

Environmental, Social and Governance Summary

Appen is a truly global company, with over 1 million skilled contractors worldwide. We celebrate our diversity, as do our customers who value this as a core differentiator. Our work from home model provides a source of income to individuals that may otherwise find this difficult, including the disabled.

Appen's ESG (Environmental, Social, Governance) priorities are focussed on diversity of our workforce, social responsibility, environmental footprint, corporate governance and risk management.



Diversity

Appen is proud of the cultural and ethnic diversity in our workforce, with crowd workers in 130 countries who speak 180 languages and dialects. Appen has a broadly-based diversity policy. https://appen.com/wp-content/uploads/2017/08/Appen-Diversity-Policy-final24069684_6.pdf.

Appen celebrates that our employee population is 61% female and 39% male. We are launching a new initiative in 2019 to further develop female leaders. The new initiatives will have both long- and short-term objectives and will include elements for all levels within the organization. We will focus on inclusion and career development to improve diversity among our workforce. Appen's Board and CEO are committed to enhancing the gender diversity of our senior leadership team.

Appen is an active supporter of people with disabilities. Through our Philippines operations we initially onboarded over 50 people with partial or full hearing impairment to support image annotation work, and have now expanded this group to over 200 people.



Social responsibility

Appen has an active Corporate Social Responsibility (CSR) program that supports those in need in the countries that we operate. Participation is encouraged, and community projects are publicised and celebrated via our intranet. On several occasions Appen has raised funds to support employees in need, with Appen matching all money raised. Appen also supports research, and has provided technical and linguistic resources to further research and community projects (<https://appen.com/empowering-community-enabling-linguistic-research/>).

Appen's corporate approach to CSR includes partnerships with organizations such as Translators without Borders and the National Council of Disability Affairs in Manila, Philippines. Employees also have a voice and are able to raise awareness around a need by contacting the CSR committee and asking for it to be a focus for employees around the globe. Funds raised are matched by the Company.

Appen strives to ensure that crowd workers have sustainable conditions, with responsible remuneration at or above local minimum wage.



Environment

Appen is a professional, knowledge-based workplace with minimal environmental footprint. Each of Appen's offices includes recycling facilities and the Company encourages thoughtful use of resources.

Appen has a low carbon footprint with the exception of air travel, which is necessary for some executives given the global nature of our business. Appen uses video and phone conferencing to reduce the extent of travel, and the travel budget is managed and monitored.

Our million plus crowd workers work from home using internet-based tools, with minimal carbon impact. As a result, Appen rates reliance on carbon as low risk.

Currently, there is no mandatory external reporting on carbon risk, but Appen will comply with any incoming legislation, regulation or best practice principles (such as ASX corporate governance principles) which require carbon reporting.



Corporate Governance

Appen has a number of Board endorsed policies and statements which focus on company culture including corporate governance statement, code of conduct and diversity policy. Appen does not tolerate behaviours which are at odds with the Company's culture and has taken action to address such behaviours, on the rare occasions that it is needed.

Appen's Corporate Governance Statement sets out how we meet or exceed the requirements of ASX Corporate Governance Council's Principles and Recommendations.

The Board and the Board Audit and Risk Committee spend time on ESG issues which include employee and crowd pay rates, privacy, community projects and, generally, the sustainability of the Appen businesses and business model.

Appen tests its culture through employee annual surveys and root cause analysis of incidents or breaches.



Risks

Economic risks – the business is exposed to general economic conditions. Specifically, there is a material risk in customer concentration, however these customers are active with several separate projects across the business;

Environmental risks – there is no current material exposure to environmental risks, however the Board monitors these risks and notes initiatives to lower the Company's carbon footprint where possible by using video and phone conferencing to reduce the extent of travel, and has a million plus crowd workers that work from home using internet-based tools; and

Social sustainability – there is risk associated with the engagement and conditions of crowd and remote workers to the extent that these workers may be incorrectly classified as employees and thus entitled to employee benefits. Appen has adopted a Modern Slavery policy in the UK and is in the process of codifying a global policy which incorporates our current practice of monitoring crowd and remote worker payment levels.

The Board notes that part of the Company's business is in the area of artificial intelligence and as such, it continues to monitor the social, ethical and political context in which the Company operates.