of skills, life experiences, and backgrounds to grow personally and professionally, resulting in innovative solutions.

We believe that our focus on building for the long term is a cultural underpinning and competitive differentiator, and that it contributes to a net-positive impact on the world around us. We are excited to share our sustainability efforts to date with you.

This is a report on behalf of all 4,000+ of us.
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What’s inside?

This is Shopify’s first Sustainability Report. It outlines what we accomplished in 2018 in terms of sustainability. It covers Shopify Inc. and our wholly owned subsidiaries.

This report has been prepared in reference to the Global Reporting Initiative (GRI) Standards: Core option. It includes an outline of our contributions to the United Nations (U.N.) Sustainable Development Goals (SDGs).

2018 highlights

<table>
<thead>
<tr>
<th>What we did</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>We grew to over 820,000 merchants on our platform, which generated $41.1 billion of gross merchandise volume.</td>
<td>With our switch to Google Cloud, the digital footprint of our platform is now offset with clean energy.</td>
</tr>
<tr>
<td>We expanded our Dev Degree program to a second school, York University, which grew this program to 20-30 students per year.</td>
<td>We made Shopify available in multiple languages, to further reduce friction for our merchants around the world.</td>
</tr>
<tr>
<td>We narrowed our employee gender gap, with rate of new employee hires being 8.5% higher for women than men.</td>
<td>We held almost 500 local community events in our Canadian spaces, which engaged over 32,000 people, including 2,100 Shopify employees.</td>
</tr>
<tr>
<td>Our employees participated in over 5,000 hours with our coaching team.</td>
<td>In 2018, 73% of our leased office square footage was rated LEED gold or platinum.</td>
</tr>
<tr>
<td></td>
<td>Our Employee Resource Group program’s four volunteer-led groups helped foster an increased sense of belonging for over 800 employees.</td>
</tr>
</tbody>
</table>
Sustainability at Shopify

At Shopify, we build for the long term. Entrepreneurs and partners entrust their livelihoods with us. More than 820,000 merchants were using our platform by the end of 2018. We embrace the opportunity and responsibility to influence the long-term impact of commerce on people and our planet.

Human and technological development is sustainable when it meets the needs of the present, without compromising the ability of future generations to live and thrive in a sustainable way. Acting sustainably is critical for us to ensure that Shopify sees the next century. We fully endorse the views and concerns expressed in the most recent report of the Intergovernmental Panel on Climate Change (IPCC). The report states that the Earth is on track to warm by more than 1.5 degrees Celsius (compared to pre-industrial levels) between 2030 and 2052. We understand that society must act to mitigate this warming and to reduce the impact on our planet, our business, and therefore the well-being of our merchants, employees, and partners. We know that successful businesses create value far beyond a company’s financial gains.

In the past, we’ve focused on economic and social sustainability, and we’ve had a substantially positive impact in these areas. Our sustainability efforts to date show that we have always been conscious of the impact of our business decisions on the environment.
Shopify’s mission

Shopify’s mission is to **make commerce better for everyone**. From building a new product feature for our commerce platform, to helping a merchant troubleshoot an issue over the phone, we want to empower our ecosystem through our work.

Having a unified vision, a north star, is vitally important to ensure that we are all headed in the same direction. No matter the size or experience, we want to power every merchant’s experience. This is why we are all here.
What we value

Our values are how we make the decisions that move the needle on our mission. They aren’t so much “Shopify Values” as the things that Shopify values. They are the behaviours we’ve observed in people who are successful at Shopify.

Our rules of engagement

- Don’t be an asshole
- Put the company first; not your product line or service line, your team, or yourself
- Show humility, not entitlement
- Assume positive intent

These rules of engagement are how we agree to interact with one another and the standard that our actions are assessed against. They are formalized in our Code of Conduct and Anti-Harassment and Violence Policy.
Stakeholder engagement

Our key stakeholders are individuals or entities that are significantly impacted by our business, or have the ability to influence our business. The collection of feedback from our stakeholders is an ongoing effort, and was not undertaken specifically for this report. Some engagement takes place at regular intervals, while others may be on a more ad hoc basis.

We listen closely to our stakeholders. We want to know what issues they care about, and the role they expect us to play in addressing these issues. This has informed many of our business decisions to date, and will continue to do so going forward.
## Our approach to stakeholder engagement

<table>
<thead>
<tr>
<th>Our key stakeholders</th>
<th>How we engage them</th>
<th>Issues they care about</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchants</td>
<td>Merchant surveys, merchant site visits, merchant classes, employee discussions with merchants (particularly our support organization), user experience research</td>
<td>Personal independence, platform trust, privacy and data security, sustainability of Shopify’s other business relationships (some Plus merchants)</td>
</tr>
<tr>
<td>Current and prospective employees</td>
<td>Open discussion at company-wide meetings, employee surveys, Slack channels, regular team meetings and one-on-ones</td>
<td>Well-being, diversity and belonging, personal development, career progression, Shopify values, the reputation of their employer, environmental sustainability</td>
</tr>
<tr>
<td>Partners</td>
<td>Partner conference, partner surveys, Partner Manager discussions with partners, user experience research, partner site visits</td>
<td>Clarity of product roadmap, relationship consistency, trust, support, business continuity</td>
</tr>
<tr>
<td>Shareholders and investors</td>
<td>Investors Relations team discussions with shareholders and investors, shareholder meetings, shareholder voting</td>
<td>Return on investment, company growth, governance, risk management, sustainability reporting</td>
</tr>
<tr>
<td>Local communities</td>
<td>Social Impact team discussions with local community, attending local events</td>
<td>Trust, involvement, support, proud to be associated with Shopify, job creation</td>
</tr>
<tr>
<td>Environment</td>
<td>Sustainability-focused internal messaging channels, sustainability working groups, review of sustainability reporting frameworks</td>
<td>Energy use, greenhouse gas emissions, materials, waste, water, environmental sustainability of merchants</td>
</tr>
<tr>
<td>Buyers</td>
<td>User experience research</td>
<td>Access to goods, fast shipping, reasonable prices, user-friendly platform, buying from merchants that are acting sustainably</td>
</tr>
<tr>
<td>Governments and regulators</td>
<td>Government Relations team discussions with governments and regulators, review of online information</td>
<td>Economic impact, governance, business ethics, legal and regulatory compliance</td>
</tr>
<tr>
<td>NGOs</td>
<td>Social Impact team discussions with NGOs, review of online information</td>
<td>Environmental and social sustainability in general, environmental and social sustainability of merchants</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Procurement team discussions with suppliers, supplier contracts</td>
<td>Fair agreements, business continuity, business growth</td>
</tr>
</tbody>
</table>
Materiality

Much of Shopify’s positive and negative impacts come from our own operations, are a result of decisions that Shopify has direct control over.

Our downstream impacts are the results of the decisions made by merchants and partners on how they use our platform.

The totality of these impacts can influence the assessments and decisions of key stakeholders to engage with Shopify. By understanding the issues our key stakeholders care about, we can anticipate how the impact of our business activities will affect them and their engagement with us.

Key topics and concerns raised by stakeholders

We identified 25 main sources of impact for Shopify, and categorized them into four key areas:

- Empowering entrepreneurship
- Supporting our employees and local communities
- Protecting the environment
- Governance and ethics

We plotted each perceived source of impact on the matrix below, based on its significance for sustainable development and its associated impact on stakeholder assessments and decisions.
We used the results of this materiality assessment to determine the content for this report. The report focuses on the material impacts within Shopify’s own operations, but also discusses the downstream impacts.

**Empowering entrepreneurship**
1. Income-generating opportunities for merchants
2. Democratizing commerce
3. Income-generating opportunities for partners
4. Merchant independence
5. Privacy & data security
6. Income-generating opportunities for merchant supply chains

**Protecting the environment**
12. Energy use and GHG emissions from our operations
13. Materials use in retail hardware manufacturing
14. Waste from merchant retail hardware disposal
15. Water and waste in retail hardware manufacturing
16. GHG emissions from retail hardware shipping
17. Waste from our operations

**Supporting our employees and local communities**
7. Employee well-being
8. Employee diversity and belonging
9. Supporting local communities
10. Job creation for Shopify employees
11. Employee development and progression

**Governance and ethics**
18. GHG emissions from merchant shipping
19. Governance & ethics
20. Human rights in merchant value chains
21. Energy use and GHG emissions from merchant manufacturing
22. Water and waste in merchant manufacturing
23. Materials use in merchant manufacturing
24. Waste from buyer product disposal
25. Energy use and GHG emissions from buyer product use
United Nations Sustainable Development Goals

In September 2015, the UN announced 17 Sustainable Development Goals (SDGs), which provide society with a framework for creating a better future for everyone while protecting our planet.

We recognize that businesses play an important role in achieving the SDGs, which is why we welcome them as inspiration while we continue to integrate sustainability thinking across our business. We’ve identified six SDGs which our business has the greatest opportunity to impact, and have linked them to our four main impact categories, as shown below.

<table>
<thead>
<tr>
<th>Our material categories</th>
<th>SDGs we impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empowering entrepreneurs</td>
<td>8 DECENT WORK AND ECONOMIC GROWTH</td>
</tr>
<tr>
<td></td>
<td>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</td>
</tr>
<tr>
<td></td>
<td>10 REDUCED INEQUALITIES</td>
</tr>
<tr>
<td>Supporting our employees and local communities</td>
<td>4 QUALITY EDUCATION</td>
</tr>
<tr>
<td></td>
<td>5 GENDER EQUALITY</td>
</tr>
<tr>
<td></td>
<td>10 REDUCED INEQUALITIES</td>
</tr>
<tr>
<td>Protecting the environment</td>
<td>13 CLIMATE ACTION</td>
</tr>
<tr>
<td>Governance and ethics</td>
<td>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</td>
</tr>
<tr>
<td></td>
<td>13 CLIMATE ACTION</td>
</tr>
</tbody>
</table>
Empowering entrepreneurs

Shopify unlocks the power of commerce for those seeking independence. In so doing, our business drives substantial economic value in general, and by ensuring a future of commerce which has many voices.

Creating income generating opportunities for merchants and partners

Why it’s material: Shopify drives substantial economic value for the global economy.

How we manage it: We create income generating opportunities by providing our merchants and partners with a platform on which to run their businesses, and by facilitating merchant-partner conversations.

Select financial information

In 2018, Shopify generated $1.073 billion in revenue from the sale of platform subscriptions and merchant solutions, and, in the form of expenses, distributed $1.154 billion to suppliers, employees, and local communities, among other parties.

<table>
<thead>
<tr>
<th>(Expressed in $000's, USD)</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>1,073,229</td>
<td>673,304</td>
<td>389,330</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(476,962)</td>
<td>(380,253)</td>
<td>(209,495)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(688,187)</td>
<td>(429,410)</td>
<td>(246,660)</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>(91,920)</td>
<td>(49,157)</td>
<td>(37,165)</td>
</tr>
</tbody>
</table>

By the end of 2018, Shopify employed over 4,000 employees and contractors.

<table>
<thead>
<tr>
<th>Number of Shopify employees and contractors at year-end</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,000+</td>
<td>3,000</td>
<td>1,900+</td>
</tr>
</tbody>
</table>
Our merchants

Shopify enables merchants to generate economic value by providing them with a platform through which they can sell their products and services to buyers. Although merchants would generate a portion of this value in the absence of our platform, they continue to use Shopify because it helps them go from an idea to a business, and gives established high-growth brands a customizable solution that allows them to scale. Shopify has you covered no matter what channel they choose to sell through, providing merchants of all sizes with the tools they need to start, manage and grow their businesses as they strive to be economically independent. At the end of 2018, we had over 820,000 merchants using our platform. In 2018 alone, they generated over $41.1 billion of gross merchandise.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of merchants using our platform at year-end</td>
<td>820,000+</td>
<td>609,000+</td>
<td>377,500+</td>
</tr>
<tr>
<td>Merchant Gross Merchandise Volume</td>
<td>$41.1 billion</td>
<td>$26.3 billion</td>
<td>$15.4 billion</td>
</tr>
</tbody>
</table>

The economic value we enable extends far beyond our merchants. Our merchants transact with business partners, hire and pay employees, and they engage with suppliers, manufacturers, and shipping companies to acquire materials, produce their products, and deliver them to their end consumers.

Our partners

We also enable our partners to generate economic value by providing them with a platform through which they can use their unique skill sets to help our merchants succeed. Shopify partners include app developers, theme designers, and other skilled professionals. Many of these partners have built their businesses exclusively around serving Shopify’s merchants, while others have added Shopify expertise to their offerings, and for them, we’ve made it easier to grow their businesses.

Shopify’s partner economy creates even greater value than Shopify itself. We estimate that our partners generated more than $1.2 billion in total revenue and employed more than 700,000 people in 2018. On Shopify alone, more than 25 million partner-created apps have been installed, as more than 80% of our merchants use a third-party app. As a result, Shopify has paid out more than $100 million dollars to its app store partners since its inception through 2018. Third-party creators of Shopify themes have sold more than 350,000 themes to Shopify merchants. Partners referring new merchants account for approximately a quarter of the merchants on Shopify today, as well as for the sale of 74 million products, and generating over $64 billion of GMV. In 2018 alone, 18,000 partners referred merchants to Shopify and as of the end of 2018 there were approximately 2,500 apps in the Shopify App Store.
Global distribution

Our platform enables the creation of economic value at a global scale, as our merchants and partners run their businesses in 175 countries. A breakdown by region is provided in the table below. We’re extremely proud of the growth in the percentage of our merchants in the ‘rest of the world’, which has grown from 18% in 2016 to 24% in 2018. This reflects our concerted effort to reduce the friction for entrepreneurs everywhere, which is discussed on the following page in Democratizing Commerce.

<table>
<thead>
<tr>
<th>Region</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States of America</td>
<td>55%</td>
<td>56%</td>
<td>58%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>8%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Canada</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Australia</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>24%</td>
<td>21%</td>
<td>18%</td>
</tr>
</tbody>
</table>
Democratizing commerce

**Why it’s material:** Shopify’s mission is to make commerce better for everyone and to inspire the next wave of independent business owners around the world to turn their big ideas into businesses. We believe in a future with more voices not fewer, where voices from around the world are able to participate. This is incredibly important because an economy that has many voices is more resilient, more creative, and more empathetic than one that does not.

**How we manage it:** Our platform provides anyone, anywhere with the opportunity to start a business, but we do understand that even on our platform there are still challenges in starting up, selling, and growing. This is why we’re constantly innovating to reduce friction, to ensure that the future of commerce has more voices, not fewer.

**Our platform**

We make this a reality by empowering entrepreneurs. Before Shopify, merchants needed to have a lot of time, money, and know-how to launch online. We created a platform that aimed to allow anyone, anywhere, to build, market, sell, and ship their product in one simple, easy-to-use platform. This was a huge step in leveling the playing field and flattening the learning curve for anybody with a business idea.

We help create more entrepreneurs from across the spectrum of possibilities:

- Our merchants span a wide array of business verticals and sizes.
- No single merchant has ever represented more than five percent of our total revenues in a single reporting period.
- We have merchants in over 175 different countries around the world.
- Types of businesses on our platform vary, including large enterprises, entrepreneurs, celebrities, start-ups, dropshippers, handcrafters, mission-driven social enterprises and not-for-profits.
The low startup and operating costs Shopify offers leaves room in the budgets of merchants whose mission goes beyond profitability, including:

**Re:new Project** engages, equips and employs refugee women in the Chicagoland area whose greatest desire is to provide a space for refugee women to thrive as they rebuild their hopes and dreams in the United States.

**Detroit Bikes** produces their signature US Chromoly bikes using high-quality American Chromoly steel, and also offers OEM manufacturing and high-volume bicycle assembly services to a variety of customers from their home city of Detroit.

**Zuri** firmly believes that sustainable economies develop from businesses that operate fairly and ethically and create products that people want. By paying fair wages, sourcing locally, and making a product that our customers truly love, Zuri hopes to support a long-term, sustainable economy in Kenya.

**Reducing friction for merchants**

Today, entrepreneurship is declining because it’s still too hard. People try and then give up, others hear that it’s not easy, and don’t even give it a shot. There is too much friction: friction to get started, friction to get selling, and friction to grow.

Entrepreneurship doesn’t have to be hard. We continuously make changes to our platform that knock down barriers to entrepreneurship. These changes lower the bar and bend the learning curve to make entrepreneurship something almost anyone can do. We strive for our platform to support a rich mosaic of entrepreneurs from around the world to provide consumers with choice, incredible products, healthy competition, and unique perspectives.

Here are just a few of the things we’ve created to reduce friction for our merchants:

- **Partner Program**: Because our merchants are so diverse, they have varying, unique points of friction along each of their journeys. To address this, we created our Partner Program. Our partners are able to use their areas of expertise to help meet these unique merchant needs. We provide extensive support to our partners, highlighted by Shopify Unite, our annual conference where our partners and developers come together to celebrate accomplishments, forge new connections, and ignite the future of commerce technology.

- **Shopify Capital**: Financial constraints are one of the main reasons businesses close or struggle to get started. To help combat this, we created Shopify Capital which has issued $447 million in cash advances and loans in the United States since its launch in April 2016 through the end of 2018.
• **Sales Channels:** Because commerce today can happen anytime, anywhere, we made it easier for our merchants to sell not only through their online store, but also in-person through point of sale, on any other website or blog using our Buy Button, or on social media and online marketplaces through our various sales channels.

• **Shopify Gurus:** For merchants with the often-frustrating question of “What should I do next?” we have Shopify Gurus, who can be contacted 24/7 for live support with almost any challenge a merchant is having with their Shopify business.

• **Kit:** Many of our merchants are lacking the time they need to execute marketing campaigns and the budget to hire a marketing expert. For this we have Kit, an AI-powered assistant that recommends the best marketing activities to our merchants.

• **Shopify Payments:** With the introduction of Shopify Payments, we eliminated the hassle of setting up a third-party payment provider or merchant account. Shopify Payments, available in a growing number of countries, comes fully integrated with a merchant’s store and includes a wide variety of functions that allow merchants to manage their entire business and financials all in one place.

And we haven’t slowed down. Here are some of the things we shipped in 2018 as we continue to reduce friction for our merchants:

• **Shopify in Multiple Languages:** Many of our merchants are from predominantly English-speaking countries. In 2018, we translated Shopify in multiple languages to improve geographical diversity and make it easier for more of our merchants to launch their businesses on Shopify.

• **Shopify Experts:** Every merchant has a diverse set of needs, whether it is website development, graphic design, photography, marketing, or app development. In 2011, we introduced Shopify Experts, which connected merchants with skilled and experienced Shopify Experts, that they could hire for help with whatever roadblocks they faced.

• **New Shopify App Store:** With many specialized apps to choose from, it had become challenging for merchants to find the right ones for their unique businesses on the Shopify App Store. In 2018, we updated our Shopify App Store, which includes streamlined listings, a more accurate search function, and an improved app recommendation engine, making it easier than ever for merchants to discover apps that meet their needs.

• **Shopify Augmented Reality (AR):** Smaller merchants can struggle to compete with larger merchants that have deeper pockets because they don’t always have the budgets to invest in the same cutting-edge technologies. In 2018, we introduced Shopify AR, unlocking the ability for businesses of all sizes to deliver immersive AR experiences at scale, further levelling the playing field.
Societal well-being

Why it’s material: There are extensive personal benefits to entrepreneurship which improve well-being. Due to the number of entrepreneurs that exist or have been able to grow their businesses because of Shopify, more people are able to experience the benefits of entrepreneurship, contributing to societal well-being.

How we manage it: We provide people with an affordable, easy-to-use platform to become entrepreneurs or to grow their existing entrepreneurial ventures, which allows them to experience the extensive personal benefits of entrepreneurship.

Personal benefits of entrepreneurship

A few of the many personal benefits of entrepreneurship include:

• Entrepreneurship allows you to achieve independence. You can work when you want, where you want, and on what you want.

• Being an entrepreneur allows you to share your unique perspectives with the world and enables you to work on something you are passionate about.

• As an entrepreneur you are rarely bored; each day is full of new challenges and opportunities, and you are constantly learning.

With all this in mind, we acknowledge that entrepreneurship is challenging and that many businesses don’t succeed. This is why we’ve put so much work into reducing friction for merchants to help decrease the likelihood of failure.
Privacy and data security

Why it’s material: Shopify builds products for an industry based on trust. From product discovery to purchase, we act as a broker of trust between the 800,000+ merchants who run their business on our platform and their customers, who come from anywhere in the world.

How we manage it: At Shopify, privacy is a non-negotiable priority. We’ve purposefully built a privacy mindset into our culture and we have implemented strong controls over privacy and data security to uphold our commitment to maintaining merchant trust.

Merchant data
Respect for our merchant’s data has always been extremely important to us. Our merchants’ data belongs to our merchants, and the value derived from that data should be their advantage. We invest significantly in data privacy, data ethics, auditing, and technology to keep our merchants’ data safe. We have been well-positioned to comply with new and increasingly complex global data protection laws because of our principled approach to merchant data privacy. We continue to look beyond the letter of the law and do more to protect our merchants’ data.

We strongly believe in supporting our merchants in respecting the privacy of their customers. We provide educational materials such as our GDPR Whitepaper, to help our merchants to protect their customers’ data and comply with data protection laws. We also provide merchants with tools like our Privacy Policy Generator to help them draft a privacy policy of their own, to make sure their customers can understand how the merchant collects and uses information.

Privacy Policy
Our Privacy Policy outlines how we collect, use, and store personal information. This overview is for our merchants, customers that shop at our merchants stores, participants in our partner program, and people browsing our own website.
Supporting our employees and local communities

Employee well-being

Why it’s material: We believe that by encouraging employee wellness, we’re more productive and engaged while we’re at work, we are absent from work less often, and we’re less likely to look for another job. Promoting well-being also enables Shopify to attract the best people to join our team.

How we manage it: We ensure well-being by promoting health, wellness, and safety through our time-off policies, wellness resources, and Health and Safety Task Force, and through compensation that pays for impact, is competitive in the market, and is fair. We also encourage our employees to bring their authentic selves to work with the knowledge that Shopify offers a safe and inclusive environment.

Wellness, health, and safety

Time away
We encourage employees to take time away from work when they need it. This policy applies to both sick leave and vacation. People are encouraged to take at least three weeks’ holiday every year, and to give themselves sufficient time to recover before returning to work after illness. Individuals are eligible for short-term or long-term disability benefits for extended periods of illness.

Employees can also organize leave for special circumstances such as bereavement or work-related stress.

Employees who have been actively working and making an impact for five years are entitled to an Intermission – an extended break of four consecutive weeks with full pay. This is in addition to any other leave entitlement and is intended to provide for an extended period of deliberate rest.

Connecting with others
We take great care in providing a wide range of collaborative tools to ensure that employees are able to connect with teammates and colleagues on projects, and for personal and professional growth.
Shopify has several active internal chat channels dedicated to topics such as mindfulness, mental health, and work-life balance. We also have a variety of comfortable in-office spaces where people can meet either casually or by arranging in advance. These all provide an opportunity to reach out and talk to other people when in need of support.

Employees can also engage our coaches for help with issues relating to wellness and challenges when working at Shopify. Last year, there were over 5,000 coaching sessions booked across the business, with an overall satisfaction score of 96%.

**Self-serve internal resources**

We believe that mindfulness plays an important role in improving memory and reducing distractions and stress, both as a short-term practice and as a long-term strategy. We offer in-house guided sessions, and employees are encouraged to try out a variety of apps, guided meditations, and practices, to find what works best for them.

We offer group drop-in sessions for individuals who are feeling challenged, burnt out, or otherwise stressed at work. These sessions are offered in-person as well as virtually to ensure all employees have access to participate. The focus of these sessions is to help improve and strengthen mental resiliency through the sharing of strategies, techniques and individual learnings. Alongside the group sessions, we have Shopify wellness communities, which include groups of employees that connect and support each other via a community chat board. We currently have 10+ wellness communities which connect Shopify employees globally. Each office also has drop-in fitness classes which are held daily and include bootcamp, boxing, pilates and yoga. These are offered all year around, and the schedule is set up with after work and lunch sessions to cater to different schedules. Each office has their own internal wellness page to ensure our employees are aware of all the wellness initiatives that are available. Our coaches help employees to increase self-awareness, enhance personal well-being, overcome professional challenges and develop into the leaders they most want to be. Coaching is confidential and employees can access these sessions offices across Canada and the globe, in office or remotely at a time that suits them and their schedule.

**External resources**

Shopify employees also have access to formal mental health resources:

- Our Work Health Life Employee Assistance Program through benefits administration company Shepell provides employees with immediate access and professional assistance for concerns relating to work, health, and life.

- League Chat’s Mental Health Concierge provides employees with an in-house Registered Nurse who specializes in offering suggestions for a holistic approach to mental wellness.
Health and Safety Task Force
Our Health and Safety Task Force monitors the direction and strategy of our global health and safety program. Following their recommendation, we plan to hire a Health and Safety program manager to oversee all our global initiatives. The new program manager will lead Shopify-wide education and training, policies, and procedures. The manager will also engage with our Joint Health and Safety Committees (JHSC) by providing them with tools and support, and taking their recommendations.

We aim to have a JHSC in each city where we have an office. Each JHSC will provide the program manager with feedback on city-specific requirements, as well as recommendations to improve employee health and safety, and maintenance and monitoring programs and procedures.

Compensation
We want all Shopifolk to be impactful – to play their part in moving us forward on our mission to make commerce better for everyone. This is why our compensation philosophy is to pay for impact. Our compensation programs are industry-competitive by design, and we use external and internal market data to inform our salary decisions. We want to be sure that we continue to pay competitively in the market, so this market data helps us see how we measure up with compensation packages at comparable companies for similar roles. Finally, we ensure our practices are fair. We make compensation decisions based on level of impact, the market for a particular role, and internal equity. This is reviewed annually by both our leads and our Business Partners who also review impact across teams to ensure that everyone is treated fairly and without bias.

People often think compensation is synonymous with salary, but in reality, salary is just one piece. Total compensation is made up of salaries, equity, benefits and perks, career development, and quality of life at work.

Equity
Employees receive Stock Options and RSUs to share in our company’s long-term success and growth. This includes a New Hire Equity Grant when joining, which consists of Stock Options, RSUs or some combination of the two. There are also opportunities to receive additional equity grants throughout careers at Shopify, based on job level, impact, and performance. We also have opportunities for equity education, so we can make informed decisions about these assets.
Standard benefits and perks
We prioritize benefits and perks that solve needs for Shopifolk on a country-by-country basis, and we ensure that the benefits and perks we offer are inclusive. Our benefits and perks comply with local legislation and are offered to permanent employees at all of our offices.

Health benefits plan: Employees have access to a health benefits plan, the structure of which differs by country. In Canada, we have a group health plan which is a combination of life insurance, long-term and short-term disability income benefits, health care, and dental care. Employees also have a Health Care Spending Account which can be used to cover expenses not covered by our group health plan or to top-up expenses not fully covered.

Flexible perks: Each employee receives an annual lump sum to invest in what is important to us. We can allocate it to various accounts which differ by country based on local norms and legislation. In Canada, we can allocate it to our Health Care Spending Account, Lifestyle Spending Account, Retirement Savings Account, and Charitable Giving Account. We use this annual amount to help us and our families stay healthy and active, to access family care and support, and to start our own entrepreneurial ventures, among others.

Food and drink: We believe providing food and beverage for employees and guests helps create a more productive and energetic workplace (not to mention happier). Employees have access to breakfast and lunch every workday and have stocked fridges, beverages, and snacks available at all times of the day.
Support for new parents

Shopifolk are eligible to take maternity, parental, and adoption leave in accordance with applicable employment standards legislation where we live. We currently have local leave programs for our employees in Canada, the US, and in some of our European cities. Each program complies with location legislation and provides us with a top-up on the legislated amount. Our full-time employees in Canada can take up to an 18-month leave with a top-up of 85% for 17 weeks for birth mothers only, plus 18 weeks for birth mothers or supportive parents.

In 2018, the number of Shopifolk that took maternity, parental, and adoption leave reached 142, and our encouragement of all genders to take this leave resulted in even greater gender diversity.

### Number of Shopifolk that took maternal, parental, and adoption leave

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Man</td>
<td>69</td>
<td>33</td>
<td>16</td>
</tr>
<tr>
<td>Non-binary</td>
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<td>1</td>
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<tr>
<td>Not specified</td>
<td>31</td>
<td>22</td>
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<tr>
<td>Prefer not to say</td>
<td>3</td>
<td>2</td>
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</tr>
<tr>
<td>Woman</td>
<td>36</td>
<td>28</td>
<td>15</td>
</tr>
<tr>
<td>Totals</td>
<td>142</td>
<td>85</td>
<td>44</td>
</tr>
</tbody>
</table>

We also help our new parents in other ways. We provide information about getting ready for a baby’s arrival, and financial assistance in the form of a baby bonus. We see continued support for new parents as very important, and can provide help with securing a place in daycare through our corporate partnership with a registered daycare centre.
Employee diversity and belonging

Why it’s material: We know that in order to build a sustainable product that will compete globally, we need a workforce that is reflective of the global commerce ecosystem. To unlock the value of a diverse workforce and retain talent, we focus on ensuring our employees experience the fundamental human need for belonging. This helps us make the best business decisions.

Tobi put it best when he spoke about diversity at our Shopify Unite Conference in 2018:

“If I’ve learned one thing in building this business, it’s that if I have a really tough problem to solve, the quality of the solution is directly correlated with the diversity of the people in the room that are trying to make the decision. People living different lives and coming into the room from different directions really makes a big difference. There is strength in this diversity, and it represents us as a community. The reason why the Shopify community is as powerful as it is, is because it is so global and because so many people from different backgrounds are coming together.”
Employee diversity and belonging

How we manage it: In 2018, we focused on gender, age, and race/ethnicity, which we identified as the biggest gaps across the dimensions of diversity at Shopify. And we showed some progress, as 44% of new hires in 2018 identified as women, versus 36% that identified as women in 2017. By deliberately creating spaces where employees feel included, valued, and heard, employees are encouraged to bring their full selves to work and contribute with their unique and innovative perspectives and experiences. This helps us achieve our mission of making commerce better for everyone.

What we value

We hire people who care deeply, who are here to do their life’s work.

In return, we care just as deeply about their experiences, how we show up as an employer, and how we can best enable them to do that work.

We take a humanized research-based approach to diversity and belonging, working with our in-house research and analytics teams to help us address and understand the largest gaps and inform program development around hiring, employee engagement, retention, leadership training, and learning and development.

What we’re doing

We are deliberate about creating spaces where every Shopify employee is empowered to bring belonging to life.

We believe that building a diverse workforce begins long before someone first applies for a job. We’ve invested in long-term programming that starts before we’re looking to hire and creates opportunities and access for those who have traditionally been left out of tech. From exposing young people to mentorship and technology in their elementary years to re-engaging those who have been out of the workforce for years, these programs take a holistic look at diversifying our pipelines and creating equal access. More information about this external programming is covered in the Supporting local communities section.
Internal programming
In the spirit of constant learning and growth, we believe that understanding and listening to the experiences of others is every person’s responsibility. Resources and frameworks have been created for individuals and teams to help them bring belonging to life, including guides for running more inclusive events, meetings, and building teams.

Some of our initiatives include:

• A well-developed Diversity & Belonging team that collaborates with internal and external communities to hold Shopify accountable to its commitment to diversity and belonging.

• Internal employee communities (Employee Resource Groups) with Shopify executive sponsors and funding for employees who identify as LGBTQ+, Black, Indigenous, women.

• Sponsorship and support for external and internal programs targeting underrepresented groups in tech and entrepreneurship.

• Internal education on inclusion best practices for employees and people leads.

• Self-directed development budget to develop in the areas that are important to employees.

• Flexible work hours and vacation.

• Menu items for all diets, as well as accommodations for specific dietary restrictions (e.g. opt-out of the meal plan during times of religious fasting).

• Office space designed with both classically introverted and extroverted workspaces.

• Designated private rooms for breastfeeding/pumping and prayer.

• Family-friendly company events where children are encouraged to attend.

Inclusive hiring
While we don’t set hiring targets for greater diversity, we continuously focus on refining and updating our hiring processes through regular audits of processes around everything from how we source candidates, how we talk about our open roles, how we screen and interview, and how we hire.
Learning and development
At Shopify, our approach to educational programming focuses on creating learning pathways that combine self-guided, facilitated, peer to peer discussions, and use a variety of mediums to match different learning styles. Our approach to learning is to create pathways that are meant to engage learners over a period of time, (a month per pathway), to create a deeper understanding on the topics vs building one-off workshops. We understand that it takes time to shift perspectives/mindsets and tailor our learning design to facilitate that. We are currently focusing on building acumen around the topics of anti-bias, microaggressions and discrimination, and empathy and allyship. As we build out the foundations of belonging at Shopify, we are targeting leadership teams of specific departments and delivering comprehensive learning strategies for their teams based on both their diversity numbers and employee engagement data.

Why these areas of focus?
Conscious and unconscious biases are held by all people. Both types negatively impact decision-making and hamper inclusivity.

Though oftentimes unintentional microaggressions and instances of workplace discrimination do occur. At Shopify we believe that diversity is an organizational imperative and belonging is at its core; microaggressions and discrimination prevent diversity from thriving in an organization.

Empathy and allyship are essential for diversity and meaningful belonging to take root in an organization. But for many, they are not inherent skills and need to be learned, developed, and practiced.

Leadership training
We know that good leadership is what empowers people to do their best work and can often make the difference between whether people stay or go. We have focused our education efforts on leadership, with those in the very highest positions at the company taking part in months-long targeted training.

Pay Equity & Global Pay Fairness Analysis
Shopify strives to create an environment of equal opportunity for all employees and job applicants regardless of race, national origin, colour, citizenship, age, religion, gender, marital status, disability or any other factors unrelated to job performance and level of impact.

We constantly review our compensation, perks and benefits programs to ensure that we remain competitive, inclusive and fair. Shopify also complies with pay equity legislation where required by local regulators.
Employee engagement and retention

We believe the future includes more voices, in tech and entrepreneurship.

Our focus on diversity is not confined to the hiring process. We have a number of initiatives that work on fostering a sense of belonging so all employees can feel included, valued, and heard.

- **Anti-Harassment Policy**: As a high-care company, we are committed to creating and sustaining a safe work environment for all employees, regardless of their location or role at Shopify. Paired with our company Values, Rules of Engagement, and Code of Conduct, which serves as a reminder of our responsibility to achieve the highest standards of honest and ethical behaviour, the Anti-Harassment and Violence policy and learning module were created to help guide and govern employees collective behaviour towards inclusivity and compliance.

- **Employee Resource Groups (ERGs)**: Our ERGs are employee-led communities that have self-organized around shared dimensions of diversity such as race and ethnicity, gender, abilities, and sexual orientation. They create a more inclusive Shopify by providing a community of support for those of us who are underrepresented in tech. Their activities focus on professional development, talent acquisition, networking, employee engagement and retention, and more. In 2018, we put strategy and investment behind our organically-formed ERGs to create more formal ERGs complete with executive sponsors.

- **Belonging Connectors**: Our Belonging Connector program is built around Shopifolk who have volunteered to be a point of contact for employees with questions, concerns, or opportunities surrounding diversity and belonging at Shopify. It provides us with additional channels to share ideas, and to make sure that issues are seen and heard by the right people. It encourages more multi-way communication, perspective sharing, and overall awareness of diversity and what it means to be a truly inclusive organization. At the end of 2018, we had 26 Belonging Connectors, representing all of our locations and most departments.

- **Belonging Campaigns**: Our belonging campaigns amplify diverse voices throughout the tech and commerce industries and create space for more voices by fostering a sense of belonging inside and outside of Shopify. Our campaigns engage Shopifolk and our merchants, and in 2018 recognized Black History Month, International Women’s Day, National Indigenous Peoples Month, and Pride, through a variety of events and initiatives, largely across Canada, the US, and Europe.
Where we stand
At Shopify diversity is an organizational imperative, meaning that it’s not a nice to have, but essential to being able to build a 100-year company that makes commerce better for everyone. We know that the highest performing teams include people across multiple dimensions of diversity who bring unique ways of solving problems to the table. Although we have made some progress in increasing the representation of people from traditionally underrepresented groups employed at Shopify, we are not satisfied and need to increase our efforts and continue to explore innovative ways of creating systemic and sustainable change.

Where we fell short
Although we have seen an upward trend of representation in women across the organization, in leadership, and in technical roles we still have a way to go in terms of increasing representation across race/ethnicity. Being in line with the industry standard isn’t a good enough standard we are willing to hold ourselves accountable to.

Where we’re headed
Diversity is an organizational imperative, with belonging at our core.

In 2018, we listened and learned: from others in the space, from our employees, and from our own experiences. We kicked off the work by building the foundations of our belonging strategy and weaving it into every part of our business. From educational programming to supporting employee communities, we’ve taken a human-centered approach to the work so that even as we scale globally, we can continue to empower our employees to build a Shopify where everyone feels included, valued, and heard. We are excited to share updates on our progress in the future.
Supporting local communities

Why it’s material: Our local communities expect us to support them, and we need the trust of our local communities to thrive in the cities in which we operate. When we support our local communities, we create shared value that is great for Shopify and our employees, and great for the community.

How we manage it: We engage with local communities through our partnerships, programs, sponsorships, and meetups that focus on entrepreneurship and tech ecosystems, and through our charitable contributions. We think locally and leverage our diverse and distributed teams across Shopify.

In 2018 alone, our local community partnerships generated the following engagement:

- Almost 500 local community events held in our Canadian spaces.
- Over 32,000 people were engaged.
- Over 2,100 Shopifolk were touchpoints.
- Over 350 unique partners participated.

Supporting entrepreneurship

We aim to support and foster entrepreneurship for everyone.

Our initiatives

In 2018, we supported entrepreneurship in the community through a number of initiatives, including:

Digital Main Street: We are a founding partner of Digital Main Street, an initiative focused on bringing local merchants within Ontario online. In 2018, we hosted two of their digital training events in Toronto, hosted their Ottawa launch, and supported their Waterloo initiatives with speakers.

Shop Class: Sessions: In October 2018, we rolled out Shop Class: Sessions at our North American Locations. Each month we bring merchants to our office spaces to learn and make connections. We held over 20 events and connected over 100 Shopifolk with over 500 merchants.
Focus on marginalized entrepreneurs

Our focus on priority groups generated significant community engagement in 2018:

- **Artscape Launchpad**: We hosted three 40-hour creative entrepreneurship programs working with 65 new Canadians, marginalized youth, and Indigenous women at Artscape Launchpad, a leading space for creative entrepreneurship in Toronto that focuses on building inclusive communities and creating opportunities for those who need it most.

- **Forum of Women Entrepreneurs**: We delivered two workshops to a total of 75 people with the Forum of Women Entrepreneurs, an organization that educates, mentors, and connects female entrepreneurs to help them become wildly successful.

- **Toronto Public Library**: We partnered with the Toronto Public Library to provide support at branches in vulnerable communities with high populations of newcomers that don’t have Canadian Labour Market Experience yet and are struggling to find work in Canada.

“[I’ve] never seen anything like this in terms of supporting merchants to be successful. I don’t feel like Shopify wants my money. I feel like Shopify truly wants to help me attain satisfied customers using their technology and, in the end, help me be successful with their platform and apps.”

—Merchant at a Shop Class: Sessions event in San Francisco
Expanding tech ecosystems
We are committed to the development of technology that operates in service to humanity. We celebrate our tech culture and enjoy sharing our experience and skills with the community.

Our initiatives
Many of our community initiatives in 2018 contributed to the expansion of the tech ecosystem, including:

- **Elevate Toronto**: We increased our involvement with the Canadian tech festival, Elevate Toronto by hosting their press launch in our Toronto office. Tobi also took the stage on opening day in a fireside chat with The Honourable Navdeep Singh Bains, Minister of Innovation, Science and Economic Development to discuss the long-term winning conditions for Canada’s Information and Communication Technology sector.

- **True North Waterloo**: In 2018 we were National Sponsor for True North Waterloo, the inaugural Waterloo Region-based Canadian tech conference centred around reaffirming tech as a force for good. As the National Sponsor we hosted the Why Waterloo Tour and a VIP dinner, and spoke at the conference about the power of democratizing commerce.

- **Startup Open House and Doors Open**: In 2018 we had over 2,700 people come through our spaces during Startup Open House and Doors Open. Startup Open House specifically celebrates entrepreneurial communities across Canada by encouraging them to open their doors to the public. In 2018 we were a presenting partner.

- **Linked After-school program**: In 2018 we piloted a digital skills outreach program with the Boys and Girls Club of Ottawa and Virtual Ventures (Carleton University’s engineering outreach). Over the course of the year, the program expanded to 3 community centres in Ottawa, engaging 500+ youth from underserved areas in the city.

Focus on diversity and inclusion in tech
We recognize the barriers that members of many groups face within the tech ecosystem. 2018 saw us supporting a number of initiatives to break down these barriers:

- **SAAS North**: For the third year in a row we were lead sponsor for SAAS North, Canada’s only conference focused on Software as a Service companies and on scaling them. In 2018, we worked with conference organizers to increase diverse representation at the event, both in terms of speakers and attendees. We worked with SAAS North to create an inclusion fund, bringing under-resourced entrepreneurs to the event from across Canada. The conference organizers also increased representation of women speakers to 50%, from 30% in 2017.
• **Venture Out:** In 2018, we were lead sponsor for Venture Out, a conference connecting LGBTQ+ people in tech to career opportunities. Later in the year, we co-hosted a related panel discussion in our space that had over 100 guests.

• **Computers for Success Canada:** In 2018, we supported Computers for Success Canada, which launched in May 2018 to make computers available for low income families. We worked with their team to leverage Shopify’s software to properly process orders and distribution of computer hardware.

• **Technovation:** In 2018 we were a main program partner for the Technovation Ottawa chapter; a program focused on digital and business skills development for girls aged 13-17. We hosted coding and entrepreneurship workshops for youth to develop apps and business plans with the aim to solve community problems.

**Dev Degree program**

As a Canadian software company, we want to contribute to building a diverse engineering pipeline over the long term. We’re very proud of our Dev Degree program, which launched in 2016 with Carleton University. Due to its overwhelming success, in 2018 we expanded the program to include York University, located in the Greater Toronto Area.

Our Dev Degree program gives students the opportunity to work on development teams at Shopify while they are at university. Every student receives an honours degree in computer science in four years, and will graduate with over 4,500 hours of work experience. We pay for students’ entire tuition, give them a competitive salary, and offer them paid vacation. In all, the financial support we provide amounts to over $160,000 CAD for each student. Now that we have two schools in the program, this amazing opportunity is given to between 20 and 30 new students every year, and we ensure there is a 50/50 gender split and diverse racial representation.

**Dev Discover program**

In 2017, Shopify started a program called Dev Discover. The program’s goal is to create opportunities for underserved youth in Canada to engage in Science, Technology, Engineering, Art, and Math (STEAM) activities. We work with organizations to help provide access to tech education, hardware, and industry mentorship through ongoing programs in Ottawa, Toronto, Waterloo, and Montreal.

In 2018, we partnered with 9 organizations to engage 1,700+ youth and educators in hands-on programs that teach digital skills development. Each partnership focused on youth that have been historically excluded from pathways into tech. This includes (but is not limited to): young women and girls, racialized youth, economically disadvantaged youth, indigenous youth, and LGTBQ+ youth.
Without prior access to education and technology, an individual is unlikely to become a candidate for a job in tech. Leveling the playing field increases our chances of meeting outstanding candidates that we would otherwise miss. Recruiting diverse candidates, especially to our work-integrated learning programs like Dev Degree, means that a more diverse pool of well-prepared software developers will ultimately join Shopify. As we hire increasing numbers of people with different backgrounds and perspectives, we become better able to support our diverse merchant base and to advocate for them in product development.

Dev Discover is our outreach program and recruiting path. Through work with partners, we are able to use their unique expertise and relationships to engage communities across Canada. These projects introduce STE(A)M concepts and skills to hundreds of participants, supporting and mentoring them on their educational journey, as they make their way into the tech industry. With Dev Discover, we aim to reach and mentor people years before they would apply to Shopify programs and positions. We take special care to engage people from groups historically excluded from technology roles. These include women, non-white, LGBT, indigenous, disabled, and other groups.

**Charitable contributions**

- In 2018, our Ottawa, Toronto, Waterloo, and Montreal offices provided approximately 180,000 meals in our communities, via the Ottawa Mission, West Neighbourhood House, Good Shepherd Ministry, Replate, oneROOF Youth Services, and La Maison du Père which were served to each city's most vulnerable groups.

- In response to a Toronto terrorist attack on April 23rd, we donated $43,600 CAD to the #TorontoStrong fund which supported victims and victims’ families.

- To support those affected by the two tornadoes in Ottawa in 2018, we raised over $35,000 CAD for the Red Cross and Ottawa Food Bank.

- In response to the wildfires in California in the latter half of 2018, we donated $50,000 CAD to the Red Cross.
Employee development and progression

Why it’s material: When people develop and progress at work, employee satisfaction increases and they’re more engaged. They’re also better equipped with the skills and context they need, and are best positioned to work towards making commerce better for everyone.

How we manage it: Professional development is central to our culture. New hires all receive training and onboarding, and have access to many development programs through their journey to further build skills and mastery. Employees have clarity around job levels, and receive ongoing formal and informal feedback, all of which drives employee development at work.

New hires
Shopifolk begin their journey by participating in Startup, our three-month long onboarding program. It begins with an immersive, three-day program, followed by team-specific onboarding. It contains other content delivered at the right time throughout each new hire’s first three months, including an onboarding newsletter, and a weekly video series introducing Shopifolk to the leadership team and providing context about the history and future of Shopify. Startup provides new Shopifolk with the valuable opportunity to slow down, ask questions, gain context, make connections, charge up, and put together the resources they need to succeed before they fully transition into their new roles.

Building skills and mastery
Shopify is a learning organization, and each employee is encouraged to adopt the habits and practices of lifelong learners. We have many programs in place to foster this culture.

Own Your Own Development
Employees build on skills and mastery of their craft through our Own Your Own Development program. The program allows employees to map out their personal learning journey. They can identify the skills that they want to acquire or develop, and then have access to courses, conferences, and workshops to make this happen.

Coaches
Employees have access to certified coaches who help them work on more intangible skills. This could be anything from fostering relationships and building self-awareness, to dealing with uncertainty and understanding difficult emotions and situations. Our coaches are accessible to all of us, and are always willing to work around our schedules. Over 5,000 coaching hours were completed in 2018.
Supporting our employees and local communities
Employee development and progression

“It’s so important to be intentional about the work you do so that you can have the greatest impact. The App and Partner Platform leadership team models this by sharing our individual goals with the whole product line and I encourage all individuals in our product line to do the same.”

– Amy Thibodeau, Director of UX, Platform Product Line

Boost
We have a program called Boost which teaches skills that employees need to feel empowered, prepared, and confident to tackle the many difficult situations that come up when working at such a fast-paced company.

New initiatives for 2018
We had our first dedicated R&D Summit in 2018. Three days were dedicated to developing craft excellence for our R&D teams, through a series of talks and workshops led by Shopifolk.

We also introduced No Meeting Wednesdays. The expectation is that employees have one day a week completely free from interruptions, allowing people to spend time on unstructured thinking, context gathering, building, and creating.
Performance feedback

Roles at Shopify are defined within our Job Level framework, so employees know what’s expected of them at each stage of their career. This enables employees to target areas for development as they work towards a promotion or role change.

Ongoing feedback

Our ongoing feedback mechanism comprises three elements: setting intended outcomes, having constant conversations, and reviewing impact together. Each stage is repeated on a regular cadence throughout our time at Shopify. This cycle gives further clarity into what individuals need to do to increase their impact, and helps our leads figure out how they can best support teams.

Setting intended outcomes

When intended outcomes are well-defined, both individuals and leads have a clear and common understanding of what they’re working toward, why it matters, and how it will benefit the individual, their team, and Shopify. Both individuals and leads are also clear on the right behaviours that align with those outcomes.

“I desperately manage for no surprises. I keep everyone aligned and give feedback as soon as possible so people are aware if there are gaps. This gives them an opportunity to grow and develop before their annual impact/compensation cycle.”

– Krista McBeth, Director of People Operations
Constant conversation
Individuals need to communicate frequently with their leads regarding both progress and roadblocks.

In 2018, we simplified this step by introducing Fellow, a tool that makes it easier to engage in intentional and meaningful conversations and exchange feedback, so people can advance and level up faster.

Reviewing impact together
Shopifolk also meet regularly with their leads to reflect on the progress and success of their intended outcomes and how this is contributing to Shopify as a whole.

Annual Impact Review
All employees receive a formal impact review from leads at the end of every year. By having constant conversation, regularly reviewing impact together, and collecting feedback from a range of team members, team leads are well-prepared to conclude on someone’s overall impact for the year, which informs promotion and compensation decisions.
Protecting the environment

Our business has negative impacts on the environment, but we take action to reduce these negative impacts. To date, our actions to protect the environment have focused on reducing the impacts of our direct operations.

Going forward, we’re planning to continue this, but will also work alongside our merchants to address our downstream environmental impacts. In terms of our direct operations, we focus on the footprints of our offices and platform, and the hardware we supply to our merchants.

Energy use and greenhouse gas emissions

Why it’s material: Our business uses energy to power our offices and platform, some of which generates greenhouse gas emissions (GHGs) and contributes to anthropogenic climate change. We also produce greenhouse gas emissions from employee commuting, travel, and food waste. We, along with our stakeholders, want to mitigate our contributions to climate change.

How we manage it: We measure our energy usage and greenhouse gas emissions annually. To manage our impact we improve the energy efficiency of our office buildings and reduce GHG emissions that result from powering our platform.

Measuring our impact

We group our energy usage and GHG emissions as follows:

• Direct emissions from fossil fuel combustion to power our offices (Scope 1).

• Indirect emissions from purchased electricity used to power our offices and platform (Scope 2).

• Indirect emissions from employee travel and commuting (Scope 3).
Powering our buildings

Greenhouse gas (GHG) emissions from building energy use (electricity and natural gas) were calculated for the 2018 calendar year. The method used in 2018 to calculate GHG emissions was similar to that used in 2017, and was based on energy use and an emission factor, where data was available.

Where data was unavailable, an estimate of energy use was generated based on the area leased (ft²) and an estimate of fuel use per square foot (i.e. m³ gas use/ft²).

Emissions related to our office operations in 2017 and 2018 are shown below.

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</tbody>
</table>

Data for 2018 shows a clear increase in emissions compared with those estimated for 2017. This is largely explained by the increase in office area, however it is not a 1-for-1 increase. The tables below show the change in area, fuel usage and total emissions.

### Fuel Usage

<table>
<thead>
<tr>
<th>Year</th>
<th>Area (ft²)</th>
<th>Gas (m³)</th>
<th>Electricity (kWh)</th>
<th>Total Emissions (tonnes CO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>300,703</td>
<td>284,209</td>
<td>3,879,534</td>
<td>626</td>
</tr>
<tr>
<td>2018</td>
<td>505,080</td>
<td>576,668</td>
<td>6,785,156</td>
<td>1,317</td>
</tr>
</tbody>
</table>

Emissions in 2018 increased by 110% while the area included in the analysis increased by 68%.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions (tonnes CO₂e)</td>
<td>626</td>
<td>1,317</td>
<td>691</td>
</tr>
<tr>
<td>Area (ft²)</td>
<td>300,703</td>
<td>505,080</td>
<td>204,377</td>
</tr>
</tbody>
</table>

Reasons for the larger increase in emissions when compared to area could be the number of heating and/or cooling degree days (HDD and CDD) or the number of employees. For example, an increase in heating or cooling degree days in 2018 would result in higher natural gas or electricity consumption to maintain comfortable temperatures in the building.
A higher number of employees could also result in increased emissions. For example, hot water demand would theoretically increase with increased employee count (i.e. hand washing, showers, etc.). This would increase fuel consumption – either natural gas or electricity, depending on how hot water is heated in the building.

**Powering our platform**
Shopify is making concerted efforts to contribute to a more sustainable, global low-carbon economy. As of 2018, one such effort includes the decommissioning of co-located data centers, and migrating to a Google-cloud platform. Google has committed to purchasing 100% renewable energy for their global operations, including data centres. While any emission reductions associated with this shift to renewable energy are owned by Google, Shopify recognizes that supporting a company that purchases renewable energy is a step in the sustainable direction. It also means that the commerce operations of all 820,000+ merchants leveraging the Shopify platform are now carbon neutral.

**Actual Emissions in 2018 (January – June)**

<table>
<thead>
<tr>
<th>Data Centre</th>
<th>Emission Factor (lb/MWh)</th>
<th>Emission Factor (tCO(_2)e/MWh)</th>
<th>Energy Usage (MWh)</th>
<th>Emissions (tCO(_2)e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>818.98</td>
<td>0.3715</td>
<td>884</td>
<td>328</td>
</tr>
<tr>
<td>2</td>
<td>816.041</td>
<td>0.3702</td>
<td>1,197</td>
<td>443</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>771</td>
</tr>
</tbody>
</table>

**Estimated Annual Emissions in 2018 (January – December) (Based on average actual RPM)**

<table>
<thead>
<tr>
<th>Data Centre</th>
<th>Estimated Energy Usage (MWh)</th>
<th>Emissions (tCO(_2)e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,767</td>
<td>656</td>
</tr>
<tr>
<td>2</td>
<td>2,394</td>
<td>886</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,542</td>
</tr>
</tbody>
</table>

**Estimated Annual Emissions Avoided in 2019 (Based on average actual RPM)**

<table>
<thead>
<tr>
<th>Data Centre</th>
<th>Estimated Energy Usage (MWh)</th>
<th>Emissions (tCO(_2)e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3,313</td>
<td>1,231</td>
</tr>
<tr>
<td>2</td>
<td>4,488</td>
<td>1,661</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>2,892</td>
</tr>
</tbody>
</table>
To illustrate the impact of migrating to Google’s cloud-based data centres, emissions generated from power usage had we continued to operate our own data servers is shown below. It is estimated that annual emissions would have been 2,892 tonnes CO$_2$e. This is approximately the equivalent of powering 8,000 homes in Ontario for one year.

A location-based method was used, which reflects the average emissions intensity of grids on which energy consumption occurs.

Emissions for power usage were calculated in line with the GHG Protocol Scope 2 Guidance. The GHG Protocol Scope 2 Guidance is referenced by the Carbon Disclosure Project (CDP) for reporting Scope 2 emissions. Emissions were calculated based on the emission rate approach:

$$\text{Emissions (tCO}_2\text{e)} = \text{Activity Data (MWh)} \times \text{Emission Factor (tCO}_2\text{e/MWh)}$$

where:

- **Activity data** is the amount of electricity purchased and consumed. This value was estimated based on average monthly power (kW) of each data centre site multiplied by hours of operation per month.

- **Emission factor** represents an average value for a given period of time, of emissions per MWh, for either a specific grid, supplier or energy generation source. Emissions reflect emissions generated at the point of energy generation and do not include T&D losses or upstream lifecycle emissions.

Emission factors were sourced from the Emissions & Generation Resource Integrated Database (eGRID) of the United States Environmental Protection Agency.

We evaluated the increase in our total emissions intensity from 2017 to 2018 to be 109%, defining intensity in accordance with the Carbon Disclosure Project as gross global combined Scope 1 and 2 emissions for each year divided by revenue for each year. It should be noted that we are including 771 tonnes of CO$_2$e associated with the running of data centres from January – June 2018 that were not included in our 2017 emissions assessment. On an apples-to-apples basis, excluding emissions associated with data centres for both years, the increase was 31%. Reasons for the larger increase in emissions intensity include the expansion of leased space (68%) outpacing the increase in revenue (59%) and may include an increase in the number of heating and/or cooling degree days (HDD and CDD). Based on a quick search of temperature degree days in Ottawa, heating degree days increased 6% from 2017 to 2018 and cooling degree days increased 37% from 2017 to 2018. This would result in increased fuel consumption for the same area.
Managing our impact

We are committed to the work that we must do to reduce the environmental impact of our business operations and continue to take incremental action to do so.

Our buildings

As Shopify continues to grow, we work with the developers of our new office buildings to ensure that these buildings achieve LEED certification. LEED certification means our buildings have prioritized energy efficiency. Energy efficiency is a first step to limiting our energy use and the associated greenhouse gases we emit, while also being fiscally responsible.

As of the end of 2018, 73% (943,000 square feet) of our leased office spaces are rated as either LEED Platinum or LEED Gold, which are the highest and second-highest LEED certifications that buildings can earn, respectively. We’ve worked closely with the developers of these buildings to ensure they are designed to achieve LEED Platinum certification.

Through this collaboration, at the end of 2018 we leased over 320,000 square feet of LEED Platinum certified office space (34% of our total leased office space), which we are extremely proud of. All of our office spaces use only LED lighting. Some of the additional energy efficiency features of our LEED certified office spaces include lighting on motion sensors, smart thermostats, and maximization of light access.

Employee commuting

In accordance with LEED certification requirements, we have chosen office locations to effectively minimize GHG emissions caused by commuting. Those employees who work from an office are able to get there by public transit, bicycle, or on foot, thereby limiting their personal environmental impact. Finally, the large number of our employees who work from home wholly avoid a commute to an office.

Employee travel

We are a collaborative company, which means we often work with Shopifolk who are based remotely or in other offices. While employees may travel if it will enable them to work on a project or task more effectively, we have designed our office spaces to maximize remote collaboration opportunities with colleagues around the world.

These facilities and initiatives help us to reduce GHGs generated through employee travel:

- **Meeting spaces**: We have many meeting spaces of all sizes in every office. These spaces provide for all kinds of interaction, and range from phone booths, small rooms, and boardrooms, to more open spaces such as auditoriums and lounges. Every room is equipped with high-quality AV equipment, which enables productive videoconferenced interoffice meetings. The meeting spaces in the new Toronto offices include new functionalities for screen sharing, collaboration, and video conferencing.
• **Google Jamboards**: We’ve equipped some of our meetings rooms with Google Jamboards. These are interactive whiteboards that are accessible by everyone in the meeting, even if they are not physically present in the room.

• **Co-working spaces**: By leveraging co-working space around the world, our remote employees have access to workspaces with high-speed internet, meeting rooms, and phone booths, which allows these Shopifolk to have productive meetings without significant travel.

• **Reduced travel to Summit**: Shopify Summit is an important culture initiative, and every year, including 2018, we have congregated in Ottawa for this event. As a result, a significant amount of GHGs were released as we travelled to and from Ottawa each year. To reduce this impact, starting a few years back, all Shopifolk from Toronto, Montreal, Waterloo took trains to Ottawa instead of flying or driving. But we recognized that this still wasn’t enough. The Summit in 2019 was livestreamed to employees around the world in Japan, Berlin, Toronto, and Waterloo. We are extremely excited at the prospect of saving all those GHG emissions.

**Our food**

We provide food and drink for our employees because it helps to create a more productive and energetic workplace. But we’re also aware that food production and transportation cause significant GHG emissions, so we’re working on ways to reduce these impacts:

• The culinary team creates menus that cater to the needs of all of our dietary restrictions. Menus always includes vegetarian options for those of us who are reducing our meat consumption. In 2018, our Ottawa office took this a step further with Meatless Mondays, where only vegetarian food is served on one Monday of every month.

• When we can, we source our food from local farmers to decrease food miles.
Waste from our operations

**Why it’s material:** Our business generates waste from office building construction and renovations, and from our day-to-day actions at our offices. Among many negative environmental impacts, excessive waste generation and improper waste management can put a strain on local waste management facilities, can cause GHG emissions, and can result in waste being sent abroad to developing countries.

**How we manage it:** We minimize waste from office construction and renovations, by maximizing our existing spaces and reducing material waste when we do need to build or renovate. We manage our daily office waste through recycling, composting, and limiting waste in the first place.

**Office construction and renovations**

As we grow, we constantly require more office space. Our approach to acquiring more space considers the environment. We first maximize our current spaces, then either build the most efficient new spaces or renovate existing spaces and make use of as many of our existing fixtures as possible.

We first make sure we are doing the most with our existing spaces as possible. We do this through our strategic approach to office layout and design. For example, we use desks instead of cubicles, and place these desks in pods allowing us to fit more workspaces into smaller areas, while ensuring the spaces continue to foster collaboration and productivity. But due to our rapid growth, we can only go so far with this before we need to build a new building or find space in an existing building that we can renovate to suit our needs.

When we renovate space in an existing building, we do this in a way that minimizes waste, through reuse, and as a second option, recycling. For example, in 2017 we leased a new office space in Ottawa which had to be renovated. The previous tenant had left behind carpet tiles, interior windows and doors, wiring, lighting, among other items. Rather than having these items go to a landfill, we worked with a fit-up company in Ottawa to have many of these materials be reused. This resulted in some items being resold, and some being donated to a school, church, and NGO. Approximately two thirds of these items were re-used and one third was recycled.

Most recently, we’ve started using co-working spaces in some cities, which eliminates the need to build or renovate altogether. These spaces provide us with the flexibility to more quickly set up private offices globally. As of the end of 2018, we had nine of these in Australia, Japan, Singapore, India, England, New York, Toronto, Vancouver, and China.
Office waste

We also generate waste in our offices day-to-day. We recycle and compost in many of our offices. Where we have composting services, we use biodegradable plates and lunch containers.

We also recognize that generating less waste in the first place is the best behaviour for the environment. Because of this we’ve taken the following actions:

• We have minimal paper usage in all of our offices.

• Some of our offices use ceramic dishware for breakfasts and lunches.

• Some of our offices avoid individually packaged lunches.

• Some of our offices offer no water bottled in single-use plastics.

We know that electronic waste is often handled incorrectly. It is sometimes sent to developing countries, and can have serious environmental and health impacts. In terms of office e-waste, we donate or auction off our laptops through internal auctions, with the proceeds being sent to charitable causes. In terms of the data servers which we decommissioned in 2018, all of these were sold for re-use.
Governance and ethics

Governance and ethics are extremely important at Shopify. Strong governance starts with our Board of Directors and leadership team, but also involves teams all the way down to our Product Teams and Internal Service Lines, as these also share responsibility for our sustainability efforts.

Ethical decision making at Shopify is driven by formal policies that promote both responsible conduct and an awareness of our culture and the things that we value.

**Why it’s material:** Governance provides strategic guidance and oversight that is essential to help Shopify continue to thrive over the long-term. Shareholders and investors, among other stakeholders, are more likely to engage with Shopify if they are confident that we are acting ethically, consistently, and with their best interests in mind.

**How we manage it:** Our business as a whole is governed by our Board of Directors and leadership team. Our sustainability efforts are distributed across the company with support from our Sustainability Leadership team. We ensure ethical conduct through formal policies which include our Code of Conduct, and Anti-Harassment and Violence Policy. We have fostered a strong culture where we all work towards our mission to make commerce better for everyone, in line with our rules of engagement.

**Greenhouse gas emissions from merchant shipping**

This area of impact is discussed in [Addressing downstream impacts](#).
Corporate governance and ethics

Corporate governance at Shopify is the responsibility of our Board of Directors (the Board). It is the responsibility of our executive leadership to build, direct, and inspire the teams that run Shopify on a day-to-day basis. The Board must abide by our Board Charter, which outlines that their purpose is to be responsible for supervising the management and affairs of Shopify. The Board is expected to focus on guidance and strategic oversight, with the goal of increasing shareholder value over the long term. They must act honestly and in good faith, with a view of the best interest of Shopify, and they must exercise care, diligence, and skill. We also have a separate Audit Committee Charter, Compensation Committee Charter, and Nominating and Corporate Governance Committee Charter.

Diversity on the Board

Our Nominating and Corporate Governance Committee recommends suitable candidates for nomination to the Board based on their qualifications. Members are then elected from the nominated candidates by shareholders. Our Nominating and Corporate Governance Committee believes that having a diverse Board of Directors can offer a breadth and depth of perspectives that enhance the Board’s performance. The Nominating and Corporate Governance Committee values diversity of abilities, experience, perspective, education, gender, background, race and national origin. Recommendations concerning director nominees are based on merit and past performance as well as expected contribution to the Board’s performance and, accordingly, diversity is taken into consideration. Currently, two of our six directors are women (33%).

Sustainability leadership

Our sustainability efforts are supported and documented by our head of Investor Relations and our head of Social Impact, who together are members of a broader Sustainability Leadership Team. Shopify also has a cross-disciplinary Sustainability Working Group that collaborates with our Sustainability Leadership Team.

Ultimately, it is the responsibility of our Product Teams and Internal Service Lines to integrate sustainability into their day to day decision-making. We believe a distributed effort that is integrated into our business is not only more effective than locating responsibility for sustainability with a single team, but also enables the greater company-wide engagement that is supported by our culture at Shopify. Our core values encourage decision-making that will result in a net positive outcome on our mission and building for the long term. We have been focused on economic and social sustainability since our inception, and are beginning to increase our efforts towards environmental sustainability, as described throughout this report. We intend to continue expanding our integrated approach to sustainability going forward.
Formal policies

We have a range of policies in place to protect and advance our employees, our culture, and our mission.

Code of Conduct

Shopify’s Code of Conduct (the Code), which is approved by the Board of Directors, serves as a reminder of our responsibility to achieve the highest standards of honest and ethical behaviour and to use best judgment in all situations. It applies to every Shopify board member, employee, consultant, and contractor. Members of each of these groups are required to read, understand, sign, and follow the Code. Every new employee receives training on the Code when they onboard, and are required to recertify they’ve read it and will comply with the Code every year.

For any questions or concerns about the Code, or any violations or suspected violations of the Code, users of the Code are encouraged to immediately contact their lead, the Talent team, our Chief Legal Officer or report something anonymously through Shopify’s Anonymous Helpline.

Anti-Harassment and Violence Policy

Shopify is committed to providing a safe working environment for every employee. We do not tolerate acts of harassment, bullying, or violence against or by any Shopify employee. This is outlined in our Anti-Harassment and Violence Policy, which is reviewed annually by Shopify’s Joint Health and Safety Committee and applies to everyone at Shopify. We are all required to read, understand, and follow the policy, and are required to complete a learning module and sign off on the policy when we onboard, and each year moving forward.

Investigation process

We address every allegation we receive. Allegations might be made based on violations of the Code or Anti-Harassment and Violence Policy, violations of legislation such as human rights or occupational health and safety legislation, discrimination, or due to other workplace matters. Allegations can be made formally or informally, and might come from the complainant, a witness, or another involved party.

In 2018, we formalized our investigation process to make sure we address all allegations consistently. The investigation process is conducted by two Shopify Business Partners out of a small group that have received formal training. They first assess whether an allegation requires formal investigation. If it does, they meet with the complainant to clarify details and then with the respondent to allow them to speak to the allegation. Following this, they may also meet with witnesses. Once they collect the necessary information, the Business Partners meet to decide whether the allegation is founded or unfounded. Either way, both the complainant and respondent are subsequently informed, and if the allegation is founded, appropriate action is taken by Shopify. The entire process is conducted with the utmost confidentiality.
Culture

Our culture team focuses on ensuring all employees around the globe have a full understanding of our mission, our purpose, and the behaviours that we aim to cultivate. We have been intentional in creating an environment of autonomy and trust, where people have opportunities to dive into the problems they’re passionate about solving.

Our culture team organizes a range of company-wide events that enable us to build relationships with new people, exchange news, and celebrate success.

Summit

For the past six years, we’ve kicked off the new year with a company-wide internal conference called Summit. At Summit, we get together to focus and align on our priorities for the year ahead. Executives and other domain experts share insights on the near and future horizon, delve into where we need to be as a company, and present a high-level perspective on how we can get there. It’s also a chance for everyone to think big, share ideas, and connect with others across the company.

Town Hall

Our weekly Town Hall gives us the opportunity to share context, experiences, and updates with each other. We default to open as much as possible, so that we all have the context we need to do our best work. Town Halls are live streamed internally and recorded, so that everyone can be included, across time zones and schedules.

Internal podcasts and publications

The information we share at Town Hall is complemented by internal podcasts featuring leaders and domain experts across Shopify, who share further context and history of the “why” behind many of our decisions. These podcasts are made short enough to complete in 23 minutes, the average length of our commute. We also have several books published by and for Shopifolk.

Hack Days

Every few months, we break from “commerce as usual” to immerse ourselves in a three-day, company-wide program called Hack Days, which acts as a hatchery for innovation and experimentation. It’s a time for us to start a new project or to make progress on an existing project that inspires us and helps improve Shopify. Project ideas can come from any of us and don’t have to involve technology; we can perform research, come up with ways to improve our physical spaces, run training workshops, among a boundless list of possibilities. We can work individually or on a team, and we often end up working with Shopifolk that we’ve never met, which brings us closer together.
Addressing downstream impacts

Why it’s material: Due to the size of our merchant network and its global nature, we enable significant negative downstream impacts on people and the planet. Our stakeholders, primarily our merchants and employees, want us to take action to help reduce these effects.

How we manage it: To date, although we have done some work in this area, it has not been an area of focus for us. Going forward, we see opportunities to use our unique position to work alongside our merchants to minimize the negative impacts of commerce globally, such as more resource-efficient fulfillments.

Our downstream impacts

As of the end of 2018, over 820,000 merchants in 175 countries use our platform to run their businesses. These numbers hint to the extent to which Shopify positively impacts both the economy and our merchants, which are discussed in the Empowering entrepreneurs section.

But we recognize that along with these positive impacts, come negative downstream impacts on both people and the planet; the most material being from the manufacturing and transportation of merchants’ products, and from the use and disposal of these products by their consumers.

Areas of downstream impact that were identified as of concern to our stakeholders are:

- Greenhouse gas emissions from merchant shipping.
- Human rights in merchant value chains.
- Energy use and GHG emissions from merchant manufacturing.
- Water and waste in the manufacture of goods provided by merchants.
- Materials used in the manufacture of goods provided by merchants.
- Waste from buyer product disposal.
- Energy use and GHG emissions from buyer product use.

The negative impacts are difficult to quantify, but our assessment is that they are significant. This is based on our large merchant volume and our understanding of the types of products they sell.
The primary negative societal impact of human rights is much more difficult to estimate because we are removed from the operations of our merchants, and even more so from their supply chains and buyers.

To date, our efforts to address these downstream impacts on people and the planet include our Shopify Acceptable Use Policy, which prohibits certain activities including child exploitation, harassment, bullying, defamation and threats, and hateful content, in connection with using Shopify. Our efforts also include featuring merchants acting sustainably on our YouTube Channel, Blog, and Master Podcast, to amplify these merchants’ voices and inspire others, as well as providing content that teaches merchants to run their businesses in a sustainable manner.

Going forward, we will continue to encourage and support those merchants who want to bring elements of sustainability to their business. We recognize that as our merchant base grows, we have an increasing ability to influence commerce in the direction of sustainability, and that we have a responsibility to do so.
About this report

Report scope
This is Shopify's first Sustainability Report. It covers our 2018 fiscal year which is from January 1, 2018 to December 31, 2018. It includes Shopify Inc. and its wholly owned subsidiaries.

Reporting frameworks
We've prepared this report according to the Global Reporting Initiative, 2016 Core option. The GRI index shows which GRI topics are covered and omitted in this report, and where.

Currency
All amounts in this report are in U.S. dollars unless otherwise noted.

Contact
This report covers 2018. Please visit investors.shopify.com and shopify.com/environment for updated information.
## GRI index

**Abbreviations:**
- **AIF** Annual Information Form
- **AR** Annual Report
- **SR** Sustainability Report (this document)

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>Report location</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GRI 102: General disclosures</strong></td>
<td></td>
</tr>
<tr>
<td>102-1 Name of the organization</td>
<td>Shopify</td>
</tr>
<tr>
<td>102-2 Activities, brands, products, and services</td>
<td>AIF, p. 8-13, AR, p. 9</td>
</tr>
<tr>
<td>102-3 Location of HQ</td>
<td>AIF, p. 8, AR, p. 9</td>
</tr>
<tr>
<td>102-4 Location of operations</td>
<td>AIF, p. 18, AR, p. 25, 34</td>
</tr>
<tr>
<td>102-5 Ownership and legal form</td>
<td>AIF, p. 8</td>
</tr>
<tr>
<td>102-6 Markets served</td>
<td>AIF, p. 10, AR, p. 34</td>
</tr>
<tr>
<td>102-7 Scale of the organization</td>
<td>AIF, p. 10-12, 19, AR, p. 5-8</td>
</tr>
<tr>
<td>102-8 Information on employees and other workers</td>
<td>AIF, p. 19, We outsource some work to TaskUs. There are no significant seasonal variations of employees and other workers.</td>
</tr>
<tr>
<td>102-9 Description of supply chain</td>
<td>SR, Addressing downstream impacts</td>
</tr>
<tr>
<td>102-10 Significant changes to the organization and its supply chain</td>
<td>AIF, p. 20, 21</td>
</tr>
<tr>
<td>102-11 Precautionary Principle or approach</td>
<td>Information unavailable, we do not leverage this approach specifically rather focus on building for the long term.</td>
</tr>
<tr>
<td>102-12 External initiatives</td>
<td>SR, noted throughout</td>
</tr>
<tr>
<td>102-13 Membership of associations</td>
<td>SR, noted throughout</td>
</tr>
<tr>
<td>102-14 Statement from most senior decision-maker</td>
<td>Not included</td>
</tr>
<tr>
<td>102-16 Values, principles, standards, and norms of behaviour</td>
<td>AIF, p. 18, 19, Code of Conduct, SR, Culture, SR, What we value</td>
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<tr>
<td>102-18 Governance structure</td>
<td>Governance Documents, AIF, p. 61-65, SR, Corporate governance and ethics</td>
</tr>
<tr>
<td>102-40 Stakeholder groups engaged</td>
<td>SR, Stakeholder engagement</td>
</tr>
<tr>
<td>102-41 Collective bargaining agreements</td>
<td>N/A, no employees covered by collective bargaining agreements</td>
</tr>
<tr>
<td>102-42 Identifying and selecting stakeholders</td>
<td>SR, Stakeholder engagement</td>
</tr>
<tr>
<td>102-43 Approach to stakeholder engagement</td>
<td>SR, Our approach to stakeholder engagement</td>
</tr>
<tr>
<td>102-44 Key topics and concerns raised by stakeholders</td>
<td>SR, Key topics and concerns raised by stakeholders</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
</tr>
<tr>
<td>-------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>102-45</td>
<td>Entities included in the organization's consolidated financial statements</td>
</tr>
<tr>
<td>102-46</td>
<td>Report content and topic boundaries, reporting principles, and materiality principle</td>
</tr>
<tr>
<td>102-47</td>
<td>Material topics</td>
</tr>
<tr>
<td>102-48</td>
<td>Restatement of information</td>
</tr>
<tr>
<td>102-49</td>
<td>Significant changes</td>
</tr>
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<td>102-50</td>
<td>Reporting period</td>
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<td>102-51</td>
<td>Date of previous report</td>
</tr>
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<td>102-52</td>
<td>Reporting cycle</td>
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<td>102-53</td>
<td>Contact point</td>
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<td>102-54</td>
<td>Claim of reporting in accordance with GRI</td>
</tr>
<tr>
<td>102-55</td>
<td>GRI content index</td>
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<tr>
<td>102-56</td>
<td>External assurance</td>
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</table>

**GRI 103: Management Approach**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>SR, explanation of each material topic noted under Why it’s material through report. Boundaries are addressed in various areas for each material topic.</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>SR, overview of management approach and its components noted under How we manage it throughout report and addressed in further detail throughout each section.</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>SR, noted separately for each material topic throughout the report.</td>
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</tbody>
</table>

**GRI 200: Economic**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>201-1</td>
<td>Direct economic value generated and distributed</td>
<td>Information unavailable – we currently do not calculate direct economic value generated and distributed. We have instead included select financial information.</td>
</tr>
<tr>
<td>201-2</td>
<td>Financial implications and other risks and opportunities due to climate change</td>
<td>Information unavailable / Not assessed</td>
</tr>
<tr>
<td>201-4</td>
<td>Financial assistance received from government</td>
<td>AR, p. 34</td>
</tr>
<tr>
<td>202-2</td>
<td>Proportion of senior management hired from the local community</td>
<td>Information unavailable / Not assessed</td>
</tr>
<tr>
<td>203-1</td>
<td>Infrastructure investments and services supported</td>
<td>SR, p. Supporting local communities</td>
</tr>
<tr>
<td>203-2</td>
<td>Significant indirect economic impacts</td>
<td>Information unavailable / Not assessed</td>
</tr>
<tr>
<td>204-1</td>
<td>Proportion of spending on local suppliers</td>
<td>Information unavailable / Not assessed</td>
</tr>
<tr>
<td>GRI 300: Environmental</td>
<td></td>
<td></td>
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<tr>
<td>-------------------------</td>
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<tr>
<td><strong>301: Materials</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>301-1</strong> Material used by weight or volume</td>
<td>Information unavailable / Not assessed</td>
<td></td>
</tr>
<tr>
<td><strong>301-2</strong> Recycled input materials used</td>
<td>Information unavailable / Not assessed</td>
<td></td>
</tr>
<tr>
<td><strong>301-3</strong> Reclaimed products and their packaging materials</td>
<td>Information unavailable / Not assessed</td>
<td></td>
</tr>
<tr>
<td><strong>302: Energy</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **302-1** Energy consumption within the organization | SR, Measuring our impact  
SR, Managing our impact |
| **302-2** Energy consumption outside the organization | SR, Waste from our operations  
SR, Employee travel  
SR, Employee commuting |
<p>| <strong>302-3</strong> Energy intensity | SR, Energy Use and Greenhouse Gas Emissions |
| <strong>302-4</strong> Reduction of energy consumption | SR, Energy Use and Greenhouse Gas Emissions |
| <strong>302-5</strong> Reduction in energy requirements of products and services | Information unavailable / Not assessed |
| <strong>303: Water and effluents</strong> |
| <strong>303-1</strong> Water withdrawal by source | Information unavailable / Not assessed |
| <strong>305: Emissions</strong> |
| <strong>305-1</strong> Direct (Scope 1) GHG emissions | SR, Measuring our impact |
| <strong>305-2</strong> Energy indirect (Scope 2) GHG emissions | SR, Measuring our impact |
| <strong>305-3</strong> Other indirect (Scope 3) GHG emissions | Information unavailable / Not assessed |
| <strong>305-4</strong> GHG emissions intensity | SR, Energy Use and Greenhouse Gas Emissions |
| <strong>305-5</strong> Reduction of GHG emissions | SR, Energy Use and Greenhouse Gas Emissions |
| <strong>306: Effluents and waste</strong> |
| <strong>306-1</strong> Waste by type and disposal method | Information unavailable / Not assessed |
| <strong>307: Environmental compliance</strong> |
| <strong>307-1</strong> Non-compliance with environmental laws and regulations | Information unavailable / Not assessed |
| <strong>308: Supplier environmental assessment</strong> |
| <strong>308-1</strong> New suppliers that were screened using environmental criteria | Information unavailable – we currently do not screen new suppliers using environmental criteria. |</p>
<table>
<thead>
<tr>
<th>GRI 400: Social</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>401: Employment</strong></td>
<td></td>
</tr>
<tr>
<td>401-1 New employee hires and employee turnover</td>
<td>Information unavailable / Not assessed</td>
</tr>
<tr>
<td>401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
<td>Information unavailable / Not assessed</td>
</tr>
<tr>
<td>401-3 Parental leave</td>
<td>SR, Support for new parents</td>
</tr>
<tr>
<td><strong>403: Occupational health and safety</strong></td>
<td></td>
</tr>
<tr>
<td>403-4 Worker participation, consultation, and communication on occupational health and safety</td>
<td>SR, Wellness, health, and safety</td>
</tr>
<tr>
<td>403-6 Promotion of worker health</td>
<td>SR, Wellness, health, and safety</td>
</tr>
<tr>
<td>403-10 Work-related ill health</td>
<td>Information unavailable / Not assessed</td>
</tr>
<tr>
<td><strong>404: Training and education</strong></td>
<td></td>
</tr>
<tr>
<td>404-1 Average hours of training per year per employee</td>
<td>Information unavailable / Not assessed</td>
</tr>
<tr>
<td>404-2 Programs for upgrading employee skills and transition assistance programs</td>
<td>SR, Building skills and mastery</td>
</tr>
<tr>
<td>404-3 Percentage of employees receiving regular performance and career development reviews</td>
<td>SR, Performance feedback</td>
</tr>
<tr>
<td><strong>405: Diversity and equal opportunity</strong></td>
<td></td>
</tr>
<tr>
<td>405-1 Diversity of governance bodies and employees</td>
<td>Information unavailable / Not assessed</td>
</tr>
<tr>
<td>405-2 Ratio of basic salary and remuneration of women to men</td>
<td>Confidentiality restraints. We currently do not publicly disclose remuneration data.</td>
</tr>
<tr>
<td><strong>406: Non-discrimination</strong></td>
<td></td>
</tr>
<tr>
<td>406-1 Incidents of discrimination and corrective actions taken</td>
<td>SR, Formal policies. We currently do not share data on incidents of discrimination and corrective actions taken.</td>
</tr>
<tr>
<td><strong>413: Local communities</strong></td>
<td></td>
</tr>
<tr>
<td>413-1 Operations with local community engagement, impact assessments, and development programs</td>
<td>SR, Supporting local communities</td>
</tr>
<tr>
<td><strong>414: Supplier social assessment</strong></td>
<td></td>
</tr>
<tr>
<td>414-1 New suppliers that were screened using social criteria</td>
<td>Information unavailable – we currently do not screen new suppliers using social criteria.</td>
</tr>
<tr>
<td>414-2 Negative social impacts in the supply chain and actions taken</td>
<td>Information unavailable – we currently do not track negative social impacts in the supply chain and actions taken.</td>
</tr>
<tr>
<td><strong>418: Customer privacy</strong></td>
<td></td>
</tr>
<tr>
<td>418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data</td>
<td>Information unavailable.</td>
</tr>
</tbody>
</table>