

2021

Transparency Report

Etsy

Welcome to Etsy

Etsy is the global marketplace for unique and creative goods. Since 2005, Etsy has provided a platform where sellers and buyers around the globe can connect, all in the spirit of our mission:

Keep Commerce Human.

90M
active buyers

Each year since 2015, we've released our Transparency Report to provide visibility into our content policy enforcement, intellectual property takedowns, order issues and requests for member information or account action. This report, covering January 1-December 31, 2021, highlights our continued commitment to maintaining a safe and trusted marketplace. As of December 31, 2021, the Etsy community was made up of 90 million active buyers and 5.3 million active sellers.

5.3M
active sellers

This report underscores our commitment to being a mindful and transparent organization, with a trusted brand that benefits both buyers and sellers. All members of our community must follow our policies, which we call [Our House Rules](#). We strive to write our policies as clearly as possible to help members around the world understand their rights and responsibilities when using our marketplace.

100M
items for sale

There are nearly 100 million items on Etsy, approximately 50% more than just two years ago. During this period, we've sustained incredible growth in the face of unprecedented circumstances, which has required us to increase our investment to scale our content moderation efforts across all categories. **In 2021, we invested more than \$40 million in Trust & Safety efforts, introducing a number of meaningful changes not only to make the Etsy community safer, but also to make our users' interactions with Trust & Safety more effective.** This included expanding our enforcement teams tenfold; evolving our efforts to target key categories like hate or violent speech, counterfeit goods, weapons, and mature content; and introducing product enhancements to more effectively report, detect, and remove violating listings in real time to reinforce our existing processes.

This report only covers the Etsy marketplace and none of Etsy, Inc.'s subsidiary brands.

Policy Enforcement

As a marketplace where our sellers hold inventory and ship products directly to buyers, we enforce our policies based on reports from our community, third parties, and our internal Trust & Safety systems.

All Etsy sellers commit to following our [Seller Policy](#), which outlines our marketplace criteria and customer service expectations. Our Trust & Safety team is dedicated to educating the Etsy community about our policies, detecting potential content violations, and taking enforcement actions against items and member accounts that are flagged for violating our policies. Policy violations include infractions such as listing new commercial items in our handmade category, attempting to sell items outlined in our [Prohibited Items Policy](#), or providing a consistently poor customer experience in. Our team employs a combination of automated systems, proactive review by specialists, and flags from members and trusted authorities to alert us of potential policy violations. We strive to consistently enforce our policies to hold all members accountable to the same standards, to strengthen trust in our community, and to maintain the integrity of our platform.

Insights from 2021

87%

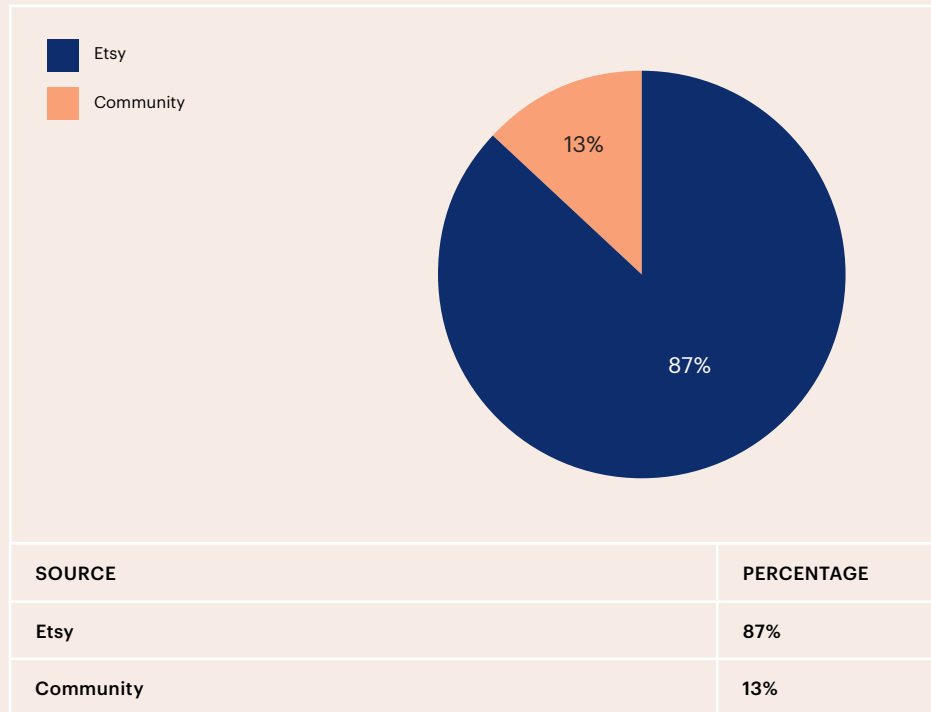
of flags generated by
our internal automated
systems

In 2021, Etsy received 17 million flags regarding potentially non-compliant listings, a 325% increase from 2020. 87% of these flags were generated by our internal automated systems, while 13% were generated by the community, reflecting Etsy's focus on proactive enforcement. Only ~16% (or 2.7 million) of these flags resulted in actions by agents or automated actions. The substantial increase in flag volume year over year was driven in large part by Etsy's significant investment in technology, which allowed us to detect more violating listings, faster. In spite of this increase in flags year over year, Etsy reviewed 65% of flags within two working days, 72% within three working days and on average, all flags within six working days.

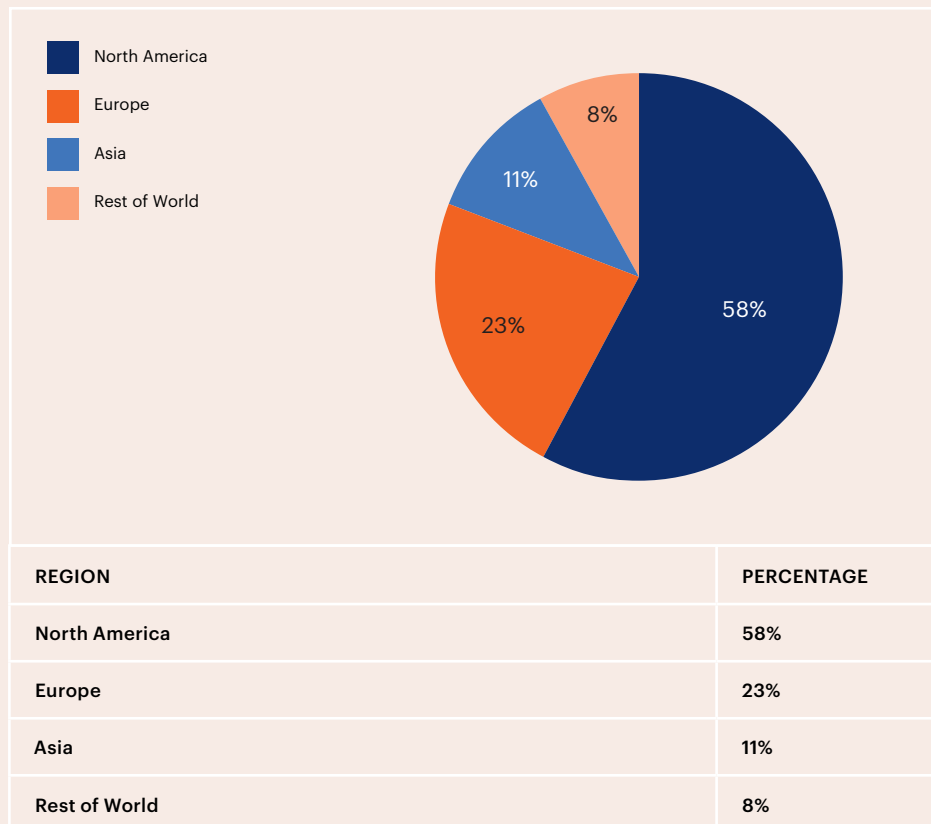
A flag determined to be a policy violation may result in a variety of different enforcement actions, depending on the nature of the violation. In line with the violation, our team may remove an item from the marketplace, provide a seller with educational content, temporarily suspend an account, or permanently refuse service to a member. Among the most common policy violations in 2021 were breaches of our [Handmade Policy](#) and our [Intellectual Property Policy](#).

Policy Enforcement

Shop and Listings Flags, by source



Accounts actioned for policy violations, by region



Policy Enforcement

Looking Ahead

Our goal is to remain a trusted brand and a platform where our sellers' creativity continues to shine. We know that our sellers' unique goods make our marketplace special. It's home to a universe of extraordinary items, from unique handcrafted pieces to vintage treasures.

In 2022, our team will focus on enforcing our [Handmade Policy](#) and cracking down on resellers. We have created an additional team of 50 agents dedicated to reviewing and removing non-handmade items. Once fully ramped we anticipate these agents will be able to review up to an additional 50,000 listings each week. We know that this area requires sustained efforts over time, and we're committed to providing the resources necessary to preserve our mission and our policies.

Additionally, this year, we're investing heavily in enhancing customer support, which includes growing our support team by more than 20% and empowering our seller community with additional tools and resources. **We've already added new processes and are streamlining our appeals process to prioritize the most urgent requests and are fast tracking requests from sellers whose shops are frozen or suspended, or who are locked out of their accounts.** We strive for effective customer support which is key to our mission to Keep Commerce Human, and is also fundamental to our ability to foster trust while keeping our marketplace safe.

Intellectual Property Takedowns

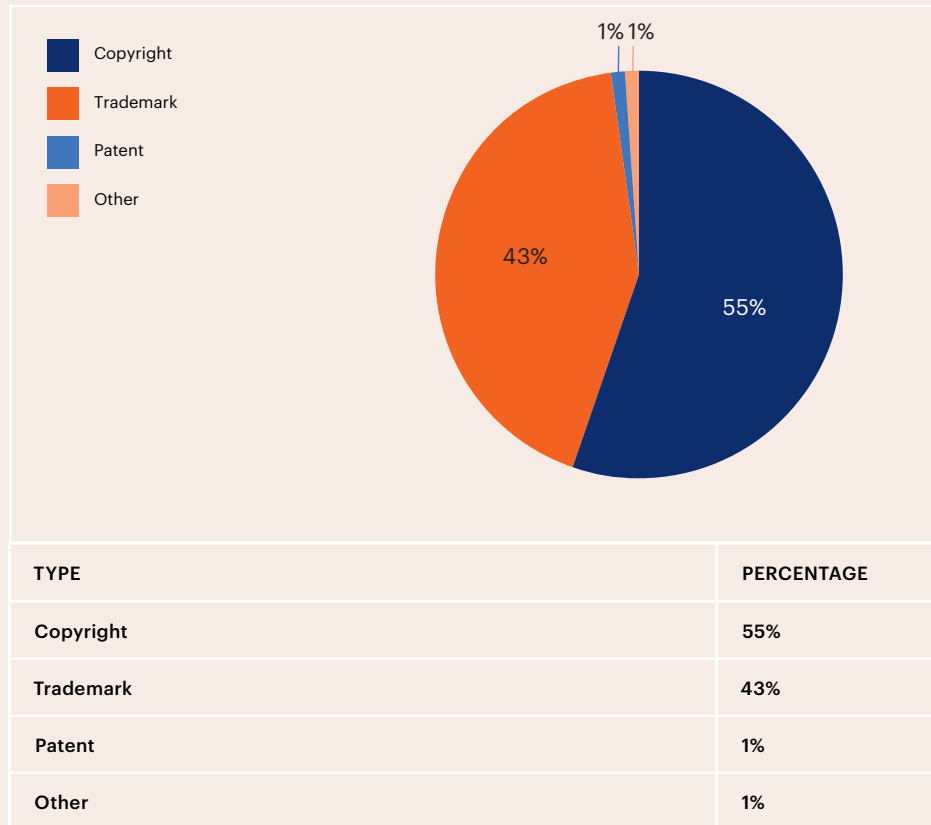
Etsy takes Intellectual Property rights seriously. We require sellers to represent that they have all necessary intellectual property rights for the content they upload to their Etsy shop. Our [Intellectual Property Policy](#) is based on industry best practices, worldwide intellectual property laws and decisions, and region-specific laws such as the Digital Millennium Copyright Act (DMCA). Our Legal Response and Enforcement team is responsible for reviewing allegations and notices of infringement. Under our policies, rights holders can submit IP reports identifying content that they believe infringes their rights via the recently launched [Etsy Reporting Portal](#), our central hub for rights owners to seamlessly report alleged violations. Etsy is committed to expeditiously removing allegedly infringing material, where reports are complete and comply with our policies, as well as clearly communicating actions taken to our members and third parties.

Insights from 2021

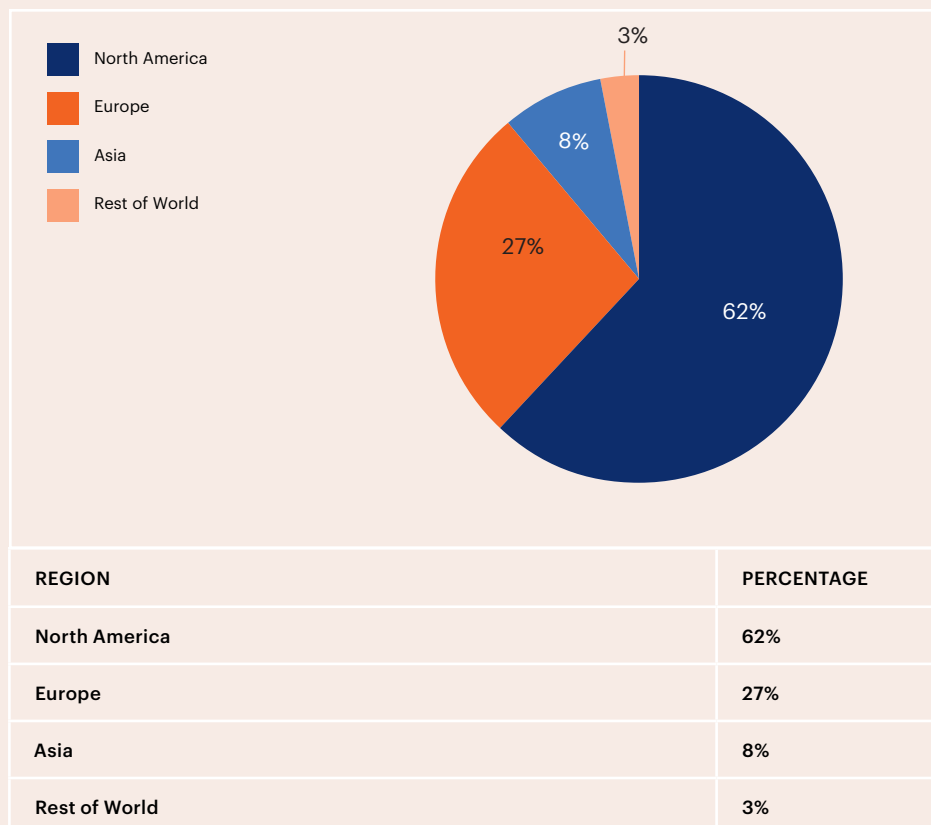
In 2021, Etsy scaled and enhanced its IP Protection and Anti-Counterfeiting Programs through expansion of the Legal Response and Enforcement team and investments in innovative products and technologies. We developed and deployed sophisticated tools and systems that prevent counterfeit goods from appearing on our marketplace, ease the ability of creators and brands to report alleged IP infringement, and restrict the filing of fraudulent or abusive notices. In early 2022 Etsy launched two new pillars of our IP Protection Program: [The Ultimate Guide to IP](#), a seller awareness resource designed to unlock the complexities of IP law for Etsy's seller community; and the [Etsy Reporting Portal](#), a new interface for Etsy sellers and brands to more easily report alleged IP infringement, which allows saving properties across sessions, enables bulk uploads of listings, tracks the status of their reports, and enacts new safeguards to verify reporters and prevent fraudulent reports.

Intellectual Property Takedowns

Intellectual Property Takedowns, by type



Intellectual Property Takedowns, by reporter region



124,237
processed takedown
reports submitted by third
parties

In 2021, Etsy executed 124,237 takedown reports submitted by third parties that complied with our IP policies, a 129% increase over 2020, and we removed a total of approximately 1.1 million listings, a 105% increase from 2020. Etsy also removed 346,408 listings in 2021 for counterfeiting violations, a 3,148% increase over 2021. We closed 27,979 shops for repeat infringement and counterfeiting violations, a 71% increase from 2020.

Complaining parties formally [withdrew](#) their notice(s) for 1.79% of listings with a takedown notice. We rejected 18% of notices in 2021, a 20% increase over 2020, indicative of our increased focus on preventing fraudulent and abusive takedown notices. Etsy may reject a notice where we are unable to verify that the person submitting the notice is authorized to act on behalf of the intellectual property owner, where the description of the intellectual property is insufficient, or where the notice otherwise fails to comply with Etsy's policies. Etsy also received Digital Millennium Copyright Act (DMCA) counter-notices from sellers for 9.24% of copyright infringement reports, a 134% increase over 2020's rate of 3.95%.

Resolving Order Issues

We expect our sellers to provide great customer service. If an order is not delivered, is not as described in the product listing, or arrives late, damaged / defective, or missing parts, we ask that the seller and buyer work together to reach an amicable resolution. Buyers can contact sellers directly through the Help With Order experience on their Purchases and Reviews page by selecting from a dropdown of common order issue types.

In the event that buyers still need help, they can ask Etsy to step in and resolve their non-delivery or not-as-described issue using the [Case System](#). Etsy now requires that buyers message the seller before opening a case, ensuring that the seller has a chance to first resolve the issue.

Finally, buyers can [contact Etsy](#) through chat, phone, or email at any time with order issues or concerns, although data shows that working with their seller via Help With Order is the best first step.

Insights from 2021

Buyers Can More Easily Report Issues

About 0.46% of orders placed in 2021 resulted in a case, up from 0.44% in 2020. We also saw an increase in the rate of orders with a Help with Order message, from ~3% to ~4% from holiday* season 2020 to 2021.

The increase in Help With Order and case rates in 2021 was primarily driven by improvements to these experiences, such as the implementation of an easier process for buyers to file cases for egregious order issues, the implementation of an in-message alert from Etsy providing buyers with a link to their next step (open a case or contact support), and simplified Help With Order dropdown selections. We expect Help With Order and case rates to continue to increase in 2022, as we are focusing on making it even easier for buyers to report order issues to the seller and to Etsy. We believe that giving buyers a great issue resolution experience will drive confidence in shopping on Etsy, and will bring buyers back to shop more often.

*Help with Order was released in Holiday 2020, so we do not have full year data.

Requests for Member Information or Action

Etsy's Privacy Principles

Etsy's Privacy Policy details how we handle member information and reflects our commitment to member privacy and transparency. Beyond these policies, Etsy seeks to adopt and maintain appropriate privacy and data security practices, which are reflected in our Privacy Principles.

- **Ethical Custodians.** We only collect and use data that we reasonably need in order to provide you with our services, for marketing, if legally required, and to provide our community with improved experiences and products.
- **It's Your Data.** We believe you should have control over your data. We provide you with tools to easily access, download, and edit the data we've collected and allow you the choice, subject to applicable rules, to close your account and delete your data.
- **Choice.** We empower you with the choice to decide how to control your data. You can choose whether or not to participate in personalized advertising with third party partners. You can also choose which, if any, marketing communications to receive.
- **Data Safety & Security.** Etsy takes the safety and security of your data seriously. We use industry standard technologies, such as Transport Layer Security encryption, and work hard every day to protect your data. We also ask our partners and vendors to use appropriate security controls and privacy practices.
- **Transparency.** We will tell you what data we collect, how we use data, and how we share it (including via cookies or Software Development Kits). We will update our privacy policy from time to time, as we build new products and as privacy laws around the world evolve.
- **A Continuing Commitment.** At Etsy, we understand that privacy is an evolving topic, and we're committed to these principles as we build and grow.

Insights from 2021

Etsy produced records in response to 212 of the 237 legal process requests we received, which requested information relating to one or more members, transactions, listings, and other content on Etsy. We disclosed these requests to 806 affected members.

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

Etsy disclosed member account, transaction, or listing information in other limited circumstances as permitted under our Privacy Policy. This allows the release of information when we believe in good faith that disclosure is necessary to comply with the law, prevent imminent physical harm or financial loss, or investigate, prevent, or take action regarding illegal activities, suspected fraud, threats to property, or violations of Etsy's [Terms of Use](#).

We did not receive national security letters, Foreign Intelligence Service Act (FISA) orders, or other classified requests for information in 2021.

We handled 154,559 requests from members to permanently close and delete their accounts.

Etsy's Product Safety Principles

Etsy is committed to maintaining an environment that promotes trust and safety for our vibrant community of buyers and sellers. When sellers open a shop on Etsy, they agree to our [Seller Policy](#), which outlines their rights as well as our expectations. This includes adhering to our [Prohibited Items Policy](#). Beyond our seller policies, Etsy also seeks to reinforce appropriate product safety practices, which are reflected in our Product Safety Pledge.

- **Prevention:** We employ a broad range of tools and resources to detect and remove products that don't meet our standards and to mitigate the risk of reappearance. We work hard to maintain the

integrity of our marketplace and continually seek opportunities to enhance our tools and processes, including those presented by new or emerging technologies.

- **Education:** Our teams work to empower our buyers and sellers with educational tools and resources that help buyers make informed purchasing decisions and help sellers understand requirements to sell on Etsy, which includes compliance with relevant regulations, local laws, and Etsy's policies.
- **Easy Alerts:** We maintain clear and direct means for verified authorities and trusted partners to easily notify us of product safety concerns. Additionally, we welcome any Etsy user to flag a listing with concerns about products to help inform the efforts of our Marketplace Integrity teams.
- **Quick Action:** If a regulatory authority provides us with sufficient information that they deem a product unsafe, we will promptly initiate removal of the product from the seller's shop.
- **Cooperation:** We value the expertise of regulatory authorities and third party experts in detecting unsafe products. We work closely with these partners to maintain marketplace integrity. If they notify us about a product safety issue that impacts our users, we work with these authorities, in accordance with our Privacy Policy and applicable law, to inform those who are affected.
- **Continuing Commitment:** We understand that product safety is an evolving space, and we will hold ourselves to these principles as the community of buyers and sellers grows. We publicly demonstrate our continuing commitment and hold ourselves accountable by annually reporting performance against our policies.

A MESSAGE FROM OUR LAWYERS

We are voluntarily providing this report and planning to provide transparency reports in the future. We think it's important to share this data with the public. As legal frameworks change worldwide, the information we share and the way in which it's presented may change.

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Etsy