NETFLIX

Environmental Social Governance 2020

Sustainability Accounting Standards Board (SASB) Report

At Netflix we aspire to entertain the world, with best in class stories across a wide variety of different genres and languages.

Because as we've learned over the years, great stories are universal: they can come from anywhere and be loved everywhere. It's why we're so excited to offer creators a global platform for their shows and films and members a window onto the world through the breadth of our programming.

But as we grow—we now have more than 200 million members—we recognize that our responsibilities increase too. So we're focused on ensuring that: more people can see their lives and cultures reflected on screen; our employee base and the creators we work with are as diverse as the communities we seek to serve; we contribute to the local creative communities in which we operate; and we minimize our impact on the environment.

Below is our second report covering our environmental, social, and governance (ESG) performance. It looks back at the previous year and gives investors as well as other stakeholders information about our broader impact in society. The report will focus on what's material to our business and our industry using the Sustainability Accounting Standards Board (SASB) framework as a benchmark.

SASB guidelines differ depending on the industry. This report provides ESG information for the 2020 calendar year, referencing SASB's reporting framework for the "Internet & Media Services" and "Media & Entertainment" industries. For more information on SASB, visit www.sasb.org.

Editor's Note 04/21/2021: We've updated page 2 in the Environmental section of this report with more detail on the accounting metrics.

Environmental

If we are to succeed in entertaining the world, we need a habitable, stable world to entertain. So by the end of 2022, Netflix will achieve net zero emissions— putting our internal emissions reductions on a 1.5°C science-aligned pathway and bringing the remainder to zero through projects that remove carbon from the atmosphere.

TOPIC	ACTIVITY METRIC - INTERNET MEDIA & SERVICES	2019	2020	SASB CODE
ENTITY-DEFINED MEASURE OF USER ACTIVITY	Subscribers	167 million	204 million	TC-IM-000.A

TOPIC	ACCOUNTING METRICS - INTERNET MEDIA & SERVICES	2019	2020	SASB CODE
ENVIRONMENTAL FOOTPRINT OF HARDWARE INFRASTRUCTURE	Total energy consumed (MWh)[1]	21,816	26,196	TC-IM-130a.1
	Percentage grid electricity	100%	100%	
	Percentage renewable	100%	100%	
ENVIRONMENTAL FOOTPRINT OF REMAINING SCOPE 2	Total energy consumed (MWh)	59,320	68,089	
	Percentage grid electricity	100%	100%	
	Percentage renewable	100%	100%	
	Discussion of the integration of environmental considerations into strategic planning for data center needs			TC-IM-130a.3

1. SUSTAINABILITY AT NETFLIX

The science is clear—stabilizing the climate is necessary to ensure a habitable world for this generation and those to come (link). Given the need for action, we have made environmental sustainability a key issue within Netflix, and in the past year:

- Established a Sustainability Office under our Chief Financial Officer and hired Emma Stewart, Ph.D., our first Netflix Sustainability Officer,
- Developed a strategy with our Co-CEOs, CFO, and VP Public Policy, and briefed our Board of Directors,
- Assigned our ESG reporting to our VP Corporate Controller, who also oversees our financial reporting. This will help ensure that our ESG reporting benefits from our financial and internal audit protocols,
- Enlisted our Independent Accountants (EY) to conduct a limited assurance of our 2020 Scope 1 and 2 emissions,
- Incorporated climate change risk in our enterprise risk management.

[1] Only includes scope 2 hardware infrastructure, i.e. Netflix-operated Open Connect Appliances in colocation data centers, which represent approximately 1/10th of scope 2 and 3 data center electricity use (all Open Connect and AWS combined).

In developing our program at Netflix we have benefited from the insights and research of more than 60 experts across the world, including:

- Climate Outreach
- ENGIE Impact
- Environmental Defense Fund
- Fraunhofer IZM
- Global Optimism
- Lawrence Berkeley National Laboratory
- Natural Resources Defense Council
- Potsdam Institute for Climate Impact Research
- Rare
- University of Bristol
- University of California Santa Barbara
- United Nations' Framework Convention on Climate Change
- WWF

We have also established an independent Advisory Group of Experts who've volunteered their time to advise us on the best approach to sustainability at Netflix. The Group is composed of individual experts and institutional representatives selected for their leadership and deep knowledge across scientific and sustainability topics:

- Dr. Johan Rockström, Director of the Potsdam Institute for Climate Impact Research
- Christiana Figueres & Tom Rivett-Carnac, co-architects of the Paris Agreement and founders of Global Optimism
- Dr. Katharine Hayhoe, Chief Scientist, The Nature Conservancy and Distinguished Professor and Chair, Texas Tech University
- Kelly Kizzier, VP Global Climate, Environmental Defense Fund
- Derik Broekhoff, Senior Scientist, Stockholm Environment Institute
- Marcene Mitchell, SVP Climate & Tim Juiliani, Corporate Engagement, WWF
- Xiye Bastida, youth activist and winner of Spirit of the UN award

Public Policy - In the United Nations' Paris Agreement we see the clearest intersection of where science meets policy. We endorse the Paris Agreement's goal to limit global warming to below 2°C, preferably to 1.5°C, compared to pre-industrial levels. In 2021, we joined the America is All In, a cross-sectoral consortium committed to execute against those goals.

Our Carbon Footprint - In the past year, we measured our greenhouse gas (GHG) footprint, known colloquially as a carbon footprint, for both 2019 and 2020[2]. Our Independent Accountants (EY) reviewed our 2020 Scope 1 and 2 emissions (their report here). This exercise helped us understand where our largest sources of emissions lie and the biggest opportunities we have to reduce them. Netflix's footprint is 1.1 million metric tons (MT) in 2020. The footprint declined from 2019 to 2020 mostly due to delayed content productions during the COVID-19 pandemic.

[2] As of 1st January 2019, Netflix's greenhouse gas (GHG) emissions reporting is consistent with the operational control approach as set out by the GHG Protocol Corporate Accounting and Reporting Standard: Revised Edition (2004). The organizational and operational boundary applies to the global company including its subsidiaries, the office and studio facilities we own and operate (e.g. Netflix Albuquerque Studios, USA) as well as facilities we lease from others but over which we have meaningful operational control (e.g. corporate and studio offices and stages).

Environmental

Our Carbon Footprint (continued) - The following table shows Netflix's annual carbon footprint totals using both market-based and location-based emissions accounting methods as defined by the GHG Protocol Scope 2 Guidance. The location-based figures are calculated based on the emissions intensity of the locations where the electricity consumption occurs. A market-based method incorporates electricity procurement decisions that companies have chosen, such as provider-specific electricity supply and contractual instruments such as renewable energy certificates (RECs).

	2019 MTCO2e	2020 MTCO2e
Scope 1	51,487	30,883
Scope 2 (market-based)	565	141
Scope 2 (location-based)	26,594	28,585
Scope 3[3] (market-based)[4]	1,192,659	1,020,541
Scope 3[5]	1,234,935	1,067,778
Total (market-based)	1,244,711	1,051,564
Total[6]	1,313,016	1,127,245
Greenhouse Gas Offsets	(36,506)	(54,107)
Total Net Emissions (MTCO2e)	1,208,205	997,457

Adjustments to the 2019 estimates - In our report last year, we disclosed our 2019 electricity use and corporate travel emissions, including:

- Both direct and indirect electricity use (e.g. that used by data center providers like AWS), which was matched with renewable energy certificates.
- Air travel, where we matched the majority of air travel emissions calculated at the time of that report with high-quality carbon offsets.

[3] This includes categories 1-4, 6-7, and 13, as defined by the GHG Protocol Scope 3 Guidance.

[4] We applied RECs to Scope 3 emissions where we had information on the specific energy consumption by location (e.g. for our Open Connect network) because this is the most appropriate match of a contractual instrument to known energy consumption (source).

[5] Scope 3 emissions are location-based except where individual suppliers provided supplier specific emissions that are market-based (e.g. AWS). Netflix works with individual suppliers, wherever possible, to determine that any renewable contractual instruments applied to their emissions are appropriately attributed.

[6] Total Scope 1, Scope 2 location-based, and Scope 3 before the application of any renewable energy or other contractual instruments.

With this report, we improved our greenhouse gas (GHG) data collection and footprint measurement process, which now includes a much broader boundary. Specifically, we expanded our Scope 3 boundary to include the emissions associated with our corporate and production purchased goods and services, capital goods, transport and delivery services, fuel- and energy-related activities, employee commuting and downstream leased assets, in addition to business travel. As a result, the current estimates of the 2019 footprint are higher than the initial analysis last year.

Footprint Components - Netflix is an entertainment company. Approximately half of our footprint lies within the physical production of our Netflix-branded content ("content"), followed by our corporate operations and purchased goods ("corporate"), followed by our data center providers ("streaming").

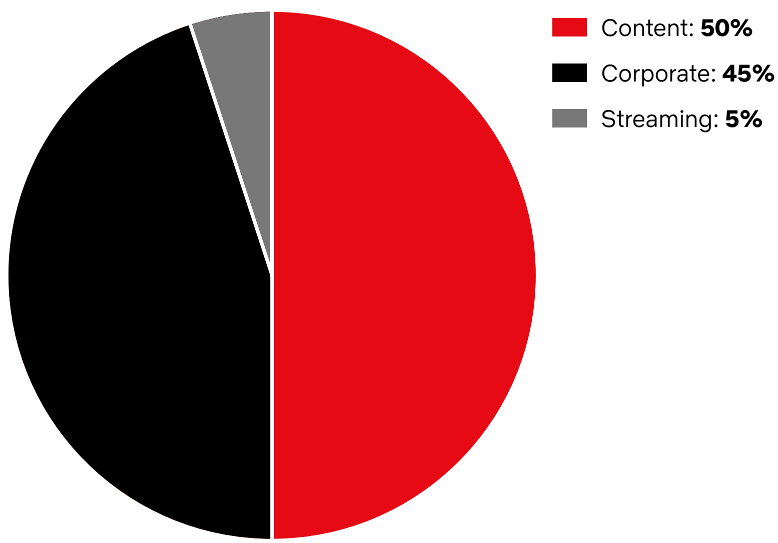


Figure: Netflix's 2020 company carbon footprint by business activity.

Methodology: How we calculate our footprint - All GHGs covered by the Kyoto Protocol (Annex A) relevant to Netflix are accounted for and converted into metric tons of carbon dioxide equivalents (MTCO2e) as specified by the GHG Protocol (GHG Protocol, 2004).[7]

Data - We keep our various data sources in different formats. To improve our GHG data management, we have implemented a process to collect any business activity data. There are certain categories of documents that are to be retained by specific groups within Netflix, following our Practices and Policies.

[7] All emission factors are applied to the data and updated annually to reflect the latest guidance and factors published by EPA eGRID2018 (EPA, 2020) and The Climate Registry (TCR, 2019). In some cases, where data may not be available or of sufficient quality, Netflix will use proxy data, industry-average figures or rely on experts. In such instances, we use third-parties for reliability and completeness.

Our Target Boundary - In setting our climate targets, we included all Scope 1 (direct) and Scope 2 (indirect emissions) as well as all relevant[8] Scope 3 categories, even though in many categories we have limited operational control. This means that we include all owned Netflix-branded content production, whether we manage the production directly (like *The Midnight Sky*), or through a third-party production company (like *Our Planet, Bill Nye Saves the World,* or *You vs. Wild*) as well as all content that we license that is Netflix-branded (like *My Octopus Teacher* or *An Inconvenient Sequel*). Our limited operational control presents challenges to measuring and reducing emissions from the productions we don't manage directly, but we believe taking responsibility for the emissions from Netflix branded content (wherever it is produced) will create a positive ripple effect across the industry.

Internet Transmission & User Device Energy Use - What is not included in our Scope 3 boundary are emissions from the internet transmission or electronic devices our members use to watch Netflix, like an Apple tablet, Android phone, or Samsung television. GHG accounting guidance does not yet exist for streaming companies on this topic. Current best practice is for the internet service providers and device manufacturers to account for those emissions within their target boundaries, because they have operational control over the design and manufacturing of their equipment[9].

While these emissions don't fall within our company footprint, we've joined with other streaming companies to measure them via DIMPACT, a collaborative research initiative that has created a life cycle footprinting tool to assess the operational emissions of video streaming, as well as for other internet uses like publishing and advertising. Led by a technical research team at the University of Bristol's Computer Science department, this effort represents best-in-class research to gain consensus on footprinting methodologies, third-party data sources, and required company data, improving upon others' efforts in the past which lacked all three and unfortunately produced high overestimates. We have entered and validated our own data through the tool, and estimate one hour of streaming on Netflix in 2020 to be well under 100gCO2e, equivalent to driving a gas-powered passenger vehicle 1/4 mile (400 meters). These results are consistent with industry peers and validated by our Advisory Group of Experts, with Carbon Trust publishing a White Paper on the topic this spring. We are glad to support these cross-sector efforts to help everyone better understand the footprint of streaming.

In addition, we're also encouraged by Apple, Microsoft, Sony and others' commitments to tackle their devices' emissions during use, and Telefonica, Deutsche Telekom/T-Mobile, Vodafone, and others to decarbonize their networks, and we are encouraging others to follow their example.

[8] The boundary was established in alignment with the GHG Protocol Corporate and Scope 3 Standards.

[9] Per the GHG Protocol, the most common method by which to allocate emissions to one company or another is called "operational control method" (page 18 of the Protocol).

2. NET ZERO[10] + NATURE

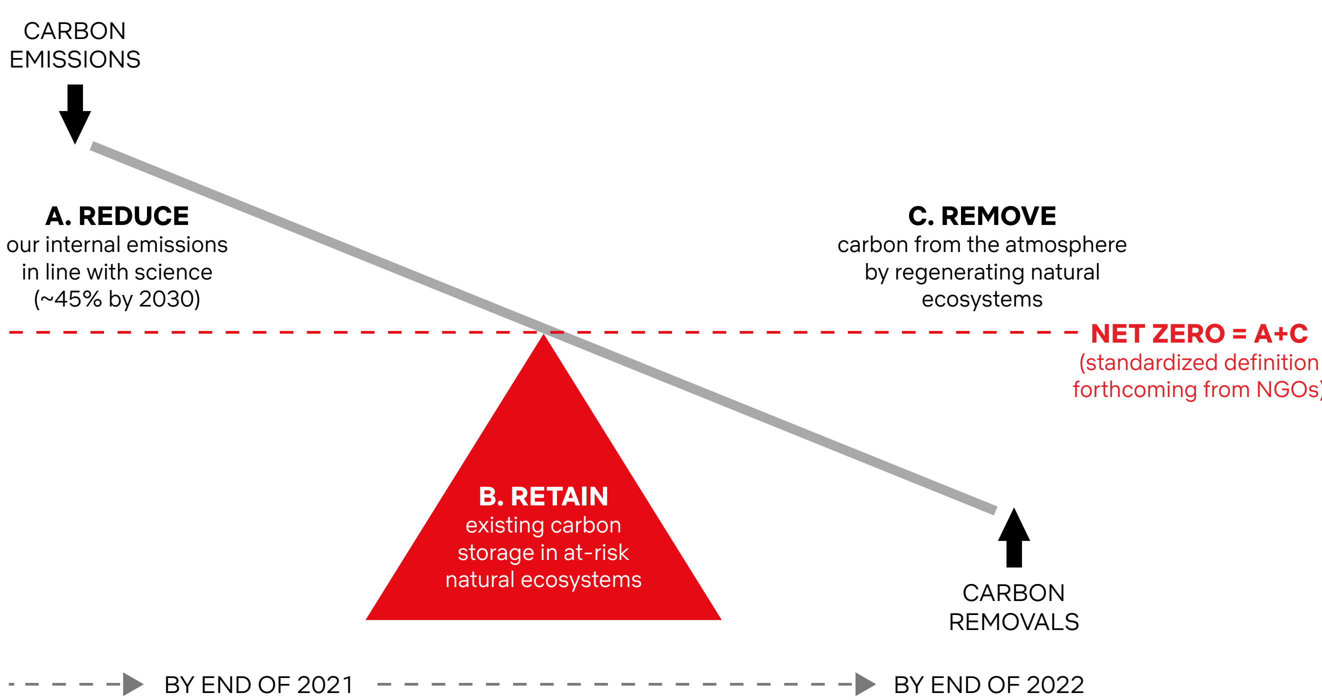
In 2018, the Intergovernmental Panel on Climate Change (IPCC)'s "Global Warming of 1.5°C report" concluded global temperature rise must not exceed 1.5°C above pre-industrial temperatures to avoid the worst impacts of climate change, including irreversible damage and deeper inequality between rich and poor. To achieve this, global annual GHG emissions must roughly halve (i.e. drop by 45%) by 2030 – and drop to net zero by 2050.

Netflix will act to Reduce, Retain, and Remove Carbon in concert with Nature to achieve net zero emissions by the end of 2022, and every year thereafter.

A. Reduce our emissions: We'll start first by reducing our internal emissions in line with science, specifically the Paris Agreement's goal to limit global warming to 1.5°C. This means we will **reduce Scope 1 and 2 emissions by 45% by 2030**, per the Science-Based Targets Initiative Guidance.

B. Retain existing carbon storage: By the end of 2021, for emissions we can't avoid internally, we'll fully neutralize them by investing in projects that prevent carbon from entering the atmosphere, starting with conserving at-risk natural areas like tropical forests. Scientists are clear we cannot meet global climate goals without **protecting critical ecosystems**, especially this decade (IPCC Special Report on Global Warming of 1.5°C).

C. Remove carbon from the atmosphere: Lastly, by the end of 2022, we will incorporate investment in the regeneration of critical natural ecosystems in order to achieve net zero. These projects, such as restoring grasslands, mangroves, and healthy soils, remove and store carbon from the atmosphere, in addition to other benefits.



[10] Netflix recognizes that guidance on criteria and timing for voluntary corporate Net Zero claims is not currently available. We are committed to following the best scientific guidance available and will adjust our target if needed in the future.

This is the beginning of our climate journey, and we will continue learning from the sustainability community, evolving our strategy as the science, math and technology evolve. We recognize the need for a standardized definition of "net zero" that sets criteria for boundary setting, timeframes and other topics. In the meantime, we've designed our target to reflect the highest ambition possible in accordance with best practice in net zero target setting, and as advised by our Advisory Group of Experts. We commit to evolving our net zero activities to meet a recognized global standard when one becomes available. In the meantime, our target aligns with the latest guidance from Oxford University and we are listed among the United Nations' and Science-Based Target Initiative's BUSINESS AMBITION FOR 1.5°C group of companies that are setting net zero targets in line with a 1.5°C future.

A. REDUCE our internal emissions in line with the science
Our plan to reduce Netflix's carbon footprint is aligned with the scientific guidance on limiting global warming to no more than 1.5°C. We therefore set out to reduce Scope 1 and 2 emissions by 45% by 2030 from a 2019 base year[11].

We plan to achieve this using a three-step process: **optimize, electrify, and decarbonize.**

- **Optimize:** We focus first on achieving operational efficiencies, ensuring the easiest and often most cost effective reductions are achieved first.
- **Electrify:** Then, because electricity is easier to decarbonize than liquid fuels, we will transition away from fossil-fuel energy sources where possible and replace them with electric power, or zero-emissions fuel sources.
- **Decarbonize:** Lastly, we will buy 100% renewable and additional electricity where possible, or renewable fuels where electrification proved infeasible.

We apply these three steps first where we have greatest operational control, which is primarily studio facilities we own (Alburquerque) or master lease agreements (e.g. Madrid Content City in Spain), and then where we have influence, like in our long-term corporate office leases or preferred vendors (e.g. in transportation, building materials, etc.). We implement key sustainable best practices, inspired by sustainable guidelines such as albert and BREEAM in the UK, and LEED and the PGA/Sustainable Production Alliance's GreenProductionGuide.com in North America. Examples of the types of practices we will scale to reduce carbon emissions from fuel and electricity use across our footprint include:

[11] 2019 is the first year a comprehensive GHG inventory was completed, and is therefore our baseline.

Environmental

	CONTENT CREATION	CORPORATE OPERATIONS	STREAMING DELIVERY
OPTIMIZE	Hire local crew to avoid travel and lodging.	Provide employee commuting options (shuttles, transit passes, van pools, etc.)	Install content delivery caches close to members, reducing traffic on transmission networks
ELECTRIFY	Install additional power at stages and use clean and silent mobile battery units, reducing the need for diesel generators.	Offer free charging and parking for electric vehicles.	Already 100% electrified.
DECARBONIZE	Opt into local renewable energy programs to power offices.	Install onsite photovoltaics and 100% renewable energy green tariffs in select locations.	Encourage data center and other technology partners to continue decarbonizing their energy supply and disclose details to their customers.

Renewable Electricity
We aim to use 100% renewable electricity to power our global operations. In 2020, we expanded the scope of our electricity use data capture and ensured compliance with the Greenhouse Gas Protocol. In 2019 and 2020, we procured 100% renewable electricity where possible, including directly from electricity service providers in select regions, as well as by purchasing Renewable Energy Credits (RECs) in the markets where the electricity was consumed.

Against our 2020 footprint, Netflix retired renewable energy contractual instruments such as RECs for electricity use in the following countries: *Argentina, Australia, Austria, Belgium, Belize, Brazil, Canada, Chile, Costa Rica, Finland, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Poland, Romania, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, United Arab Emirates, United Kingdom, and the U.S.*

- In the U.S., we matched at a state or grid-region level. Elsewhere, we matched by country or by grid-connected markets. In-market credits are not yet available in South Korea, which we hope will be addressed (South Korea represents approximately 0.1% of Netflix's electricity use). With our data center providers, if they provided sufficient evidence that their electricity loads were already served by renewable energy, we did not purchase RECs, a standard practice.

- Where possible, we purchased RECs for electricity use from operating our Open Connect program, our purpose-built content delivery network. We store our content library on Open Connect Appliances—caching servers which are placed in major Internet Exchange locations throughout the world. We also provide Open Connect Appliances to Internet Service Providers free of charge for placement within their networks, greatly reducing the amount of upstream network capacity required for ISPs to deliver Netflix content. For example, instead of streaming *Bridgerton* from our California headquarters to a home in the UK, Netflix places a copy of *Bridgerton* at a nearby UK location site so it gets to the UK member more efficiently. Although some servers are hosted within ISP networks, we account for the emissions of those as well.

We lease 95% of our office and stage space, so we're not always able to procure renewable electricity directly. However, we are exploring ways we can bring new renewable electricity generation to regions we operate in by investing in new projects and products. We can do this in various ways, like working with our landlords around on-site renewable electricity generation, utility-provided green power options, and investing in off-site renewables projects.

B. RETAIN existing carbon solutions
The IPCC Special Report on Global Warming of 1.5°C (IPCC 2018) underscores that the goals of Paris are not feasible without reversing human impacts on forests and other land systems across the globe to ensure they absorb more CO2 than they emit within the next decade. So Netflix commits to **Retain** carbon each year by conserving at-risk natural areas. **By the end of 2021**, any emissions we cannot reduce internally will be addressed through investment in high quality climate action projects through the voluntary carbon markets. These projects protect natural ecosystems that retain existing carbon stocks because they deliver critical benefits for fighting climate change, while protecting ecological health and disadvantaged communities. If these ecosystems are lost, much of the carbon they store becomes "irrecoverable" on timescales relevant to avoiding dangerous climate impacts (Goldstein et al 2020), and the communities who depend on them for life and livelihood will be imperiled.

Among the projects we're investing in is the Lightning Creek Ranch project in the State of Oregon, preventing the loss of North America's largest bunchgrass prairie. The investment would help landowners prevent farming that land and enhance natural carbon removal systems.

The Oregon Grasslands Project (photo courtesy of The Nature Conservancy and Aaron Huey)

Another is the Darkwoods Forest Carbon Project in British Columbia, Canada, a vast expanse of rare inland temperate rainforest which provides habitat for numerous species, including grizzly bear and wolverine, managed by the Nature Conservancy of Canada.

In Kenya, we're supporting the Kasigau Corridor REDD+ Project, which protects over 500,000 acres of dryland forest and is home to more than 300 threatened or endangered species, including 11,000 elephants. The project provides economic alternatives to unsustainable activities such as poaching, slash-and-burn agriculture and illegal harvesting for charcoal, resulting in benefits for 120,000 community members.

The Kasigau Corridor REDD+ project (photo courtesy of Filip Agoo)

C. REMOVE carbon from the atmosphere
To complement our internal reductions, we will bring to net zero remaining emissions through investments in "emissions removals" with an emphasis on regenerating natural ecosystems that actively **Remove** carbon from the atmosphere. To reiterate, investment in these activities will not be a substitute for internal decarbonization action, but undertaken in addition to those efforts. This strategy follows the Oxford Principles for Net Zero Aligned Carbon Offsetting, released in September 2020.

A subset of our Advisory Group of Experts was handpicked to advise on our Retain and Remove work. They serve as "friendly critics" testing our vetting and verification processes and evaluating our final project investment selections with scientific rigor. We will release a more detailed discussion of our methodology and project portfolio and selection process when our annual procurements are complete.

3. SUSTAINABILITY IN STORYTELLING

Sustainability is an epic story. It's one creators are already telling at Netflix, while we work to make storytelling itself more sustainable. In 2020, 160 million households around the world chose to watch at least one story on Netflix that shined a light on sustainability. These are titles that entertain and deepen our appreciation for the planet, help viewers better understand the issues and hopeful solutions around sustainability, or both. Stories included Netflix originals like *Our Planet* and *My Octopus Teacher*, to classics like *The Day After Tomorrow* and *Chasing Coral*.

Some of these titles won both popular and critical acclaim, a recognition for creators and a sign of how sustainability is very much part of entertaining the world. As examples, 100 million households have tuned in to *Our Planet* since its release in April 2019. The 2019 docuseries on the interdependency of Earth's systems and living creatures, narrated by David Attenborough, won two Primetime Emmys, among other awards. Earlier this month *My Octopus Teacher* was nominated for an Oscar after winning a Critic's Choice Documentary Award and International Documentary Association Award.

Many artists are motivated by the stories, characters, and importance of environmental stories. We will continue to invest bringing their stories into our programming.

4. COLLABORATING ACROSS BOUNDARIES

We will continue to rely on a community of partners to pave the way for our industry and those industries we partner with.

TOGETHER WITH THE ENTERTAINMENT INDUSTRY
We learn from and share work with the following organizations:

- albert: We joined albert's sustainable production project in 2018, and multiple UK Netflix productions have engaged with albert's industry offering.
- Sustainable Production Alliance: We joined the alliance in 2019, using the tools and resources available at GreenProductionGuide.com across multiple Netflix productions.
- Drawdown Labs (part of Project Drawdown): We are one of the founding companies for this consortium, which incubates solutions to climate beyond "net zero."
- DIMPACT: Earlier this year, we joined this initiative to monitor and map the entertainment and media industry's digital carbon footprint. The collaborative project is supported by world-class researchers from the University of Bristol, who have created a tool to calculate the emissions of video streaming.
- Natural Resources Defense Council: We have invited communication and policy experts from NRDC's Rewrite the Future to advise us.

TOGETHER WITH OUR VALUE CHAIN PARTNERS
Since we define our target boundary broadly, we lean on partners in our value chain to help us achieve decarbonization faster. Some of the key areas include:

Physical Production: We include all Netflix-branded content in our climate target, whether we manage its physical production or not. Our emissions reduction target for production includes emissions from energy (fuel and electricity), travel (air, hotels, and commuting), and the broader production supply chain such as material purchases (costumes, props, set materials), equipment rentals (cameras, lighting, vehicles) and digital and post production services (visual effects, editorial).

We cannot transform the content production industry alone, so we will work with our partners, suppliers and peers to realize a less carbon intensive production process.

Data Centers: Like many, we use cloud providers like AWS and co-location data centers to deliver streaming. We include emissions from these providers in our climate target boundary for emissions. We also work with Internet Service Providers to deliver the highest-quality members experience through servers hosted closer to the user through our Open Connect program. This is also highly energy-efficient, because in storing content closer to our members, we're able to:

- Avoid building and maintaining international networks, which can be incredibly carbon-intensive. It involves laying infrastructure over long distances — through land or underwater,
- Avoid congesting the Internet traffic loads of routers (the internet's switches) when a film or TV episode makes its journey to the viewer, and
- Use less data by delivering content to members from a location closer to them.

In addition, we are working with our data center providers to understand their energy and carbon footprint and targets.

Social

To entertain our members, who come from all around the world, we need to work with a diversity of creators as well as have a diverse workforce.

TOPIC	ACTIVITY METRIC - MEDIA & ENTERTAINMENT	2019	2020	SASB CODE
TOTAL RECIPIENTS OF MEDIA AND THE NUMBER OF SUBSCRIBERS	Subscribers	167 million	204 million	SV-ME 000.A

TOPIC	ACCOUNTING METRICS - MEDIA & ENTERTAINMENT	2019	2020	SASB CODE
MEDIA PLURALISM[12]	**Percentage of gender and racial/ethnic group representation for management, professionals, and all other employees**			SV-ME-260a.1
	Women (Global)	47.1%	47.1%	
	Women in management (Global)	47.4%	47.8%	
	Black/African Americans (US)	6.7%	8.0%	
	Black/African Americans in management (US)	7.3%	9.0%	
	Hispanics/Latinx (US)	7.7%	8.1%	
	Hispanics/Latinx in management (US)	4.2%	4.9%	
	Asians (US)	24.2%	23.9%	
	Asians in management (US)	15.9%	15.7%	
	American Indian/Alaska Native (US)	0.3%	0.20%	
	American Indian/Alaska Native in management (US)	0.0%	0.0%	
	Native Hawaiian/other Pacific Islander (US)	0.5%	0.5%	
	Native Hawaiian/other Pacific Islander in management (US)	0.3%	0.1%	
	Middle Eastern/North African (US)	0.5%	0.6%	
	Middle Eastern/North African in management (US)	0.1%	0.4%	
	Description of policies and procedures to ensure pluralism in media content			SV-ME-260a.2

[12] Categories based on mostly U.S. reporting requirements. They do not capture our growing diversity around the world, as laws on collecting race and ethnicity data differ outside of the U.S. Representation data compares October 2019 to October 2020. The 2020 numbers account for 8,000 full-time streaming employees and does not include certain employees engaged in content production, some of whom are part-time or temporary, and whose numbers fluctuate throughout the year.

Great storytelling not only entertains but can also challenge prejudice and increase empathy and understanding.

Stories like *Bridgerton, Selena: The Series, Da 5 Bloods, Atypical, Blood & Water* and *The Half of It* broaden representation—enabling more people to see their lives and cultures reflected on screen.

Better representation on-screen starts with representation behind the camera and in the office. To understand our progress, we asked Dr. Stacy L. Smith, the founder and director of USC Annenberg Inclusion Initiative, to study our U.S.-commissioned films and series over a two-year period from 2018 to 2019. She and her team are renowned for their work in this field, including the Inequality in Popular Films reports, which examines portrayals of gender, race, LGBTQ+ identities and disability on screen across the entertainment industry.

The report, published earlier this year, analyzes the makeup of Netflix's on screen talent as well as our creators, producers, writers, and directors. While it's clear Netflix has made significant progress year over year, we still have a long way to go:

- Of the 22 inclusion indicators measured for film and series, 19 showed an improvement year-over-year. We are outpacing the entertainment industry in hiring women and women of color directors in films, and women creators in series. This had a positive impact in front of the camera: we achieved gender equality in leading roles across our films and series and exceeded proportional representation of Black leads, co-leads and main cast across the two years that were examined.
- But not all racial/ethnic groups saw their representation increase during the period of the study. For example, we have notable representation gaps behind and in front of the camera for Latinx, Middle Eastern/North African, American Indian/Alaskan Native, and Native Hawaiian/Pacific Islander communities—as well as gaps in Asian representation behind the camera. And we still have work to do in increasing representation of the LGBTQ+ community and characters with disabilities.

We will release a report every two years, from now through 2026. And look to do similar studies in other countries around the world. Our hope is to create a benchmark for ourselves, and more broadly across the industry.

We recognize our progress is dependent on creating more opportunities for people from underrepresented communities to have their voices heard. So we've focused on closing capacity and skill gaps with training programs where they are needed. In February, we announced the creation of the Netflix Fund for Creative Equity. We will invest USD $100 million dollars over the next five years in a combination of external organizations with a strong track record of setting underrepresented communities up for success in the TV and film industries, as well as bespoke Netflix programs that will help us to identify, train and provide job placement for up-and-coming talent globally. The first $5 million will go towards programs that expand access for women—from workshops to train aspiring female writers and producers on how best to pitch their creative vision, to shadowing opportunities on productions that enable women to gain valuable first hand experience.

The new fund complements other investments we've been making to find and train new, young talent, like our commitment to the Ghetto Film School, Film Independent Project Involve, Firelight Media and Black Public Media to help foster Black creators. We also teamed up with the Los Angeles Latino International Film Festival's Latinx Inclusion Fellowship Series, which mentors Afro Latinx directors. We supported these efforts outside the U.S. as well. In Canada, we created a mentorship program with imagineNATIVE to support Indigenous directors, producers, and screenwriters, like Kiley May. We've also been working to develop training programs on our series like *Top Boy* in the UK and *3%* in Brazil, which both invited diverse aspiring directors on set to shadow the filmmaking process. To open access to documentary filmmaking, we partnered with Ghetto Film School on a fellowship program that gives up-and-coming documentary and nonfiction filmmakers a major career boost, particularly for people of color.

Inclusion at the company
We'll find more stories and better improve our service if our employees come from different backgrounds, and if we create an environment of inclusion for them. Since 2013, we've published diversity data quarterly on our jobs site, but we wanted to go deeper. So in January 2021, we published our first company inclusion report. Read the full report here.

Much has been written about Netflix's culture of freedom and responsibility. But the most important thing we've learned is that when you pair that culture with diversity and inclusion, it unlocks our ability to innovate, to be creative, to solve problems. By bringing different lived experiences and perspectives to existing challenges, you can solve them in new ways.

One example is the idea to redirect a portion of our cash into Black banks and similar institutions that serve low- to moderate-income communities. The idea came from Aaron Mitchell, a director on our Talent team, who had long been passionate about ways companies can narrow the racial wealth gap, fueling social mobility and opportunity for these communities. He teamed up with Netflix Treasurer Shannon Alwyn to evolve this idea into a commitment: Netflix would redirect two percent of our cash holdings—approximately $100 million—to these institutions. Shortly after, other companies joined the movement to "bank Black," leading to more than $1 billion in similar commitments.

We've made progress on representation but have more work to do:

- Women make up half of our workforce (47.1%), including at the leadership level: directors and above (47.8%), vice presidents (43.7%) and senior leadership (47.6%).
- Nearly half of our U.S. workforce (46.4%) and leadership (42.0%), director level and above) are made up of people from one or more underrepresented racial and/or ethnic backgrounds, including Black, Latinx or Hispanic, Indigenous, Middle Eastern, Asian, and Pacific Islander backgrounds.
- The number of Black employees in the U.S. doubled in the last three years to 8% of our workforce and 9% of our leadership (director level and above).

We're increasing representation by expanding our inclusion recruiting programs team, who coordinate this work. They train recruiters on how to hire more inclusively, help the company and senior leaders diversify their networks, and create programs like the Netflix and Norfolk University HBCU tech bootcamp to create access to emerging talent.

Once we attract talent to Netflix, we want them to feel represented in all aspects of the company. Our 15 employee resource groups (ERGs) create a sense of community for people with shared experiences (e.g., veterans, Indigenous, Black, parents, people with disabilities, Latinx, Asian). We work to improve our company practices around pay and benefits to be as equitable and inclusive as possible.

- **Equitable Pay:** We practice "open compensation," which means the top 1,000 leaders (directors and above) at the company can see how much any employee is paid. This encourages open discussions about pay disparities. Outside of the transparency, our talent team routinely analyzes pay across the company to look for disparities, including an annual compensation review. In both cases, when we find pay gaps, we rectify them.
- **Inclusive Benefits:** Our flexible parental leave policy is gender-blind. We offer a family forming benefit to support employees on their fertility, surrogacy, or adoption journey. It's available to employees regardless of marital status, gender, or sexual orientation. And we cover comprehensive transgender and non-binary care in our U.S. health plans. Outside of the U.S., we're exploring how we can expand transgender coverage.

We want employees to look at every decision with an "inclusion lens," so that they're embracing difference, spotting bias, and considering a decision's impact on marginalized groups. We run workshops to raise consciousness of topics like privilege, bias, intersectionality and allyship, which became important during the pandemic and racial reckoning of 2020.

Issues around inclusion and diversity vary by department, so we have inclusion leaders embedded with the different teams (e.g., marketing, product, and content). Examples: Content, production, and marketing focus on representation issues. Product is focused on increasing employee representation of women, Black and Latinx in technology roles.

As we look to the future, we want to improve recruiting Hispanic or Latinx, Indigenous and other underrepresented people, learn about inclusion topics in societies outside of the U.S., and measure how well we're doing on inclusion.

Impact of Covid-19

The COVID-19 pandemic hit lower paid workers in the entertainment industry— who are often self-employed and work project-to-project—hard, especially during the initial lock-downs last Spring when production ceased. So we established a $150 million hardship fund to directly support the hardest hit workers in the creative community in 20 countries around the world where we have a large production base—helping tens of thousands of workers across the industry. For example, we paid people on our own paused productions for six to eight weeks, and also worked with third parties to support existing funds, or create new ones, to deal with hardship in the broader industry.

As Joanna Mae Park, a costume designer on the original series Pieces of Her, said, "the fact that Netflix has realized that there's people's lives behind this content and they've made an effort to support us, when they didn't have to, is really admirable." Additionally, Italian Film Commissions president Cristina Priaron remarked, "In such a moment where everybody is requested to make special efforts, the Italian film commissions, being dynamic and 'on the ground', together with Netflix, will provide relief to the hardest hit workers by the stop of the productions due to the COVID-19 pandemic. It is a remarkable opportunity for us to partner with Netflix and to be able to service the audiovisual community; devoting this fund to the active workers is a meaningful action, and we hope other players in our industry will join us on this."

Netflix has led the industry in safety standards for production, wrapping hundreds of productions worldwide since the start of the pandemic, and providing thousands of good paying, middle class jobs. We continue to work closely with health organizations, labor unions, and federal, state, and local authorities to monitor the situation and assess the safest standards for our production operations around the world.

TOPIC	ACCOUNTING METRICS - INTERNET MEDIA & SERVICES	2019	2020	SASB CODE
DATA PRIVACY, ADVERTISING STANDARDS & FREEDOM OF EXPRESSION	**Description of policies and practices relating to behavioral advertising and user privacy** Our service is subscription-based and we do not allow third-party advertising on Netflix. When members sign up for the service we ask for very little information: email, name and method of payment. We do not collect socio-demographic data like gender or race for the purposes of our viewing recommendations system. Our Privacy Statement provides a detailed explanation of our privacy practices, including: the information Netflix collects or receives from each member; how we use and disclose it (including advertising that we conduct off Netflix to promote our service); and the controls each member has in relation to this information.			TC-IM-220a.1
	Number of government requests to remove content, percentage compliance with requests We offer creators the ability to reach audiences all around the world. However, our catalog varies from country to country, including for rights reasons (i.e., we don't have the rights to show everything in every country where we operate). In some cases, we've also been forced to remove specific titles or episodes of titles in specific countries due to government takedown demands.	2	4	TC-IM-220a.6

	ACCOUNTING METRICS - INTERNET MEDIA & SERVICES	2019	2020	SASB CODE
DATA PRIVACY, ADVERTISING STANDARDS & FREEDOM OF EXPRESSION	**Number of government requests to remove content, percentage compliance with requests (continued)** Below are the titles we removed in 2020— 4 in total since our last report in February 2020. We report these takedowns annually. • In April 2020, we complied with a written demand from the Radio and Television Supreme Council (RTUK) in Turkey to remove one episode - “Family Ties”- from the series *Designated Survivor* in Turkey only. • In May 2020, we complied with a written demand from the Singapore Infocomm Media Development Authority (IMDA) to remove the series *Cooked with Cannabis* in Singapore only. • In August 2020, we complied with a written demand from the Singapore Infocomm Media Development Authority (IMDA) to remove the film *Have A Good Trip: Adventures in Psychedelic*s in Singapore only. • In September 2020, we complied with a written demand from the Radio and Television Supreme Council (RTUK) in Turkey to remove the film *Cuties* in Turkey only.	2	4	TC-IM-220a.6
DATA SECURITY	**Description of approach to identifying and addressing data security risks, including those of third-party cybersecurity standards** The company has a Vice President of Information Security who oversees a team of employees dedicated to information security. We strive to protect sensitive information through various means, such as technical safeguards, procedural requirements and policies, a program of monitoring to detect and address unauthorized modification or misuse, continuous testing of aspects of our security internally and with outside vendors, a robust incident response program, and regular training for employees.			TC-IM-230a.2

Governance

We operate in a dynamic industry and have been in a state of constant innovation since inception. We have redefined how people watch video—first through DVD-by-mail, then streaming video, and now as one of the world's leading entertainment services with approximately 204 million members in 190 countries. Our success has not gone unnoticed, and we are seeing increasing competition, even as this dynamic market continues to evolve.

Our corporate governance structure is built against this backdrop. Governance, in this context, means finding the right balance of rights and responsibilities among stockholders, the Board, and management, and ensuring that there are appropriate checks and balances in place. With the rapid evolution of technology and the changing media landscape, we are continually adjusting our service to meet the dynamic needs and desires of our consumers. Our governance structure is built to help us to do that. Our focus is on creating long-term value for our stockholders, and we have been successful at that – since our initial public offering in 2002, annualized total stockholder return through December 31, 2020 was 40%.

Our governance structure is unconventional. We have several provisions that give our Board and our management team the freedom to be forward-thinking, such as making investments to build our own production studios and developing our own animation capabilities, with the confidence that they will be able to see those investments to fruition. At the same time, we have paid attention to our stockholders and increased our accountability to them by adopting provisions such as proxy access. We are proud of our governance structure, both because of how it has supported our success to date and for being innovative, such as the way that our Board has unfettered access to management and is able to seek information directly from employees all around the enterprise, which was highlighted in a 2018 Stanford Study.

We strive to stay in tune with our ownership base. Our Board and our management team engage directly with our stockholders, and our Board and its committees consider stockholders' feedback in assessing our governance structure, including our compensation program. These discussions provide a good opportunity to share views and answer questions; the input from our stockholders will continue to inform our ongoing evaluation of our structure.

Governance

We are committed to managing our business ethically and with integrity. Our Code of Ethics sets out our expectations for conduct among our employees and Board members. We encourage reporting of breaches of our Code or any unethical or inappropriate conduct to our Chief Legal Officer or, in the case of misconduct by a senior financial officer, to the Chair of our Audit Committee. We also provide access to a third-party operated service where reports of misconduct can be made confidentially and, if desired, anonymously, 24 hours a day, seven days a week, 365 days a year in local languages. Reports made through this service are elevated and investigated until they are resolved, and updates are provided annually to the Audit Committee.

As part of our commitment to managing our business ethically and with integrity, we seek to identify and mitigate risks that could lead to potential legal and/or regulatory violations. Our Global Anti-Corruption Policy requires our employees and contractors to abide by global anti-corruption and anti-bribery laws. We provide regular training on compliance with this policy, in addition to conducting regular and ongoing risk assessments. A copy of our practices and policies, which includes the Global Anti-Corruption Policy and Code of Ethics, has been translated into numerous languages and remains available to all employees throughout their employment with us. Other areas of focus include commitments to compliance with applicable government mandated sanctions regimes (with leadership provided by a designated Sanctions Compliance Officer) as well as human rights legislation (e.g. UK Modern Slavery Act).

We believe our approach to governance will continue to provide the greatest benefit to us and our stockholders. We realize that elements of our structure may not fit within the standard corporate governance practices and that some stockholders take a different view. But we believe that our long-term value is currently best optimized with our approach to governance.

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

- 2020 Proxy Statement
- Netflix Approach to Corporate Governance - Study by Stanford Graduate School of Business Corporate Governance Research Initiative
- Netflix Governance Documents
- Leadership

Governance

TOPIC	ACCOUNTING METRIC - MEDIA & ENTERTAINMENT	2020	SASB CODE
INTELLECTUAL PROPERTY PROTECTION & MEDIA PIRACY	**Description of approach to ensuring intellectual property (IP) protection** We regard our trademarks, service marks, copyrights, patents, domain names, trade dress, trade secrets, proprietary technologies and similar intellectual property as important to our success. We use a combination of patent, trademark, copyright, trade secret laws and confidentiality agreements to protect our proprietary intellectual property. We employ a variety of methods to monitor potential infringement of our intellectual property, including searches conducted internally and by external vendors. A particular focus is preventing uses of our intellectual property that may lead to consumer fraud.		SV-ME-520a.1