

## Corporate Social Responsibility (CSR)

### About this report

The CSR Report is published once a year in German and English and covers Artnet AG and its subsidiaries Artnet Worldwide Corp and Artnet Ltd. Any deviation from this is mentioned in the footnotes.

The report was prepared in accordance with globally accepted reporting standards and provides information on Artnet's objectives and measures relating to different stakeholders, which include our clients, employees, suppliers, shareholders and 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 2020.

This is the summarized, non-financial ESG (Environmental, Social, Corporate Governance) statement for the year 2020, 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 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.

### CSR Mission Statement

Artnet has been a pioneer within the art market for 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 do what they love in a sustainable way.

### 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 adopted a CSR strategy, defined key areas of responsibility, and set concrete goals for 2025. The CSR strategy is based on its vision for a more sustainable art business, corporate responsibility and social engagement.

## Employees

Artnet's corporate culture guides the interaction with customers and employees. 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.

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

Employee satisfaction is a crucial indicator of company performance. Satisfied employees identify with their employer and commit to a company in the long term. To that end, Artnet measures its performance regularly and recently carried out an anonymous online survey for employees at all our offices. The goal of these surveys is to regularly measure employee satisfaction to quickly and efficiently affect positive change.

Survey results:

- 50% of our employees value the ease of working with colleagues highest within their office experience.
- 70% of employees say that they can easily work from home.
- 93% of employees have established a good working routine at home due to COVID-19 related restrictions. This is primarily due to the active support and steady communication from the management and Human Resources.
- 40.9% of employees are very satisfied with working efficiently from home, and 38% are satisfied.
- 35% of employees are very likely to recommend Artnet to a friend/colleague, and 23% are likely to recommend Artnet to a friend/colleague — indicating a high level of employee satisfaction.

The Company's goal is to always promote from within. Artnet only searches for external candidates if it requires capabilities it does not possess 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.

The employee data exemplify Artnet's commitment to an equal opportunity, diverse workplace:

- 77 women employed, which represents 65.8% of employees
- 19 women in management and C-suite positions which represent 63.3% of these positions.
- 27 interns across all offices over the past three years
- 14 employees supported during maternity leave over the past three years.

#### Costs for employee training/education over the past three years

Artnet strives to provide training and education possibilities to all employees. During 2020, the amount of training we could provide was reduced due to COVID-19 related restrictions.

2018: 28,023 USD

2019: 65,345 USD

2020: 14,368 USD

**Goals:** Artnet aims to increase employee satisfaction to 70% by 2025. As Artnet pivoted to working from home in response to the COVID-19 pandemic, it is important to regularly evaluate the satisfaction and sustainability that goes hand in hand with this change. Engagement is measured in the percentage of employees that would recommend Artnet.

Artnet will regularly (bi-annually) survey employee satisfaction by using anonymous surveys and encouraging employees to approach senior management and/or Human Resources with any ideas, requests, or concerns.

#### 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.

Artnet partners with 'Dine around Town' on their 'Cooking at Home' series, supporting restaurants during the COVID-19 pandemic.

For the past two 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).

Artnet is also exploring a partnership with 'Free Arts NYC.' Free Arts empowers underserved youth through arts and mentoring programs to develop their creativity, confidence, and skills to succeed.

**Goals:** We aim to support at least two local charities financially or non-financially within all the cities where we have offices by 2025. By the end of 2021, we will have chosen these charities together with our regional teams.

## 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. The below-listed auctions benefited several diverse charities which promote equality, help the homeless, and assist emerging artists.

### Queer Legacy

June/July 2020

Launched during Pride month in June, this sale of artwork by LGBTQ+ artists spanned decades of creativity. It included groundbreakers like Tom of Finland, Pierre Moliner, Robert Mapplethorpe, and George Platt Lynes and contemporary luminaries like Wolfgang Tillmans, Kehinde Wiley, Annie Leibovitz, Mickalene Thomas, and Zanele Muholi. A portion of the proceeds from the sale benefited the Marsha P. Johnson Institute to protect and defend the human rights of the black transgender community.

### A Bid for Peace: Hank Willis Thomas

July 2020

Artnet Auctions, in collaboration with Hank Willis Thomas and gallery Kayne Griffin Corcoran, presented Bid for Peace, a single lot auction featuring an important work by the American conceptual artist. All proceeds from this auction, including the buyer's premium, were donated to G.L.I.T.S., an organization that empowers and protects the rights of transgender workers.

### Art in General

February/March 2021

Since 1981, Art in General, the non-profit contemporary art exhibition space in New York City, was known for its vibrant and ground-breaking projects and its focus on giving resources and opportunities to emerging artists. Upon reaching its 40th Anniversary, Art in General made the difficult decision to close its doors because of the growing financial constrictions due to the COVID-19 pandemic. In collaboration with Art in General, Artnet Auctions presents some of the limited editions artists masterfully produced with AIG. As a reminder of the forever changing New York art scene, this unique selection of works helps to keep AIG's history alive in future collections.

### NY / NY

February/March 2021

Artnet Auctions presents NY / NY. This auction showcases a variety of approaches to depicting the essence and energy of New York City. It features Jasper Johns, Chuck

Close, Keith Haring, Vera Lutter, Romare Bearden, Andy Warhol, Berenice Abbott, Robert Indiana, and Alex Katz. A portion of the NY / NY proceeds will benefit City Harvest, an organization aiming to combat hunger in New York City through food distribution and education.

**Goals:** Artnet aims to expand its charitable initiatives by offering at least five charity auctions 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.

### Products and Services

Artnet's mission is to provide products and services that help customers effectively meet the challenges of tomorrow's art business and benefit from its opportunities. Though the art business has been steadily evolving over the past 15 years, the past 12 months propelled it into the digital age. Artnet is uniquely positioned to assist its customers in embracing the digital opportunities — enabling them to pivot to sustainable business models with the aid of Artnet's digital product suite.

**Goals:** Artnet aims to offer its B2B customers a sustainable platform to conduct most of their business. Using Artnet to market, value, and sell fine art and collectibles is more environmentally sustainable and efficient than the current brick-and-mortar business model.

Additionally, Artnet aims to educate its B2B and B2C customers on the value of sustainable transactions and business models. To that end, the company will publish a report to empower its customers to change to a sustainable way of pursuing their passion within the art world and market.

### Data Protection and Compliance

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.

Potential breaches pose a significant risk to Artnet's business and could have severe consequences for the organization. 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, meeting and in many cases surpassing relevant legal and regulatory standards.

In addition to statutory requirements, Artnet follows the recommendations of the German Corporate Governance Code as a guideline for good corporate governance. 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.

**Goals:** Artnet will conduct bi-annual reviews to ensure that it meets all existing and new compliance and data protection regulations and suggestions.

## 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.

Environmental sustainability is of the utmost importance to Artnet and increasingly important for its stakeholders - as a digital corporation, the group strategy aims to contribute to a more sustainable business model within the art industry. 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 analyzed the areas in which digital service providers possibly contribute to carbon emissions. The analysis revealed that companies with a digital business model avoid carbon emissions by lowering energy consumption in their operations, limiting business travel, and by sustainable supply chain management.

Costs for electricity use (Amount used) over the past three years). The decrease is due to the efficient storage of data and the COVID-19 related pivot to working from home.

2018: 67,822 USD

2019: 70,267 USD

2020: 57,372 USD

**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.

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 by the end of 2021. Scope 3 emissions include greenhouse gas emissions from business travel, waste disposal, and commuting to work.

## Risk and Opportunities

The Artnet group takes a comprehensive approach in terms of risks, including evaluating and quantifying when possible the potential impacts and probability of occurrence. 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.

We have identified cybersecurity, specifically data breaches and data theft, as the main area of risk facing us over the coming year. With art businesses globally pivoting online in response to the COVID-19 pandemic, the risk in terms of cybersecurity has increased dramatically. Having said this, during 2020, our systems continued to be state of the art, were cloud-based and 100% operational, despite the very strong traffic increase to the website.

Digitalization is an opportunity for Artnet. It substantiates our digital business model and gives art market professionals and collectors confidence in trading online, expanding our client base. This is reflected in the significant revenue increase at Artnet Auctions and the traffic growth on our website over the past year.

The expected transfer of wealth and asset allocation changes resulting from the pandemic and economic downturn also present an opportunity. Interest in valuing private collections, selling them and reinvesting them in other art-related assets is rising. Artnet is uniquely positioned to provide both the tools for valuations of artworks and an online platform for processing transactions.

Jacob Pabst  
CEO, Artnet AG

Dr. Pascal Decker  
Chairman of the Supervisory Board, Artnet AG

### 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, March 31, 2021

Jacob Pabst  
CEO, Artnet AG