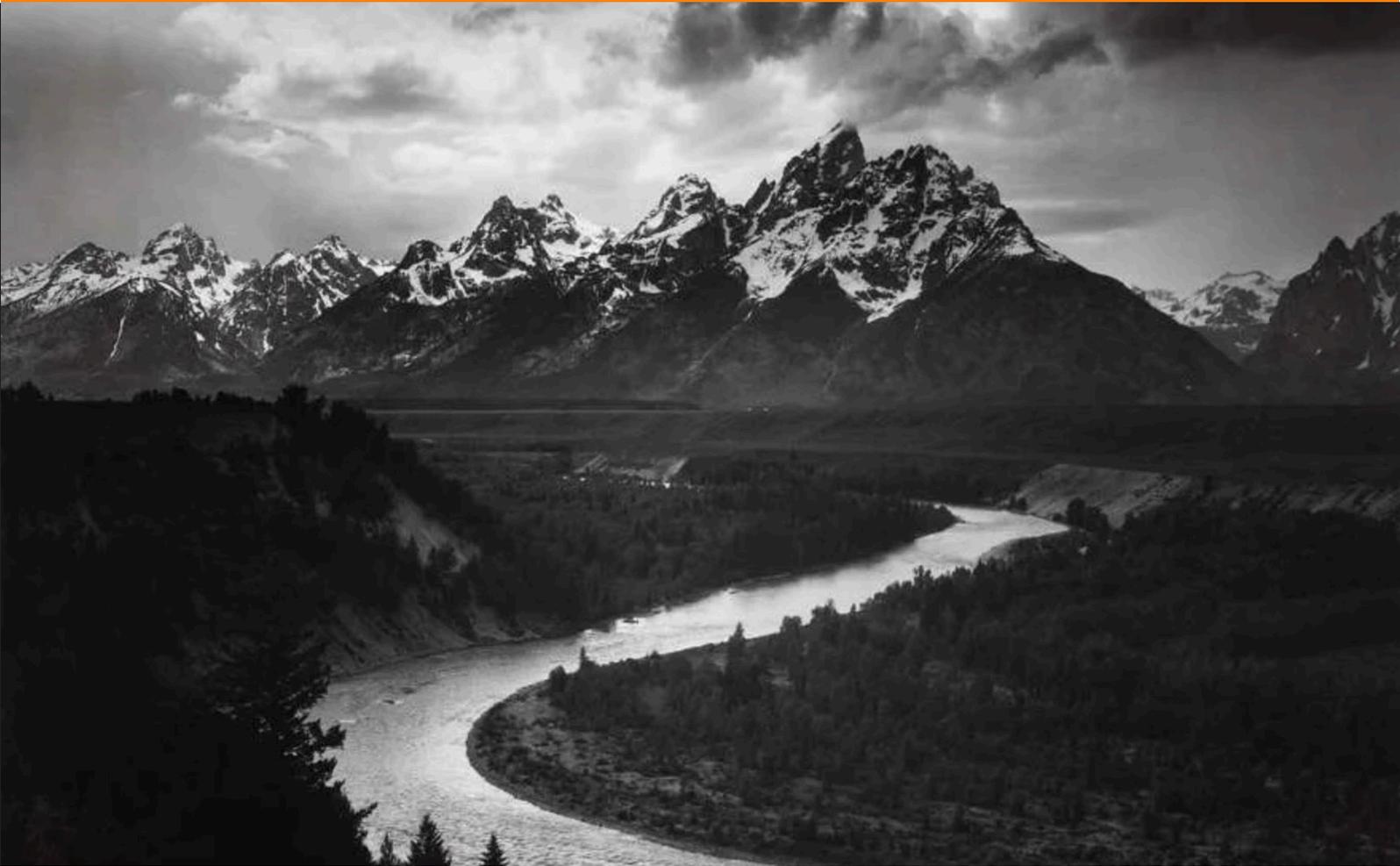


artnet



Artnet AG
ESG report 2023

Corporate Social Responsibility ESG Report

About this report

The CSR Report is published once a year in German and English and covers Artnet AG (hereinafter referred to as “Artnet AG” or the “Company”) and its subsidiaries Artnet Worldwide Corp and Artnet UK Ltd. Any deviation from this would be mentioned in the endnotes.

For the 2023 reporting year, we have decided not yet to use a specific framework for the preparation of this non-financial statement. However, we are aware of the future requirements of the European Sustainability Reporting Standards (ESRS), which will gradually apply to small and medium-sized listed companies (SMEs) from 2026. Our preparations for this transition phase have already begun to ensure a smooth adaptation to the new standards as soon as they become relevant for us.

Therefore, no additional frameworks will be used in the transition period.

The report was prepared voluntarily in accordance with Section 315 (c) in conjunction with § Section 289c of the German commercial code. The report provides information on Artnet’s objectives and measures relating to different stakeholders, which include our clients, employees, suppliers, shareholders, society and the environment in general. We present the general guidelines of our sustainability vision and some of the Key Performance Indicators related to our non-financial report for the year 2023.

This is the summarized, non-financial ESG (Environmental, Social, Corporate Governance) statement for the year 2023, which has been reviewed by the Supervisory Board. To improve readability, we use gender-neutral language. Still, where this is not possible, we may use masculine or, in some instances, feminine terms. Regardless of gender, these usages always implicitly refer to all sexes.

Statement from the Supervisory Board

Fine art and culture define us as individuals and nations and thus remain central to Artnet’s Corporate Social Responsibility strategy. It guides Artnet’s activities relating to the environment, the community, and stakeholders. Artnet reduced its footprint by decreasing its office spaces and empowering its employees to work from home, as seen in chapter thirteen. With regards to the community, Artnet holds charity auctions on its online auctions platform several times per year, with proceeds benefiting different causes, as outlined in chapters eleven and twelve. With regards to its stakeholders, Artnet uses measures like client and employee surveys to respond to any possible issues and ideas. Furthermore, Artnet is committed to further education and equal opportunities in its employment, as outlined in chapter six.

In the 2023 financial year, there was no overarching strategy; the measures were defined individually on the level of different topics. Measures were implemented adhoc - an overall strategy will be agreed on and implemented at the latest in 2026.

With its measures and concepts, the Artnet Group pursues the goal of strengthening positive effects of its business activities and reducing negative effects in order to further consolidate its leading position in the art industry with regard to Responsibility.

Artnet helps people worldwide to research, discover, buy, and sell fine art and collectibles online. Efficiency, transparency, and sustainability form the core of Artnet’s business model to empower its clients and generate attractive returns for its stakeholders in a sustainable way.



Sebastiao Salgado, sold on artnet Auctions

CSR Mission Statement

Artnet is a renowned company with experience within the art market of over 30 years. By engaging with ESG reporting and initiatives, Artnet continues its ethos of spearheading positive change and sustainable business practices.

Artnet strives to continuously offer an environment where its employees, customers, and stakeholders can sustainably pursue their passions.

Risk and Compliance Management

Artnet reports on potential and current risks quarterly. The risk report is compiled by the Central Risk Management Team and shared with the Supervisory Board. Human Resource and employee risks are also included in these quarterly reports. Additionally, Artnet provides a risk manual which details a risk management system. Additionally, Artnet provides a risk manual which provides details on the risk management system; the compliance management system is outlined in the Management Report of the Annual Report 2023 under section 'Risk Management and Internal Control System.'

Each segment produces a quarterly risk report or risk notification in accordance with the standards laid down by the central risk management team and based on specific materiality thresholds; the reports are aggregated into one single quarterly report. The segment reports and thus, the quarterly report, assess risks, considering their extent in terms of impact on results of operations or financial position, as well as their probability of occurrence. Additionally, they identify actions to be taken and suggest or initiate counter measures. Qualitative factors affecting our strategic positioning and reputation are also taken into account. In addition, we consider "emerging risks," which are primarily derived from external studies. These are risks and opportunities that are developing at considerable pace, and in some cases are difficult to assess. Risks and opportunities like these are triggered primarily by technological developments (e.g., digitalization), environment (e.g., climate change), or threats (e.g., cyberattacks).

The risk management system was further developed during the spring of 2024 as part of a continuous improvement process. In 2024, the risk management system was updated and further developed to the extent that probabilities of occurrence and loss amounts are now also used by the Executive Board. The risks described here and their level assessment still relate to the risk surveys used by the Executive Board in 2023. The risk levels (low, medium, high) were not quantified by the company.

Within the Marketplace segment, Artnet works with a highly reputable KYC/AML company to ensure that the Group does not work with any customers with questionable business ethics.

In addition to statutory requirements, Artnet follows the recommendations of the German Corporate Governance Code as a guideline for good corporate governance as published under this link. The German Corporate Governance Code provides guidance and suggestions on managing and supervising companies listed on the stock exchange in Germany and is of great importance to the Artnet Group.

Risks and Opportunities

Artnet operates in a dynamic market with a strong growth trajectory. To monitor and adapt to a changing landscape, Artnet continuously observes internal and external risks and opportunities outlined in the Risk and Opportunity Report within the 2023 Annual Report as well as in the internal Risk Manual.

The Group has a risk management system to identify and constantly monitor operating and financial risks. This system, which aims to alleviate the impact of any unforeseen events, is largely comprised of the following components:

- The finance department, which monitors the actual results of business activities, provides forecast versus actual comparisons as part of monthly reporting, and provides comparisons with the previous year.
- Information technology infrastructure, which ensures and monitors the 24/7 availability and functionality of the website, products and services, and all office communication.
- Compliance, which monitors internal and external legal risks, as well as legislation changes.
- Project management, which monitors the development and progress of projects.
- Ongoing traffic monitoring, which evaluates and tracks the key areas of web traffic.

As described above, the risk management system was further developed during the spring of 2024 as part of a continuous improvement process. In 2024, the risk management system was updated and further developed to the extent that probabilities of occurrence and loss amounts are now also used by the Executive Board. The risks described here and their level assessment still relate to the risk surveys used by the Executive Board in 2023. The risk levels (low, medium, high) were not quantified by the company.

Artnet employs a highly respected firm to assist with all matters regarding KYC and AML (Know Your Customer and Anti Money Laundering) to ensure that the Group is not only protected, but compliant to any current and new rules and regulations. The Artnet Group educates its employees directly in the on-boarding process regarding compliance, more specifically, fair business practices, bribery, and fraud. Please review the section 'corruption and fraud' for more details.

The Artnet group takes a comprehensive approach in terms of risks which since the start of the financial year 2024 includes evaluating and quantifying when possible the potential impacts and probability of occurrence. Artnet's approach and strategy to risk management is outlined in the Group's Risk Manual and the Annual Report 2023.

As a rule, to measure, monitor, and control risks, the Group uses a management and control system that is mostly based on financial accounting data and key performance indicators for all products. Existing risk potential is observed on an ongoing basis; and requisite actions to limit risks are put in place where possible. The risk management system includes regular (defined as at least quarterly; but weekly calls between management and C-suite allow for more frequent discussion), internal reporting on business, current market developments, customer relationships, and a Group-wide budget process, which deals with operating risks and changes in the business climate.

Our risk early-warning processes allow us to quickly identify and systematically deal with existing risks while keeping the Management Board, Supervisory Board and shareholders fully informed about the Company's risk exposure at any given time.

The process with regards to risks specifically associated with ESG are not included in the Risk Manual and also not included in the Risk and Opportunity report. Artnet does not view Risks associated with ESG as particularly relevant for the Group. However, Artnet can match the risk of Protection of Customer data and Loss of employees as stated in the Management Report in the Annual Report 2023 Section Risk Management System and Internal Control System (ICS) subtopic Risk Report to ESG topics Employees and Human Rights below in this report.

The list as per the Management Report in the Annual Report cannot include all risks to which Artnet could be exposed at any time. Risks may come to light that have not been identified or reported on and have a negative impact on business development. The Group will continue to monitor its environment and review the effectiveness of the risk management system. Despite continuous adjustments to the risk management system, it is not possible to fully quantify the probability of certain risks occurring or their financial impact. The risk level determined by the Executive Team is classified as low.



an employee at the artnet NY office

ESG Goals and Strategy

Artnet values its role in assisting clients in engaging with fine art and collectibles. Whether Artnet's clients are researching, evaluating, buying, or selling art, they count on the Company to understand both the cultural and commercial value of art —and to ensure the responsible sale of their fine and decorative art in a transparent, efficient, and sustainable way.

In 2020, Artnet defined key areas of responsibility, and set concrete goals for 2025; these are defined and reviewed in the annual ESG reports. Artnet's goals are based on its vision for a more sustainable art business, corporate responsibility and social engagement. Additionally, newly onboarded employees are verbally informed of this structure which is oriented on the employee handbook provided to US-employees. The following table provides an overview on relevant topics at Artnet treated in this report.

Section	Topic	Reviewed in this report	Action and Measures	Goals
1	Business description	Business Model of the Group	N/A	N/A
2	Environment	Electricity consumption	Electricity decrease, Responsible management	Decrease electricity consumption slightly by increased WFO (Working From Home), smart use as detailed further in chapter "Environment".
3	Employees	Equality/Satisfaction	Bi-annual surveys to measure employee satisfaction and actionable improvements such as providing competitive salaries and benefits	Increase overall satisfaction to 80%; decrease churn rate slightly as detailed in chapter "Employees";
4	Society	Philanthropy	Regular Charity auctions to support LGBTQ and environmental organizations and schools.	Increase charity auctions slightly; increase donations to art-related organizations by 10% as detailed in chapter "Philanthropy".
5	Human Rights		Artnet has not defined a strategy or measures with regards to Human Rights. Artnet's specific business activities do not pose a risk with regards to Human Rights violations. Existing measures are deemed sufficient to maintain a low risk level.	
6	Fraud/Corruption	Compliance	KYC/AML procedures in place	Maintain KYC/AML procedures; audit bi-annually to secure high standards as detailed in chapter "Risk and Compliance"

Business Model of the Artnet Group:

Artnet AG is a publicly traded corporation headquartered in Berlin, Germany. The address of its registered office is Oranienstraße 164, 10969 Berlin, Germany. The company is entered in the Commercial Register of Charlottenburg District Court under HRB 980060 B.

Artnet AG holds 100% of the shares in Artnet Worldwide Corporation (“Artnet Corp.”), which is located in New York, NY, USA. Artnet Corp. holds 100% of the shares in London-based Artnet UK Ltd. The former subsidiary Jay Art GmbH, Berlin, was liquidated and deleted from the commercial register on May 14, 2020. Artnet AG and Artnet Worldwide Corp., together with the latter’s wholly owned subsidiaries, are referred to as the “Artnet Group,” the “Group,” the “Company”, or “Artnet.”

Artnet has three primary operating segments: Data, Marketplace, and Media. With over 235 million page views in 2023 across its domains as shown in the next figure, Artnet is one of the leading art market platforms. This is underlined by data from the platform Similarweb; Artnet’s reach is wider than that of its next four competitors combined: Artsy, Theartnewspaper, Hyperalleric, and ArtNews. The provision of timely information about market movements, galleries, price developments, exhibitions, news, and reviews enable art enthusiasts, collectors, and art professionals to navigate the art market.

We envision a world where buying, selling, and collecting art is simple, efficient, and highly rewarding for the modern collector. Our purpose is to empower art enthusiasts and collectors to pursue their passion and facilitate seamless transactions based on trust and transparency.

Artnet is a tech business within the art market and is one of the companies spearheading its digitization. Artnet’s aims to overcome inefficiencies in the art market through digital solutions. Artnet’s services provide market transparency, insights, fast transactions, and liquidity for thousands of clients and millions of users throughout the world. Artnet operates a diversified B2B and B2C business model, offering a synergistic range of products and services to a varied group of clients.

Environment

Artnet strives to drive positive change and build a more sustainable future, not only for the art business but for culture and its enjoyment on a global scale. Artnet continues to look at all aspects of our business to identify opportunities to reduce our environmental impact. As the development of ESG reports and the following implementation is still a very nascent in the art industry, Artnet is still working on defining a strategy with regards to the Environment.

Environmental sustainability is of the utmost importance to Artnet and increasingly important for its stakeholders - as a digital corporation, the group aims to contribute to a more sustainable business model within the art industry. Luxury advertisers in particular are interested in Artnet’s policy with regards to ESG and specifically the environment and Human Rights. The topic of the environment is a matter of social responsibility, and, as a service provider, Artnet wants to contribute by reducing its emissions as much as possible. Artnet used the past year to identify the most significant contributors to its carbon emissions as a digital company without any major infrastructure.

Artnet deems its business model as being a digital business company to be a business model where carbon emissions are more avoidable having low energy consumption in their operations, limited business travel, and by using a more efficient supply chain management. In terms of supply chain management, only the Marketplace segment can be considered. The sales process is finalized such as that artworks sold are only shipped once the sales has been concluded – as opposed to traditional auction houses who take possession of the work before the sales process starts, often shipping them

around the world for viewings which Artnet deems to be at great expense and inefficiency. Due to the nature of Artnet's business model, lower carbon emissions are deemed to be reached more easily than at traditional brick and mortar art businesses, such as traditional auction houses and galleries.

Costs for electricity use (Amount used) over the past four years. The decrease is due to the efficient storage of data and the COVID-19 related pivot to working from home. As seen in the most recent data from 2023 below, Artnet's efficient use of electricity has already yielded positive effects. As Artnet does not print catalogues, travel for artwork viewings, send artworks around the world for viewings, or operate a viewing room, emissions are kept at a minimum.

2020: 57,372 USD (52,710 TEUR)

2021: 60,870 USD (55,974 TEUR)

2022: 57,633 USD (52,997 TEUR)

2023: 26,600 USD (24,460 TEUR)

Goals: The COVID-19 pandemic was a chance to not only reduce business travel for the time being but to pivot to a more environmentally sustainable way of conducting our business in the longer term. Thus, it is Artnet's goal to implement this change of conducting business in the long term to limit carbon emissions and transact more efficiently. Artnet's goal is to maintain the current level of emissions to and decrease where possible.

In terms of scope 3 emissions further down the value chain, Artnet aims to educate our B2B clients about the governmental suggestions and benefits of sustainable business practices within the art industry. To that end, Artnet will publish guidelines for clients periodically, as well as educate them with the help of our client services team. Artnet will start publishing these guidelines for the 2025 financial year. Scope 3 emissions include greenhouse gas emissions from business travel, waste disposal, and commuting to work.

Employees

Artnet's corporate culture guides the interaction with its team. It enables Artnet to create an agile and motivating environment that fosters ideas and talents, promotes teamwork, and encourages employees to find a healthy work-life balance.

Within the current Risk Management System Employee Loss has been identified as one of the main risk areas. The labor market for qualified and committed managers is very competitive in the art sector. In view of Artnet's relatively manageable size, the loss of employees in key positions could have a temporary impact on day-to-day business. However, as the Group has a highly qualified management team, only minor disruptions are expected in such a case. In Q3 2023, the Media segment was successfully restructured following the loss of the Editor in Chief. To mitigate such risks, Artnet hired key employees in the 2022 financial year, such as CTO Quentin Rider, thus ensuring optimal performance and growth potential. The risk level determined by the Executive Board is classified as low.

However, employee satisfaction is a crucial indicator of company performance. Satisfied employees identify with their employer and commit to a company in the long term. In terms of employee interests as one of the main Sustainability topics Artnet has measures in place to increase employee satisfaction: measure employee satisfaction in the first place and offering employee benefits as further described below. Furthermore, with regards to equal opportunities, Artnet primarily promotes from within the company and values a high level of diversity and the overwhelming employment of women – both in entry as well as Management and C-suite positions. With these measures Artnet

deems to keep the risk of employee loss due to unsatisfied employees further low.

To that end, Artnet offers its employees education and training opportunities ranging from financial planning, technology, cybersecurity, Data Protection, Fraud, and management, to classes on healthy living. Artnet also provides mandatory workplace training on ethical conduct, sexual harassment, and equality.

Artnet also measures its performance with regards to employee satisfaction bi-annually and recently carried out an anonymous online survey for employees at all its offices. The goal of these surveys is to regularly measure employee satisfaction to quickly and efficiently affect positive change. The survey includes both open as well as closed questions and also asks for thoughts and suggestions on how the Group can improve. Topics which are addressed are equality/diversity, wages, home vs office work, sustainability, leadership, vision, among others.

Survey results:

- 76% of our employees are very satisfied with the **Benefits** offered by Artnet. This statistic has been analysed for the first time during 2023, thus a comparative analysis is not yet available.
- As in 2022, 50% of employees value the flexible combination of being able to work from **home and the office**. They specifically value flexibility, higher work/life balance, and feel that they are more productive in this hybrid model. However, some respondents miss the opportunity of in person meetings and dialogue when working remotely (free answer, as opposed to multiple choice).
- 33.3% of employees state that they work **more productively** from home than from the office. In 2022, the result was 87%.
- 52% of employees are very likely to **recommend Artnet** to a friend/colleague, and 25% are likely to recommend Artnet to a friend/colleague — indicating a high level of employee satisfaction. This result is slightly less the result from the 2022 employee survey, still suggesting a good level of employee satisfaction.
- 60% of employees find working at Artnet **highly engaging and rewarding**. This is slightly less than during the 2022 financial year, where 75% found working at Artnet highly engaging and rewarding. This is primarily due to the high level of global socio economic uncertainty and the ensuing level of stress on the company and employees.
- 76% of employees are either impartial or very **proud to be part of the Artnet team**. This encouraging result is more than in 2022, where 69% were very proud to be part of the Artnet team.
- 40% of employees strongly agree and 36% agree that **Artnet promotes talent** from within the company. In 2022, these results were 56% and 27% respectively.
- 68% of employees strongly agree and 16% agree that **Artnet is a place of equal opportunity**. During the 2022 financial year, the results were 66% and 24% respectively.
- 48% of employees strongly agree and 32% agree that **Artnet values diversity**. In the previous year, the results to this question were 60% and 24%. In order to improve this result, Artnet will survey employees to find out how the Group can do better and then take the necessary steps.

Survey results only include those that participated in the survey and percentages are calculated on that basis. In 2023, 25 out of 129 employees took part in the survey; and in 2022 70 out of 135 employees took part in the survey.

Artnet seeks to optimize its working environment and culture with the annual employee survey, thus will investigate decreases in above stated evaluations by further questioning within the next surveys. Where possible, the Company responds proactively to suggestions encountered in the survey results. For example, the past employee survey asked for more feedback and communication from upper management. Thus, a monthly employee newsletter as well as monthly townhall meetings were implemented. The goal of these measurements is to provide a more transparent workplace as well as opportunities to ask management questions, make employees feel empowered, and improve the workplace culture.

The Company's goal is to always promote from within. Artnet only searches for external candidates if the job in question requires capabilities which are not covered internally.

The Artnet Group strives to promote equality, diversity, and opportunities within the workplace and has a zero-tolerance policy for any type of discrimination, harassment, or bullying.

To ensure a safe, friendly and fair working environment, Artnet implemented the following measures in 2016:

- An anonymous help and counseling center where employees can come forward and seek advice without revealing their identity. This service is managed by Human Resources and reviewed by the CEO.
- Mandatory annual workplace training on the various forms of harassment and how to prevent and deal with it. This is mandatory for all employees, including Management.
- An HR department that is seen as a partner and that listens to employees' questions and concerns.

Employee Headcount

129 Employees (in 2022 135 employees).. Berlin: 10 (in 2022:11),, New York: 103 (in 2022:115), London 14 (in 2022: 9)

Artnet's goal is to foster a workplace of equal opportunity for employment, promotion, education, and personal growth. Artnet's goal is also to always have at least a 50/50% male/female ratio as well as to be a place of equal opportunity for minority groups. To that end, Artnet reviews employee data and survey results bi-annually, to ensure that those goals are honored.

Artnet regularly (at least semi-annually) assesses employee satisfaction through anonymous surveys and encourages employees to contact senior management and/or Human Resources with their ideas, requests and concerns. Additionally, Artnet provides an anonymous help and counselling service where employees can seek help or otherwise anonymously suggest requests and ideas.

- **85 women were employed, which represents 66% of employees.** In comparison, 93 women were employed in 2022, which represented 67% of employees. Due to economic headwinds, Artnet was forced to economize during the 2023 financial year leading to a lower employee headcount.
- **18 women in management and C-suite positions, which represents 67% of these positions.** In comparison, 26 women were in management and C-suite positions in 2022, which represent 67% of these positions.
- **19 employees were supported during maternity leave over the past 3 years.** Maternity leave is regulated differently in each country- While in the USA, it's only 2 weeks in UK it is up to 1 year according to statutory regulations and in Germany up to 2 years according to statutory regulations. This is why Artnet aims to provide compensation for US employees by providing 18-20 weeks of paid leave after child birth.

Costs for employee training/education

Artnet strives to provide training and education possibilities to all employees. During 2020 and 2021, the amount of training we could provide was reduced due to COVID-19 related restrictions. However, the financial years 2022 and 2023 again saw an increase in employee training and education. In addition to offering regular training and education, Artnet introduced a mentorship program in 2023. This enables employees to be mentored by management and/or upper management. Offering this mentorship program underlines Artnet's goal to foster a culture of learning and professional advancement.

Training and education is mostly not mandatory and is offered to those employees who seek it. The only mandatory training Artnet offers is the 'anti sexual harassment' training, which educates employees on conduct within the workplace as well as measurements if they feel that they have been sexually harassed. In the 2023 financial year, 112 employees took advantage of this training opportunity. The total cost was reduced, as seen below, as there was less training from other service providers in comparison to the previous year.

Cost for Training and Education:

Year	Total Costs EUR	Total Costs USD	Costs per employee EUR	Costs per employee USD
2022	34.313	36.6	254	271
2023	16.314	18.000	127	140

Goals: In 2020, Artnet set itself the goal of increasing employee satisfaction to 70% by 2025. The company already achieved this goal in the proceeding years. For fiscal year 2024, Artnet aims to stabilize the high level of employee satisfaction. By 2025, Artnet's goal is to increase this to 80%. As Artnet has transitioned to working from home offices in response to the COVID-19 pandemic, it is important to assess employee satisfaction regularly. Employee satisfaction is measured by the percentage of employees who would recommend Artnet to others.

To ensure that employees feel supported and to foster a workplace of personal and career growth opportunities and also where as per statutory regulations and employees have not already a basis insurance via national social security systems, Artnet offers the following support:

USA: Medical, Dental, Pension, Wellness Reimbursement, Training/Education, and at least 4 weeks time off for new employees.

UK: Medical, Dental, Pension, Wellness Reimbursement, Training/Education

Germany: Wellness Reimbursement, Training/Education

Except for the sexual harassment training and education, other training and education programs are not mandatory. However, the Company strongly encourages them and financially supports them. Another goal is for the 2024 financial year a slight increase in participation. Training and education cost per employee was 140 USD in 2023.



Andy Warhol, *Mother and Child*, sold via artnet Auctions

Society

Artnet sees the art industry as an interconnected ecosystem, and thus feels a great responsibility in affecting positive change and helping it achieve sustainable growth.

To that end, Artnet strives to be a responsible and engaged corporate citizen in supporting not-for-profit organizations and charities.

City Harvest Virtual Food Drive: This year, Artnet worked with City Harvest Virtual Food Drive. As New York City continues its long recovery from the COVID-19 crisis, unemployment and food insecurity rates remain alarmingly high. Nearly 1.2 million New Yorkers are now experiencing hunger, including 1 in 4 NYC children. In an effort to ensure everyone in our city has access to fresh, nutritious food during these difficult times we are partnering with City Harvest on a Virtual Food Drive. Artnet made a donation to City Harvest and we invited our employees to do so if they are able.

The Bowery Mission: For the past four years, Artnet has partnered with The Bowery Mission to donate 200+ 'Blessing Bags.' The Bowery Mission, the oldest Christian rescue mission in New York, hosts a Thanksgiving meal for the homeless or people in need. After the dinner, each guest receives a care package (Blessing Bag).

New York Foundation for the Arts: Artnet also partnered with the New York Foundation for the Arts . New York Foundation for the Arts (NYFA) is a 501(c)(3) service organization that provides artists, emerging arts organizations, arts administrators, and students with critical support, professional development tools, and resources for defining and achieving career success. NYFA was established in 1971 to serve individual artists throughout New York State. Since then, NYFA have extended our programs and services throughout the United States and internationally and expanded our scope to serve additional members of the arts community. Artnet works alongside NYFA to provide employment opportunities to students and rising artists in the New York area. In 2023, we provided over 5 employment opportunities in the form of internships. Once the internship is concluded, we retain their resume internally and reach out when an opportunity arises that is similar to their internship.

Goals: We aim to support at least two local charities financially or non-financially within all the cities where we have offices by 2025. The delivery of these goals are also contingent upon total Artnet Group performance and the available budget for these initiatives.

Philanthropy

We use our online auctions platform as an opportunity for Artnet and our clients to give back to society by donating a portion of our proceeds to charities which promote equality, help the homeless, and assist emerging artists. The below-listed auction benefited such a charity:

EARTHDAY: Land, Sea and Sky (April/May 2023) offered a selection of photographs that embrace the elements and celebrate the nature of our world. A portion of the proceeds from the auction benefitted EARTHDAY.ORG's The Canopy Project, which has planted tens of millions of trees, working worldwide to strengthen communities.

Goals: Artnet aims to expand its charitable initiatives by offering at least five charity auctions or events per year by 2025. Artnet Auctions will host them and may partner with other art business institutions to maximize the given charity's returns and promote a sustainability mindset within the art industry. As per the past reporting year, Artnet has been realizing its goals.

Human Rights

Artnet has an anonymous help and counselling service in place to support employees and can also be used as a reporting tool for incidents. This service is managed by Human Resources and reviewed by the CEO as already stated under point 3. Employees. Employees can use this system to report unsavory behaviour, mental health issues, whistleblowing, fraud, or supply chain issues. The Artnet Group deems supply chain management to be at very low risk exposure as most suppliers are private people or galleries. Thus, the Group does not conduct a deep assessment of potential risks.

Artnet addresses compliance and risk issues quarterly within the Central Risk Management Team meeting. Any potential and current risks, concerns, and compliance issues are responded to as outlined in the Company's Risk Manual. Artnet deems Protection of Customer Data as the main field of risk concerning Human Rights.

We have identified cybersecurity, specifically data breaches and data theft, as an area of risk facing us over the coming years. With art businesses globally increasing their online presence, the risk in terms of cybersecurity has increased dramatically. Having said this, during 2022 and 2023, The Group's systems continued to be state of the art, were cloud-based and 100% operational, despite the very strong traffic increase to the website. This is primarily due to regular auditing of our systems and the state-of-the-art security systems currently in place.

Protection of customer data

Artnet stores customer data in accordance with current laws and regulations. There are currently new legislative initiatives worldwide that could tighten these regulations. If third parties were able to circumvent the security measures taken by Artnet and gain access to customer information, Artnet could be held liable for any damages incurred.

Artnet works with data protection experts at home and abroad in order to react promptly to changes in data protection. Artnet has both an EU-US Privacy Shield certification and a Swiss-US Privacy certification, which regulates the transfer of personal data from member states of the European Union or Switzerland to the USA. Furthermore, Artnet has implemented the EU General Data Protection Regulation (EU GDPR), which came into force on May 25, 2018. The risk level determined by the Executive team is classified as medium.

Cybersecurity

Sustainable corporate governance goes hand in hand with integrated and transparent business processes. As a company with a digital network and data collection at the core of its business model, Artnet processes large amounts of information. Data protection and compliance are, therefore, essential aspects of Artnet's business practice. The Technology department is responsible for the protection of Artnet's data and the high level of the Group's security. Continuous maintenance and vigilance ensure that we have, to date, never encountered a breach of our security systems, which are 100%-based and operational.

Potential breaches pose a risk to Artnet's business and could have significant consequences for the organization. Potential risks are not only exposure of confidential Artnet client data, as stated above, but also disruption to the website, loss of Artnet Database data, loss of business, legal consequences. Artnet is, therefore, very aware of its tremendous responsibility in handling the personal data of users, customers, employees, business partners, and other third parties. Artnet ensures the strict confidentiality of personal data, handles it especially carefully and protects it to the best of its ability.

Goals: Artnet will continue to conduct quarterly reviews to ensure that it meets all existing and new compliance and data protection regulations and suggestions. Additionally, Artnet annually offers all its employees voluntary training on fraud and data protection. This service is offered via Paylocity. In 2023, 34 employees took part in this training. Artnet aims to slightly increase participation in its voluntary training and education programs.

To date, there have been no data breaches at Artnet.

Corruption and Fraud

As of the current reporting year, Risks are identified by category and probability. From 2024 onwards, they will be extended by the quantitative and qualitative impact they may have on the going concern of the business. As already stated above, the Artnet Group educates its employees directly in the on-boarding process regarding compliance, more specifically, fair business practices, bribery, and fraud. Employees are instructed to report to their direct superiors if they detect any possible risks. Artnet employs a highly respected firm to assist with all matters regarding KYC and AML (Know Your Customer and Anti Money Laundering) to ensure that the Group is not only protected, but compliant with any current and new rules and regulations.

The process regarding risks specifically associated with ESG and in this case corruption and fraud are not included in the Risk Manual or in the Risk and Opportunity report. Artnet does not view Risks associated with ESG as particularly relevant for the Group.

Artnet's Management is regularly informed and trained to prevent and deal with any potential corruption, fraud, or bribery issues.

Within the Marketplace segment, specialists are trained (and are usually already trained when employed) to engage in due diligence with the help of AML/KYC specialists when dealing with new buyers and sellers as well as b2b clients. Additionally, Artnet employs a KYC/AML specialist who is responsible for topics such as background checks, credit checks, and other checks to ensure that Artnet is compliant and safe with regards to KYC and AML.

Within the Media segment, Artnet's employees are encouraged to always seek our legal counsel when in doubt and to adhere to rules with regards to related party transactions or doubts with regards to advertisers.

With regards to supply-chain management (specifically concerning corruption, fraud, and labour practices), Artnet will implement a due diligence system during the 2024 financial year. Supply-chain is seen to be a low-risk area of the Group; thus, a due diligence system has yet to be implemented. Artnet offers all employees access to a service where they can anonymously report unlawful, suspicious, or offensive actions. This service can also be used as a helpline. This service is manned by Human resources and reviewed by the CEO who then together decide on the appropriate course of action. The training and education which Artnet provides is voluntary and offered through the service, Paylocity.

Corporate Governance Report

Artnet attaches great importance to corporate governance. The legally required Declaration of Conformity with the German Corporate Governance Code was last published by the and Supervisory Board of Artnet AG in the version updated on August 7, 2024. The Declaration has the following updated wording:

Declaration pursuant to Section 161 AktG

The Management Board and Supervisory Board of artnet AG hereby declare in accordance with Section 161 of the German Stock Corporation Act that Artnet AG since the last Declaration of Conformity dated February 2, 2023, as updated in April 2023 and on February 2, 2024. February 2024, has complied with the recommendations of the German Corporate Governance Code (Code) in the version dated April 28, 2022, published in the Federal Gazette on April 27, 2022

1. Age limit for members of the Management Board (B.5 of the Code)

artnet AG does not consider such a regulation to be appropriate, as blanket age limits would inappropriately restrict the Supervisory Board's freedom of decision in the election of Management Board members.

2. Qualification matrix on the status of implementation of the skills profile (C.1 of the Code)

In accordance with recommendation C.1 of the Code 2022, the status of implementation of the skills profile for the Supervisory Board as a whole should be disclosed in the form of a skills matrix in the corporate governance declaration. artnet AG does not consider the disclosure of such a skills matrix to be appropriate in view of the fact that the Board only has three members. In order to avoid additional expense, such a qualification matrix is not disclosed.

3. Age limit for Supervisory Board members (C.2 of the Code)

artnet AG does not consider an age limit for Supervisory Board members to be appropriate, as blanket age limits would inappropriately restrict shareholders in their freedom of choice when electing Supervisory Board members.

4. Formation of committees (D.2, D3 sentence 5 and D4 of the Code)

The Supervisory Board of artnet AG consists of only three members. It therefore does not make sense for it to form committees from among its members, such as a nomination committee, especially since committees with a quorum would have to consist of at least three members. In this respect, artnet AG deviates from recommendations D.2 and D.4 of the Code.

However, Section 107 para. 4 sentence 2 AktG stipulates that a three-member Supervisory Board is also the Audit Committee. However, this means that the Chairman of the Supervisory Board of artnet AG is also the Chairman of the Audit Committee as defined in Section 107 para. 4 sentence 2 AktG, which represents a deviation from recommendation D.3 sentence 5 of the Code 2022 (or D.4 sentence 2 of the Code 2019) (no identity of the Chairman of the Supervisory Board and the Chairman of the Audit Committee).

5. Information on the expertise of the members of the audit committee (D.3 sentence 4 Code)

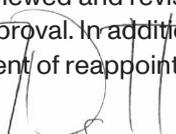
According to recommendation D.3 sentence 4 of the Code, the corporate governance statement should contain more detailed information on the expertise of the members of the Audit Committee with expertise in the areas of accounting and auditing. To date, the corporate governance statement has not contained these details, as artnet AG does not consider such information to be appropriate for the Audit Committee, which is only deemed to exist in accordance with Section 107 (4) sentence 2 AktG. As long as artnet AG has a three-member Supervisory Board, there are currently no plans to comply with this recommendation in the future.

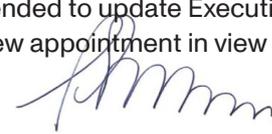
6. Publication of financial information (F.2 of the Code)

The consolidated financial statements and the Group management report for the 2023 financial year could not be published within 90 days of the end of the 2023 financial year, as recommended. In addition, the quarterly statement for the first quarter of 2024 and the half-year financial report for the 2024 financial year was not published within 45 days of the end of the reporting period, as recommended, due to difficulties in preparing the consolidated financial statements. The publications will be made as soon as possible. With regard to the publication of future financial information, it is intended to follow recommendation F.2 of the Code again.

7. Recommendations on Management Board remuneration (G.2 to G.16 of the Code)

The current remuneration system for the Management Board most recently approved by the Supervisory Board of artnet AG corresponds in terms of content to the employment contract currently concluded with the CEO, which has a remaining term until 2024. This system was presented to the Annual General Meeting on August 30, 2023, but was not approved by it. The implementation of the contract currently in place with the CEO, which was concluded before the current remuneration system was adopted, does not comply with the recommendations in G.2 to G.16 of the Code. The Supervisory Board intends to review and revise the existing remuneration system in detail in 2024. The objective of the Supervisory Board will be to achieve the greatest possible conformity with the recommendations of the Code, to comprehensively reflect the expectations of the shareholders and other stakeholders of artnet AG and to provide even more holistic incentives to promote the business strategy and the long-term development of the company. It is intended that the remuneration system reviewed and revised in this way will then be presented again to the 2024 Annual General Meeting for approval. In addition, it is intended to update Executive Board service contracts accordingly in the event of reappointment or new appointment in view of the further developed remuneration system.


Berlin, August 7, 2024
Jacob Pabst
Board of Directors


Dr. Pascal Decker,
For the Supervisory Board

Responsibility Statement

To the best of all knowledge, and in accordance with the applicable reporting principles, the following consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of Artnet AG. Artnet AG's Management Report includes a fair review of the development and performance of the business, as well as the position of the Group, along with a description of the principal opportunities and risks attributed to the expected Group development.

Berlin, August 26, 2024


Jacob Pabst
CEO Artnet AG