

ESG Report

The publication of Artnet’s Corporate Social Responsibility Report highlights the group’s longstanding tradition of ethical and philanthropic commitments.

About this report

The ESG 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 2022. This is the summarized, non-financial ESG (Environmental, Social, Corporate Governance) statement for the year 2022, 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.

Business Model of the Artnet Group:

Artnet is listed in the Prime Standard of the Frankfurt Stock Exchange.

Artnet AG’s principal investment is its wholly owned subsidiary, Artnet Worldwide Corporation, which was incorporated in New York in 1989. Artnet AG (“Artnet” or the “Company”) and Artnet Worldwide Corporation (“Artnet Corp.”, together the “Artnet Group”, the “Group” or the “Company”) operate under the name “Artnet”.

Artnet is the leading online art market platform worldwide, with over 238 million pageviews in 2022. Providing up-to-date information on market movements, galleries, price trends, exhibitions, news and reviews, it enables art lovers, collectors and art professionals to navigate the global art market.

Artnet has three primary business segments: Data, Marketplace, and Media.

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 sustainably pursue their passions.

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. This 2022 report continues with and expands on the strategy set in 2020. The CSR strategy is based on its vision for a more sustainable art business, corporate responsibility and social engagement.



Artnet HQ at 233 Broadway, NY

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.

To that end, Artnet offers its employees education and training opportunities 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 its 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.
- All employees value the flexible combination of being able to work from home and the office. 87% of employees state working from home more efficiently, or just as efficiently as before.
- 55.3% of employees are **very likely** to recommend Artnet to a friend/colleague, and 29.2% are **likely** to recommend Artnet to a friend/colleague — indicating a high level of employee satisfaction.
- 75.4% of employees find working at Artnet highly engaging and rewarding
- 69.2% of employees are very proud to be part of the Artnet team
- 56% of employees strongly agree and 27.1% agree that Artnet promotes talent from within the company
- 66% of employees strongly agree and 24.3% agree that artnet is a place of equal opportunity
- 60% of employees strongly agree and 24.3% agree that artnet values diversity.

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.

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

- An anonymous help and counseling center where people can come forward and seek advice without revealing their identity.
- Mandatory annual workplace training on the various forms of harassment and how to prevent and deal with it.
- An HR department that is seen as a partner and that listens to employees' questions and concerns.

The employee data illustrates Artnet AG's commitment to an equal and diverse work environment. As the data shows, Artnet employees appreciate that equal opportunities are actively promoted within the company.

Indicators

135 Employees

Berlin 11 New York 115 London 9

93

women were employed, which represents 67.88% of employees. In comparison, 81 were women employed in 2021, which represented 65.8% of employees.

26

women in management and C-suite positions, which represents 67% of these positions. In comparison, 21 women were in management and C-suite positions in 2021, which represent 65% of these positions.

21

employees were supported during maternity leave over the past three years.



Robert Mapplethorpe, *The Wrestler*, 1989, sold on artnet Auctions to benefit GLSEN

Costs for employee training/education

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

2021: 6,500 USD

2022: 37,763 USD

Goals: In 2020, Artnet set itself the goal of increasing employee satisfaction to 70% by 2025. The company already achieved this goal in 2021. For fiscal year 2023, Artnet aims to stabilize the high level of employee satisfaction. By 2025, employee satisfaction is expected to increase to 80%. As Artnet has transitioned to working from home offices in response to the COVID-19 pandemic, it is especially important to assess employee satisfaction on a regular basis. Employee satisfaction is measured by the percentage of employees who would recommend Artnet to others.

Artnet will regularly (at least semi-annually) assess employee satisfaction through anonymous surveys and encourage employees to contact senior management and/or Human Resources with their ideas, requests and 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.

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 1.5 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 three 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 2022, we have 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.

Herfeh:Honarmand: During 2022, Artnet also made donations to help protect Iran’s cultural heritage. The donations were made to Herfeh:Honarmand, an Iranian art and culture magazine which has an over 20 year history of highlighting artists and culture from the region. Because of the socio-economic unrest, sanctions, and inflation, this reputable magazine was about to shutter. Artnet’s donations have thus helped preserve freedom of expression, culture, and art-related jobs in Iran.

Goals: We aim to support at least two local charities financially or non-financially within all the cities where we have offices by 2025.

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.



Richard Serra, *Horizontal Reversal*, 2017, sold on Artnet Auctions to provide aid to the humanitarian crisis in Ukraine

EARTHDAY: Land, Sea and Sky (April/May 2022) 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.

Editions for a Cause (May/June 2022) presented in partnership with the International Fine Print Dealers Association (IFPDA) - offered an auction of coveted editions to benefit Ukraine relief initiatives. All of IFPDA's proceeds from the auction, in addition to 50% of Artnet's buyer's premium, were allocated to initiatives by Global Empowerment Mission (GEM) and World Central Kitchen (WCK) focused on providing aid to the humanitarian crisis in Ukraine - in total, we raised \$94,000 for these organizations.

Embrace: Celebrating Pride (June 2022) was a fresh take on the annual sale (formerly known as Queer Legacy), in partnership with GLSEN. The cross-category sale achieved \$62K in revenue - up +66% from the 2021 iteration of the sale - with 10% of the proceeds going towards a donation to the organization.

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.

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 two years 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's goal is to provide its B2B customers with a sustainable platform through which they can conduct much of their business. The word "sustainable" is used here to describe a platform whose product is not only more cost-efficient, but also more environmentally friendly (than, for example, retail store sales) and designed for longevity. Using Artnet to market, appraise and sell art and collectibles is more environmentally sustainable and efficient than the current brick-and-mortar retail business model. Our B2B customers reduce their energy consumption by engaging with their customers virtually instead of physically. They save paper by presenting their inventories online instead of in a catalog.

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.



Andy Warhol, *Giant Panda (from Endangered Species)*, 1983, sold on Artnet Auctions for 175,000 USD

Potential breaches pose a risk to Artnet's business and could have significant 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 continue to 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 four 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

2021: 60,870 USD

2022: 57,680 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 periodically, as well as educate them with the help of our client services team. 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 increasing their online presence, the risk in terms of cybersecurity has increased. Having said this, during 2021 and 2022, our systems continued to be state of the art, were cloud-based and 100% operational, despite the very strong traffic increase to the website.

Digitization is an opportunity for Artnet. It substantiates our digital business model and gives art market professionals and collectors confidence in trading online, significantly expanding our total addressable market. This is reflected in the significant revenue increase in our Media segment and the traffic growth on our website over the past year.

The expected transfer of wealth and asset allocation changes resulting from the 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.



Gerhard Richter, *Cage 1-6 (P19)*, 2020, sold for 175,000 USD on Artnet Auctions