

Organisation Structure

Appen Limited is an Australian incorporated holding company and is listed on the Australian Securities Exchange (ASX:APX). It is the ultimate parent company of the Appen group of companies and has subsidiaries across Australia, the United Kingdom, the United States, China, Hong Kong, and the Philippines (Appen Group).

Modern Slavery

We consider the salient human rights and labour risks associated with our business and work to understand and manage the risks of modern slavery and human rights abuses in our supply chain. Our Global Ethical Sourcing and Modern Slavery Policy (Policy) sets out our expectations for our suppliers and ourselves including: no forced labour; fair employment, working hours and conditions; freedom of association; freedom from discrimination and harassment; and whistleblower protections. The Policy is available on the web and is available to everyone, including our suppliers.

The Australian Commonwealth Modern Slavery Act 2018 (“Act”) and the United Kingdom’s Modern Slavery Act 2015 (“UK Act”) require entities to consider and report on the risks of modern slavery. The Act defines ‘modern slavery’ as including eight types of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour (as defined by International Labour Organization (“ILO”) standards) and deceptive recruiting for labour or services. This Statement reflects the Appen Group’s progress during the financial year that ended on December 31, 2020 (FY20), as well as our ongoing efforts to combat and prevent modern slavery in our supply chain and our own operations.

In FY20, we did not identify any instances of modern slavery in our operations or our supply chain.

About Appen

Appen makes AI work in the real world by delivering high-quality training data at scale. Training data is used to build and continuously improve the world’s most innovative AI enhanced systems and services. Our clients include the world’s largest technology companies, global leaders in automotive, financial services, retail and healthcare, and government agencies. Appen is the global leader in the development of high-quality, human annotated datasets for machine learning and artificial intelligence. We collect, classify, translate, review and label large volumes of image, text, speech, audio, video and other data used to build and train AI systems. The data is annotated by our global crowd of over 1 million skilled contractors who speak 235 languages and work in over 170 countries. We also have the industry’s most advanced AI-assisted annotation platform.

Approach to Governance

Our governance policies and practices have been consistent with the 4th edition of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (ASX Corporate Governance Principles) throughout the year. We regularly review our governance practices in light of the Company’s growth and emerging corporate governance developments. Our governance framework ensures accountability, both of the Board and senior management. The Board operates under a formal Charter which sets out the functions reserved to the Board and provides for the delegation of functions to Board Committees and to senior management. The

Board is responsible for demonstrating leadership, defining the Company's purpose, establishing strategic objectives, approving our values and the Code of Conduct, Anti-Corruption and Anti-Bribery Policy, Diversity Policy, ASX Corporate Governance Statement and also oversight of the management of the Company.

The Board has established two standing Committees which assist with the execution of its responsibilities – the Audit and Risk Management Committee and the Nomination and Remuneration Committee.

Risk management framework

Our risk management approach ensures innovation and new possibilities are embraced together with a comprehensive analysis of the potential risks and identification of risk mitigation strategies. Risk management is the responsibility of all employees and risk and control processes are integrated into day-to-day responsibilities. Our risk appetite, in conjunction with our embedded risk management framework, provides direction on the type and level of risk we are willing to take in line with our overall business strategy. Our risk appetite has been defined at a category level and approved by the Board.

Assessment of Risk

We consider the risk of modern slavery in our global operations and supply chain to be relatively low based on the nature of our suppliers, location of major suppliers, the nature of the goods and services we acquire and the highly technical nature of our business. By far the largest part of supply chain both numerically and in terms of costs comes from our crowd workers.

- Crowd Workers – The Appen Group has a crowd of over 1 million skilled contractors who speak 235 languages and work in over 170 countries. The crowd workers tend to be individuals and are not employed via an agency or other organisation. As contractors, they run their own business and can work as little or as much as they choose.
- Software Development and Information Technology (IT) – This is one of our main spending categories and includes software development and engineering, software/SAAS, cloud platform services, hardware, computer systems, telecommunication devices and network technology. Software engineering and development is a specialised area with high qualification requirements and relatively mobile and highly-paid workers. The majority of our other suppliers are top tier companies such as the largest cloud service and storage providers, hardware providers (eg. Lenovo or Apple) and application providers (eg. Microsoft).
- Facilities – Appen Group has offices in 6 different countries (Australia, China, Philippines, USA, UK and a new presence in Japan). We have employees or other workers in those offices and, more so in recent times, workers that work from home or otherwise flexibly. Each office requires goods and services such as cleaning services, energy and utilities, office maintenance, consumables and stationery.
- Marketing – This includes spend on online marketing, advertising agencies, events, travel and entertainment. COVID-19 has reduced the spending in some areas while increasing it in others.

- Professional and Financial Services. This includes spend on banking, consulting, advisory, accounting and legal services. These service providers are major multinational groups and they have their own well-publicised and robust modern slavery prevention programs in place.

Key Focus Area – Facilities

Based on information sourced from the Global Slavery Index, we believe that our higher-risk facilities may be located in the following countries:

- Republic of the Philippines
- People’s Republic of China

COVID-19 has limited the ability to conduct on-site evaluations, however, we do not believe we have any material exposure given the global awareness of the Policy, the secure and well-regulated nature of these facilities and ongoing corporate oversight.

In view the of the significance of the crowd workers to our business and our supply chain a large part of the focus has been on this area.

Key Focus Area – Crowd

We have remediated and mitigated our risk within the population of crowd workers through the adoption of the Crowd Code of Ethics. This includes our goal of fair pay and having our hourly rates exceed the minimum wage in markets where our managed services are used by customers. We are committed to the fair and ethical treatment of our contractors, and to their wellbeing. In addition to it being the right thing to do, we believe it is an important strategic differentiator for our business as our customers seek to ensure that their partners stand for responsible and sustainable labour and supply chain practices. This year, we established a new Crowd Care Team to improve the experience for our contributors. We listened to their feedback and analysed key crowd support performance metrics. In response, we have developed new crowd-focused policies and processes and improved our communication.

We are a member of the Global Impact Sourcing Coalition (GISC), a group devoted to inclusive hiring practices across the globe.

Our Crowd Code of Ethics shows our dedication to the wellbeing of our crowd. The Statement is available at: appen.com/crowd-wellness/ and includes:

- Fair pay - Our goal is to pay our crowd above minimum wage in every market around the world where we operate.
- Inclusion - A diverse, inclusive culture is vital to our mission of helping build better AI. We offer opportunities for individuals of all abilities and backgrounds.
- Crowd voice - Our crowd has a valued voice at Appen, and their feedback helps us to continuously improve.
- Privacy and confidentiality – Any information collected about the crowd is requested solely for the purposes of the project. We take precautions to protect that information and do not

release private data on individuals to third parties without consent.

- Communication - We believe in helpful, transparent, and responsive lines of communication with our crowd.
- Wellbeing - We promote wellness, community, and connections through online forums and best practices.

Whistleblower and Speak Up Policy

Our employees and crowd contractors are covered by our Whistleblower and Speak Up Policy (WhSUP Policy). It helps remediate our risk by giving our people and other stakeholders a safe process to report (including anonymously) their concerns about illegal or unethical conduct (including conduct relating to the Policy). The WhSUP Policy is available on Appen's website. Using a third-party whistleblowing reporting service facilitates the reporting of concerns anonymously. There is a confidential process to investigate concerns and it also provides appropriate protections for anyone who has reported a violation.

Training

Our compliance training covers important topics related to the work we do every day, including our commitments to acting ethically and responsibly.

All new Appen employees undergo onboarding and compliance training that covers obligations under our policies such as:

- Code of Conduct
- Discrimination, EEO, Anti-Harassment, Grievance Handling and Bullying
- Anti-Corruption and Anti-Bribery
- Whistleblower and Speak Up Policy
- Modern Slavery

The above policies provide a culture for rejecting and exposing unethical or illegal behavior which may facilitate or present concerns under modern slavery legislation and regulations. Operating ethically helps mitigate the risk of compliance failures and modern slavery within the Appen Group.

On an annual basis, all staff are required to complete refresher training on aspects of the above policies to ensure knowledge is kept up to date.

Contracts

As noted above, a key area of focus has been our crowd workers. Our standard form of crowd independent contractor agreement includes language requiring our crowd contractors to comply with all applicable federal, local, and international laws and regulations (including modern slavery and human trafficking laws) that apply wherever they operate. Failure to comply can result in termination.

In addition, we routinely request the insertion of modern slavery terms in material supply contracts. Alternatively, or additionally, we validate the robustness of a suppliers' modern slavery policy and prevention program.

Assessment of our effectiveness

We believe that we have put in place the initial foundation to assess and mitigate the risks of modern slavery in our internal operations and supply chain, and have started the process of raising awareness on this important topic. However, there is a lot more still to be done (see Future below).

Consultation with the Reporting Entities

Appen Limited directly or indirectly owns 100% of all companies in the Appen Group. All these entities operate as part of a fully integrated business with a centralised leadership team for all lines of business, geographies and corporate support functions that supports all lines of business (eg. HR, risk, property, privacy, finance, internal audit and legal). The leadership team was consulted on the development of the Policy. The Appen Group leadership team as a whole, were made aware of the anti-modern slavery programme proposed, consulted on the programme's planned content and application. They have fully supported the adoption of the Policy and our programme throughout the Appen Group.

Future

Over the next year, our focus will be on formalising our supplier due diligence program within our risk management framework. In key areas, we will consider how best to screen and later audit our suppliers, labour certifications and tracking compliance. We will also roll out new employee training so that employees are better aware of the relevant company policies in relation to modern slavery and human trafficking and understand that they have a responsibility and accountability to identify any potential breaches of the Policy. Most importantly, we recognise this is not static and must evolve over time. We will adopt a process of continuous improvement. We will prioritise risks and focus on areas likely to have the greatest impact.

Approval

The Board of Directors of Appen Limited has approved this statement on behalf of Appen Limited and the wider Appen Group.

June 24, 2021



Carl R Middlehurst
Company Secretary