DESTINATION NEXT

Cerence 2023 Environmental, Social, and Governance Report

TABLE OF CONTENTS

A MESSAGE FROM OUR CEO
AI For A World In Motion

At Cerence, our vision is a safer and more enjoyable journey for everyone who comes in contact with our products, not only in their vehicles, but in their lives. We take this commitment and responsibility seriously.

Our Environmental, Social, and Governance (ESG) strategy plays a vital role in our vision: it reinforces and defines who we are—and who we want to be as a company and corporate partner.

I am tremendously proud of the progress that the Cerence team has made, and our dedication to expanding and evolving our ESG efforts. We have worked diligently to build a governance program that includes diverse experiences, backgrounds, and skills on our Board of Directors. We are committed to implementing robust privacy and data protection programs that safeguard our customers and their customers. And we support a culture that prioritizes transparency, accountability, and ethical behavior above all else.

With regards to our diversity, equity, and inclusion (DEI) efforts, we have ambitious goals to surpass industry benchmarks. We are guided by a company-wide commitment to embracing diversity across all levels and all groups. After initiating a comprehensive listening tour, we identified gender diversity as our first focus. The unique contributions and perspectives that women bring to our company remain crucial to how we build and develop our industry-leading solutions and how we will build a culture of which everyone can be proud.

Our efforts are guided by learning how we can promote women's equality and address bias, stereotypes, and discrimination. This year, we formally adopted a policy requiring that each candidate pool include at least 30 to 35% of people identifying as female, and that all hiring committees have diverse representation.

We are also acutely aware that our global community faces extraordinary and complex environmental challenges. Although our environmental footprint is smaller than most businesses, we nevertheless believe we have a duty and a responsibility to reduce our impact on the environment, to be good environmental stewards, and to operate as a sustainable company. As such, we remain a committed partner to supporting the world's leading automakers in their transition to more hybrid and electric vehicles.

This year, we worked to lower the carbon footprint at our data centers and through our electronic equipment. We worked proactively with the landlords of our global facilities to institute practices and new technologies that reduce our water, power, and electricity consumption, as well as launching a global e-waste recycling program.

Thank you for your interest in our ESG efforts. This ESG Report describes the strides that the Cerence team has made in identifying ESG risks and opportunities, while also launching programs and initiatives to execute on our strategy since we released our first ESG Report two years ago.

This report is not the beginning, nor is it the end of our ESG journey. It is a step along the way to realizing our vision for a better, brighter future for our people, customers, partners, shareholders, and the communities in which we live and work.

Sincerely,

Stefan Ortmanns
CEO

ABOUT THIS REPORT

This report includes information and voluntary disclosures on the following ESG issues:
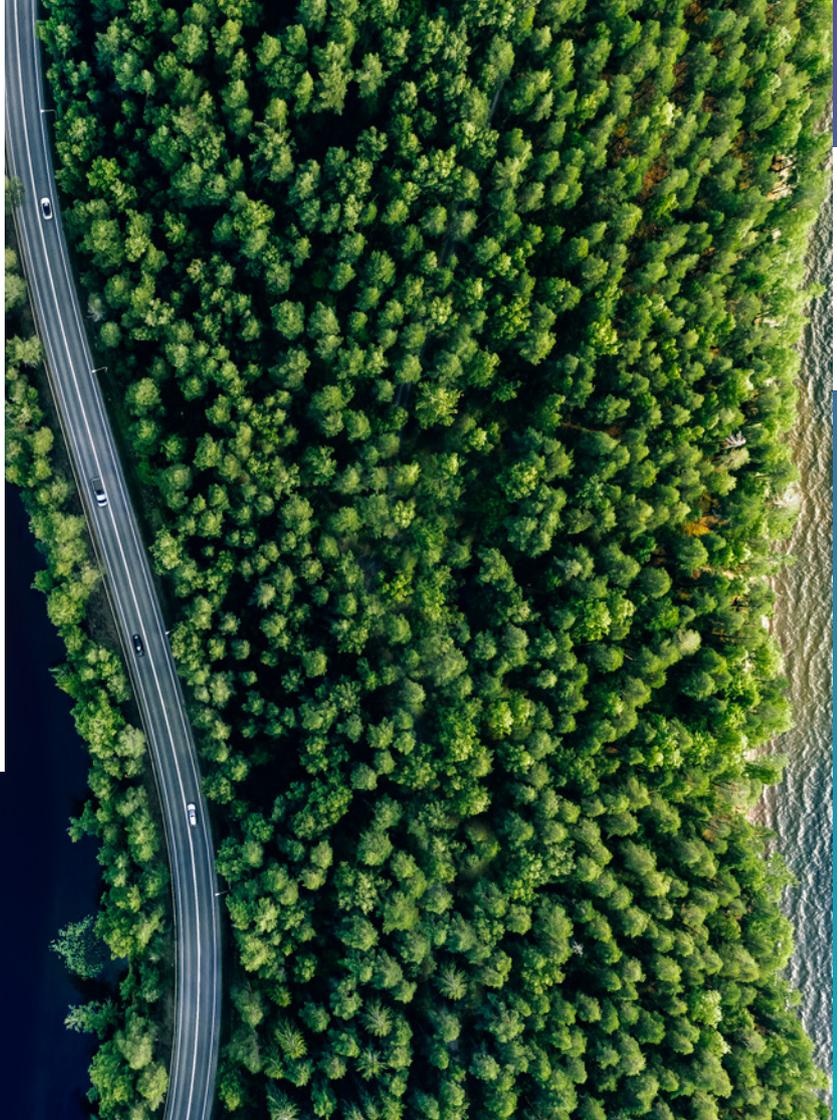
Cerence recognizes its responsibility to maintain and enhance its governance, social, and environmental efforts to create long-term value for its shareholders, people, customers, and the global community it serves.

To better identify, manage, and communicate our sustainability risks and efforts to mitigate them, we have actively engaged a variety of stakeholders including Cerence executives, the Board of Directors, and other key Cerence personnel. We have also benchmarked our company against industry peers by using the Sustainability Accounting Standards Board (SASB) Standards Application Guidance.

1	**2**	**3**
Innovation	Governance and Ethics	Risk Management, Customer Privacy, and Data Security
4	**5**	**6**
Energy and Climate Change	Human Capital Management	Community Engagement

We believe that the above ESG issues have the greatest impact on our company. This report covers programs and initiatives undertaken through September 29, 2023. All data and metrics are current as of August 1, 2023 unless otherwise noted.

ABOUT CERENCE

A PEEK INSIDE

With headquarters in Burlington, Massachusetts, Cerence is a global company, serving a global community.

Since the advent of the automobile, drivers have had an emotional connection to their cars. Whether it's the pride of purchase, the thrill of speed, or the nostalgia of family memories, drivers are deeply invested in their experiences on the road.

At Cerence, we believe that the core of this connection in today's modern car is the increasingly high-tech experience that takes literal and figurative center stage, empowering drivers with access to the information they need while on the road, and connecting them to their broader digital universe.

That's why we're dedicated to building an intuitive, immersive AI companion that transforms the in-car experience. With a foundation in accurate voice technology and with the latest in generative AI, large language models, and multi-modal interaction at the forefront, we're setting a new standard for how drivers connect with their cars.

18 offices in **17** countries

80+ global original equipment manufacturers (OEMs) and Tier 1 suppliers use our innovations

70+ languages and dialects included in our products[2]

54% of cars shipped globally with Cerence technology[1]

1,720+ global employees

475 million automobiles use our solutions

750+ patents
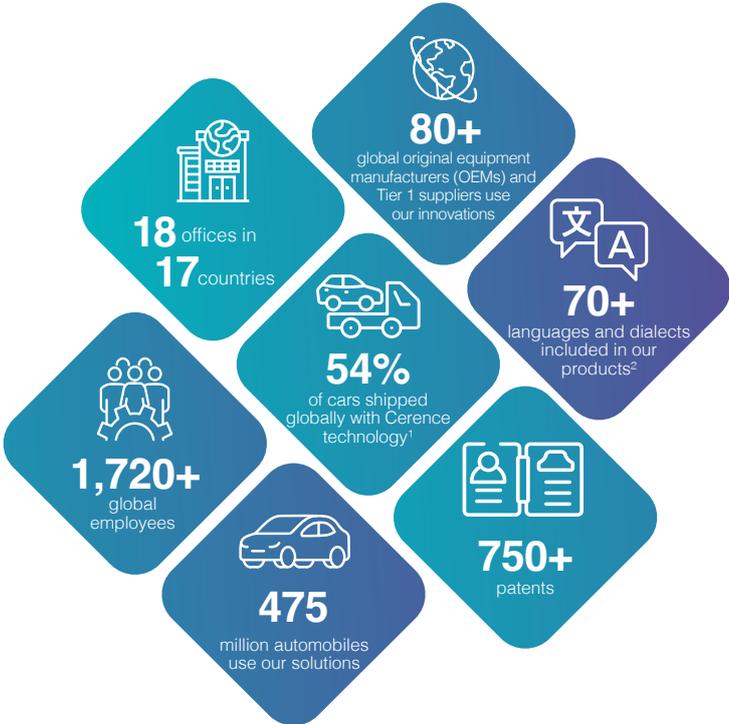
[1] As of August 8, 2023.
[2] As of February 8, 2023.

VISION

A safer, more enjoyable journey for everyone.

MISSION

Create the world's most compelling, immersive experience across transportation, for today and tomorrow.

VALUES

Innovate Always

Innovation is the heartbeat of our company. We are thoughtful in our approach, fearless in our thinking, and visionary in our mindset. We constantly and relentlessly think, iterate, and improve to accelerate the future.

Delight Customers

We deliver what matters to our customers. Our customer's success is our success. We hold ourselves to the highest standards. We focus on outcomes and results, and we deliver high quality innovations on time and on budget.

Grow Together

Trust, respect, and collaboration are cornerstones of our interactions. We listen to one another; we are direct, honest, polite, and professional. We respect each other as colleagues and as people. We support each other in personal and professional growth.

Have Fun

We work hard; we play hard. We celebrate collective triumphs and individual achievements. We come to work seeking and creating a positive environment. We love what we do.

OUR CORE TECHNOLOGIES

Each new product we develop is based on our ever-improving core technologies, which include…

Proactive AI for smart notifications

Voice biometrics, including emotion detection

Cognitive arbitration

Multi-seat intelligence

Speech signal enhancement

Audio AI for non-speech signals

Automatic speech recognition

Natural language understanding

Push-to-talk, wake-up word and Just Talk capabilities

Multimodal input (handwriting, gestures, gaze, etc.)

Text-to-speech and natural language generation

DRIVING INNOVATION

We aim to delight the customer and innovate always by creating immersive and intuitive in-car experiences. As the world's leading provider of automotive assistants, our global customers demand excellence in innovation and execution. Every day, we strive to not only meet, but exceed all expectations, helping our partners design and build the cars of the future.

We recognize that the driving experience has radically transformed in recent years and will continue evolving. As cars become increasingly connected, autonomous, and electric, the needs of drivers keep changing. As automotive brands and Tier 1 suppliers rise to meet this new world, we have transformed our products and services in-kind.

We have moved from a component supplier offering voice-only, driver-centric solutions to a trusted innovation partner, developing the world's smartest, fastest, and most immersive companion experience leveraging the latest advancements in generative AI and large language models.

Our agile AI solutions are built on a foundation of historical innovation. Our flagship offering, **Cerence Assistant**, helps drivers focus on driving, giving them an extensive set of conversational AI-powered tools that make completing any task simple. From there, we evolved to **Cerence Co-Pilot**, enhancing the experience with proactive AI that anticipates what drivers need—before they need it. Our **Destination Next** is the **Immersive Companion**, which will go far beyond today's voice assistants with teachable AI, human-like text-to-speech, face biometrics, wellness sensing, surroundings awareness, and more.

Our AI-powered technology doesn't stop with cars. It has extended to include adjacent transportation sectors like two-wheelers, RVs, and trucking. Our innovations are also powering the AI-powered Internet of Things, including fitness equipment and smart devices. In addition, we have expanded our partnerships with audio streaming, media service providers, and telecommunications to share our proprietary AI innovations and meet the needs of our rapidly changing and hyperconnected world.

> "
>
> *I believe that innovation is a core value for any tech company. Innovation is the glue that holds together a company's vision and mission.*
>
> *It is not just about coming up with new ideas—innovation is about implementing them. It is important to create a culture where people feel supported and encouraged to take risks, and where they are given resources they need to succeed. It is also about the customer. The best way to delight customers is to constantly innovate and provide them with new and improved products and services.*
>
> *Innovation is the key to creating a workplace where people can do their best work, grow and delight customers—all critical to our Destination Next strategy.*
>
> **—Iqbal Arshad**
> Chief Technology Officer

We continue to invest resources, time, and capital into innovation and execution because we know that a world in motion never stops or slows down; it keeps going, changing, and evolving.

As the established leader in mobility AI solutions, we remain dedicated to helping drive the future forward with our customers and partners.

Patent Bonus Awards

To motivate our teams to continuously develop and market world-class AI-mobility solutions, we recognize our people through our **Patent Bonus Policy.**

For our team members spearheading innovation, we provide public acknowledgment and awards for those individuals who invented one or more concepts, resulting in filing a patent application or issuance of a Cerence patent. All current, full-time, permanent employees are eligible to participate in the program. This year, 54 employees have received a Patent Bonus Award.

750+
PATENTS

Hackathon Innovation Challenge

To support our values of Innovate Always and Delight Customers, we host an annual **Hackathon Innovation Challenge.** We launched this program in 2020 and have held the event every year. 2023 marked the fourth annual event, which has grown from 20 teams consisting of 100 employees to more than 40 teams with 220 employees participating.

Each team must include at least one person from a different geographic region, ensuring representation from across our global workforce.

The first-place team earns $10,000 to split equally amongst members, with the second-place winners netting $5,000.

Leaning on our value of Grow Together, the last two events have included multiple optional workshops to build employees' skills on a selected theme and to provide opportunities for our subject matter experts to present to a larger population. Those optional events consistently had more than 200 employees attend per event.

CREATING A BETTER WORLD

At Cerence, we are driven to improve people's journeys, inside their vehicles and in their lives. Just as we strive to keep improving our AI-powered mobility solutions, we also strive to keep improving the world we live in.

Improving Health

Our constantly moving, always-on-the-go modern culture has left people more stressed and distracted than ever. Through our AI-powered mobility solutions, we aim to create an easier, more relaxed, and less stressful driving experience for people behind the wheel.

Creating for Inclusion

We believe in a world where everyone can move freely and access information to improve their lives. To support our vision of inclusion and equality, we partner with various big tech companies to build assistive solutions for screen readers including speech synthesis for people with visual impairments.

Protecting User Data

In an age when most software and technology companies seek to collect and monetize user data, we pride ourselves on only using user data for research and development purposes to continuously improve our technologies and the user experience.

> *Driving safety is a key motivator for our work. Voice user interfaces have a lower cognitive load compared to other methods of input. For instance, instead of distracting users when they have to type an address into the navigation system, our voice assistants offer simple and natural hands-free, eyes-free interaction. This way, the drivers' visual focus remains on the road and traffic, and their hands on the wheel.*
>
> **—Dr. Holger Quast**
> Innovation & Product Manager, Core Tech

GOVERNANCE
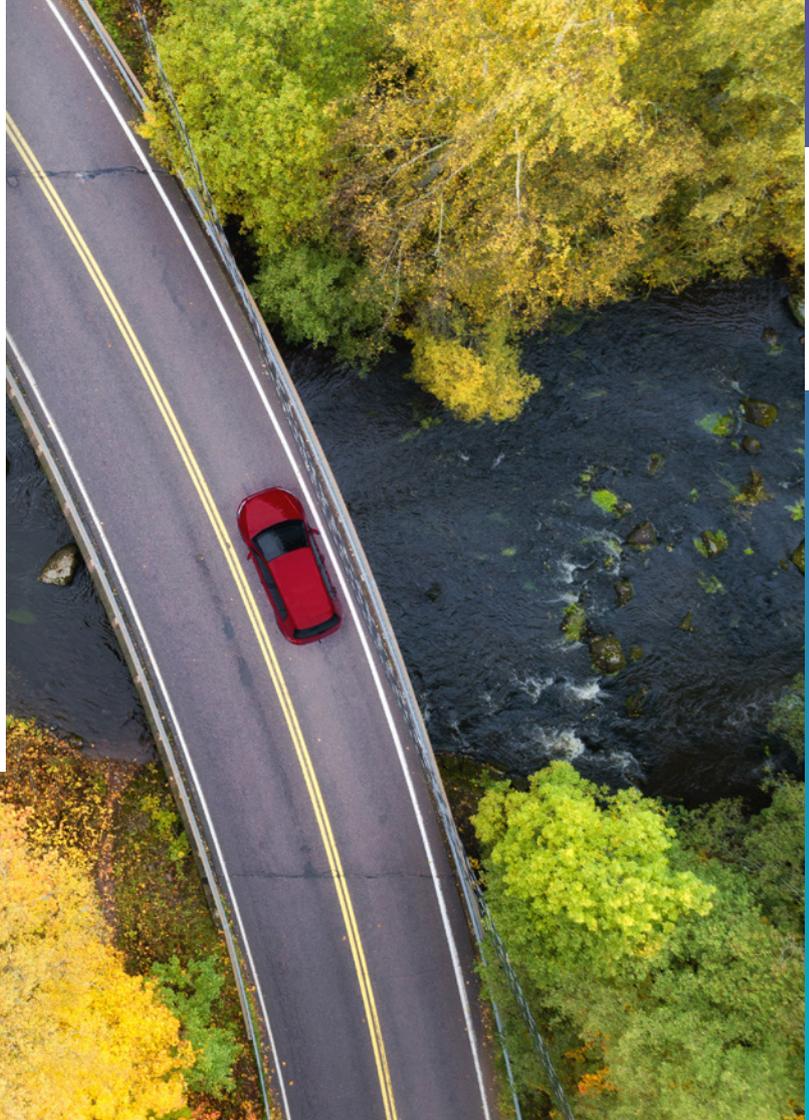
LEADERSHIP STRUCTURE

We have developed a corporate governance framework designed to ensure our Board has the opportunity, authority, and practices to review, advise, and evaluate our business operations and make decisions independent of management. Our goal is to align the interests of directors, management, and shareholders and comply with, or exceed, the requirements of NASDAQ, and applicable laws and regulations.

Our current leadership structure splits the roles of CEO and Chairman. The **Board** has nine directors, seven of whom are independent under the director independence standards of NASDAQ and the SEC, including Rule 10A-3(b)(1) under the Securities Exchange Act of 1934. All of our independent directors have extensive professional experience in business-critical areas including software solutions and professional services, finance, global and emerging markets, leadership, technology, and automotive.

While the Board provides independent oversight of management, management has primary responsibility for the day-to-day operations and affairs of our company.

In its oversight role, the Board is managed by its **Corporate Governance Guidelines** and through its committees and their respective charters. The Board establishes applicable corporate policies and reviews our overall business performance. The Board also reviews and approves corporate objectives, strategies, and annual investment plans, and evaluates significant policies and proposed major commitments of corporate resources. Additionally, the Board participates in decisions that have a potential major economic impact on our company.

The Board is supported by three standing committees, all composed of independent directors. The committees include the **Audit Committee, Compensation Committee,** and **Nominating & Governance Committee.**
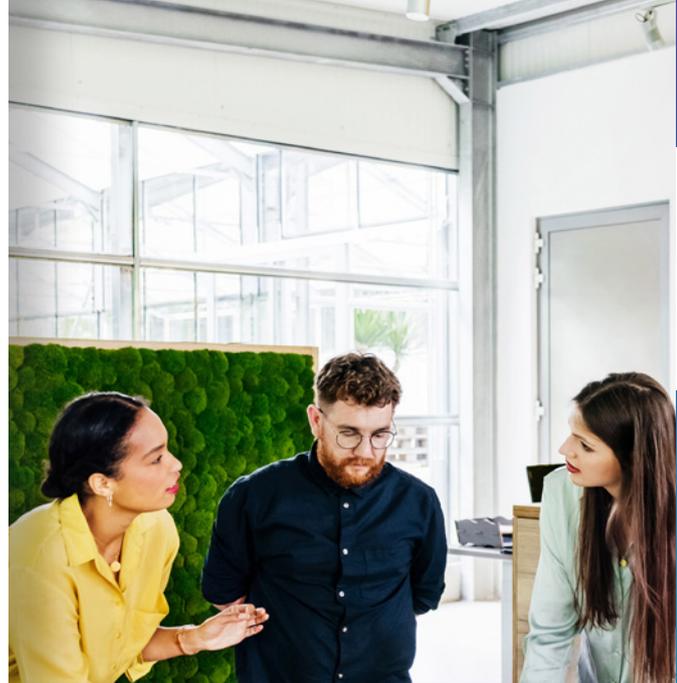
We believe strong governance is critical to achieving long-term success, driving innovation, supporting our people, delighting our customers, and moving the world forward, environmentally, and socially. We are committed to governance practices and policies that support transparency, trust, and ethical conduct.

BOARD DIVERSITY

Our Board and Executive Leadership Team possess complementary and diverse skills, expertise, and experience, ensuring effective oversight of our business strategy and corporate governance practices.

Just as we believe in diversity amongst our people, we value and strive to create a diverse Board. Currently, our Board is 55% diverse, with 33% of directors identifying as female, and 22% identifying as racially or ethnically diverse.

To formalize our commitment to diversity, we expanded the Nominating & Governance Committee charter to expressly address the committee's consideration of the diversity of background, experience, and personal characteristics of any director nominee - including such factors as gender; race; ethnicity; differences in professional background; experience at policy making levels in business, finance, technology and other areas; education; skill; and other individual qualities and attributes - among the Board's members in the overall context of the composition of the Board.
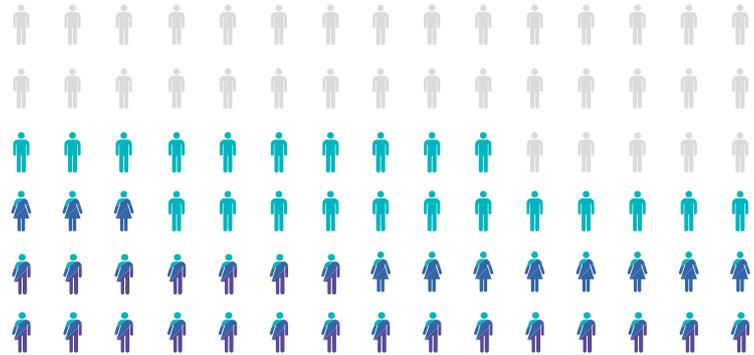
55%
of the Board identify as female or racially or ethnically diverse

33%
identify as female

22%
identify as racially or ethnically diverse

ESG OVERSIGHT

We are dedicated to identifying and managing environmental, social, and governance risks and opportunities to ensure we create long-term value and build a sustainable business that improves the lives of the people we serve.

The Nominating & Governance Committee oversees our ESG performance, strategies, goals, and objectives, as well as monitoring evolving risks and opportunities. The General Counsel (GC) serves as the management liaison with this committee.

The Compensation Committee also periodically reviews ESG matters related to its oversight responsibilities, including diversity, equity and inclusion, talent development, employee engagement, and culture.

The Audit Committee provides regular oversight regarding ethics and compliance matters.

Management reviews our company-wide ESG initiatives and efforts at least twice per year with the full Board. The Board and its committees regularly offer feedback to management on ESG best practices.

MANAGING RISKS

To create a sustainable business, realize our long-term vision, and execute on our strategies, we have robust practices in place to assist us in managing risk.

The Board, Board committees, and management provide informed oversight for our risk management.

Management has responsibility for, among other things, the direct management and oversight of legal, financial, cybersecurity, privacy, and commercial compliance matters, which includes identifying areas of risk and implementing policies, procedures, and practices to mitigate those risks.

The Board regularly reviews and consults with management on the strategic direction and various challenges and risks we face. The Board also reviews and discusses quarterly financial results and forecasts with management.

The Audit Committee oversees the management of financial risks, including investment and foreign currency fluctuation mitigation policies and risks.

The Chief Financial Officer (CFO) serves as the management liaison with this committee. The CFO and GC provide periodic reports to the Audit Committee concerning financial, tax, legal, and compliance-related risks. Management and our Internal Audit Team provide the Audit Committee with periodic reports on our compliance programs and efforts, investment policy and practices, and compliance with debt covenants. Our External Auditors meet independently from management with the Audit Committee at least quarterly.

The Compensation Committee is responsible for overseeing the management of risks relating to and arising from our compensation plans and arrangements. Our Chief Human Resources Officer along with management and our independent compensation consultant(s) provide periodic reports to the Compensation Committee concerning, among other things, risk analysis related to our compensation programs and practices.

Finally, the Nominating & Governance Committee assists the Board in managing risks by ensuring

the Board is comprised of diverse directors who bring a balance of experience, skills, and knowledge necessary to guide the company. The Nominating & Governance Committee identifies and recommends prospective director nominees to the Board. This committee also recommends to the Board the directors that shall serve on each committee, and develops and recommends to the Board the governance principles which lead the company. The Nominating & Governance Committee also oversees the evaluation of the Board and its committees. Our GC, along with outside consultants, provide periodic reports to the Nominating & Governance Committee concerning, among other things, corporate governance practices and proposed changes to company policies and procedures to ensure compliance with laws and regulations, and reviews the proposed Board and/or committee membership to ensure compliance with applicable laws and policies.

The Audit, Compensation, and Nominating & Governance Committees provide regular reports —on at least a quarterly basis—to the full Board.

CORPORATE GOVERNANCE PRACTICES

- Annual election of directors
- Separate Chairman and CEO
- Pay-for-performance philosophy and structure
- Substantial majority of independent directors
- Stock ownership requirement for directors and named executive officers
- Anti-hedging and pledging policies
- 100 percent independent committee members
- Annual say-on-pay vote
- Majority voting in director elections with resignation policy
- Compensation Clawback Policy
- Shareholder right to call special meetings
- Use of independent compensation consultant(s) by Compensation Committee
- Independent directors meet regularly without management present
- No automatic acceleration of equity awards upon a change of control
- Proxy access
- Annual Board self-assessment and review of committee charters and governance policies and procedures

ETHICS AND INTEGRITY

We are committed to high standards of social and environmental responsibility and ethical conduct.

Nondiscrimination and Anti-Harassment

We are committed to creating and maintaining a work environment where all individuals are treated with dignity, decency, and respect. Everyone has the right to work in a positive environment that promotes equal employment opportunities and prohibits unlawful discrimination and harassment. The **Cerence Policy on Working Conditions and Human Rights** clearly expresses our position on promoting a work environment free from discrimination, unlawful harassment, and intimidation.

All employees of Cerence, regardless of position, are covered by and are expected to comply with this policy and to take appropriate measures to ensure equal employment opportunity without discrimination on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, age, disability, marital status, citizenship, national origin, or any other characteristic protected by law.

This policy extends to individuals who have a relationship with Cerence through which Cerence exercises some control over the individuals' conduct in places and activities that relate to Cerence's work, which may include directors, officers, independent contractors, vendors, clients, guests, visitors, and other persons doing business with Cerence.

Employees engaging in any form of discrimination or harassment are subject to disciplinary measures, up to and including discharge.

> *Cerence is firmly committed to*
> ***Equal Employment Opportunity***
> *and to compliance with all federal, state and local laws that prohibit employment discrimination on the basis of age, race, color, gender, gender identity, gender expression, sex, sex stereotyping, pregnancy, national origin, ancestry, religion, physical or mental disability, medical condition, marital status, citizenship status, sexual orientation, protected military or veteran status, genetic information and other protected classifications.*

> "
>
> *We hold ourselves to high ethical standards and pride ourselves in approaching all we do with integrity. This applies not only to how we work with our customers and partners, but also in our work together as a team. With integrity and ethics as the cornerstones of our interactions, we create a strong foundation for all of our employees to drive our ESG principles amongst all of our stakeholders.*
>
> **—Tom Beaudoin**
> Chief Financial Officer
>
> "

Child Labor and Human Rights

The Cerence Policy on Working Conditions and Human Rights also explains our zero-tolerance approach to child labor, modern slavery, and human trafficking. Regarding child labor, we recognize our responsibility to take an effective role in reducing this global problem. Our policy expressly prohibits the use of child labor and forced or compulsory labor in any form.

We do not employ any person under the age of 16 years. Our policy also significantly limits accepting work from any person between the ages of 16 to 18 years old and is only taken if an individual is part of a vocational training framework and under specific conditions.

We are also committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls designed to prevent modern slavery in our businesses and those of our suppliers.

Our core business is in information technology, and our business and most of our suppliers operate in areas such as technology and communication where the roles being performed are largely technical and/or professional. Thus, the risk of modern slavery and human trafficking is low. Nonetheless, we take an active, zero-tolerance approach to slavery and human trafficking.

Code of Conduct and Ethics

At Cerence, integrity is everyone's responsibility. The **Cerence Code of Conduct and Ethics** is designed to deter wrongdoing and outlines the expectations and policies for how our people act and perform their company duties, ethically and honestly.

It also includes instructions on various practices including:

- How to avoid conflicts of interest
- Keeping accurate records of full, fair, timely, and understandable disclosures with the SEC and other public communications
- Maintaining and protecting confidential information
- Adherence to all anti-corruption and insider trading policies
- Complying with governmental laws, rules, and regulations

The Code also includes instructions on how to report alleged violations and concerns. Everyone is encouraged to use the confidential hotline, which allows people to anonymously report a violation or submit another concern using a secure web form or secure telephone hotline.

Any allegations are reviewed and investigated by an independent committee comprised of the GC, head of Internal Audits, and chair of the Audit Committee. In necessary cases, the Chairman and CEO are also involved.

Our employees are also required to complete annual mandatory Code of Conduct compliance training.

Supplier Code of Conduct

We expect that leadership, our people, and the Board display the highest professional integrity and ethics. We also expect the same from our suppliers, contingent workers, contractors, agents, consultants, and providers of goods and services. To formalize this commitment, we established the **Cerence Supplier Business Code of Conduct** to clearly outline our standards of ethics, working conditions and human rights, and the environmental expectations that all suppliers must meet to conduct business with us.

The Code also states that all suppliers and their employees, personnel, agents, and subcontractors must fully comply with the laws, regulations, or other legal requirements in every jurisdiction in which they operate, including those requirements governing compensation, working conditions, human rights, and environmental protection.

The Code explicitly addresses conduct related to comprehensive social and environmental issues including women's rights; diversity, equity, and inclusion; Indigenous people's rights; child labor and/or forced labor; renewable energy; energy efficiency; biodiversity, land use, and deforestation; and animal rights.

> *We are committed to high standards and practices to protect our customers' and their customers' privacy and personal data.*
>
> **—John Cashman**
> Principal Privacy Manager

DATA PRIVACY

We know how valuable confidentiality is to our customers and their customers, and we are committed to high standards of data privacy practices.

We take measures to protect personal information in accordance with all applicable data protection laws and regulations while being transparent about what information we collect, process, and store.

Our compliance is not just in accordance with all applicable data protection laws in force from time to time, but a commitment to lawful and fair processing of personal data.

The **Cerence Privacy Policy** describes the personal data we collect, how we use it, and when we share it as we interact with users, deliver our products and services, and conduct our business operations. Cerence only uses customer information for purposes described in our customer and privacy policies.

CYBERSECURITY

As the cybersecurity landscape evolves, we continue to invest in policies and programs that strengthen our prevention, detection, and mitigation efforts to meet the security requirements of our people, our customers, and their customers.

The Chief Information Security Officer (CISO) leads a dedicated security team, while a cross-functional group of C-level leaders provides oversight through our **Information Security Management Committee.** The Board also provides regular oversight on policies and procedures. Our senior management and our cybersecurity experts regularly update the Board on threats, and technologies and solutions deployed internally to benefit our people and customers.

Our cybersecurity programs are based on industry-leading standards and frameworks. We are **ISO 27001 certified**, obtaining third-party validation by a globally licensed compliance assessment firm. We also maintain a **TISAX Certification** specific to the automotive industry, and we are currently working toward an **ISO 21434 certification** for road vehicle cybersecurity engineering.

Our cybersecurity strategy includes implementing protection of all operating environments through advanced encryption, compensating controls, firewalls, endpoint detection and response, and anti-malware protection. We perform ongoing vulnerability management through monthly scans across internal, external, and hosted environments to monitor for anomalies. We remain well within the industry standards for detection, response, and eradication response times.

Employees are important participants in keeping our networks secure. We enable our global team with advanced email security controls, multi-factor authentication systems, and internal privileged access management (PAM) solutions. Annual compliance training, including for specific roles, is supported with regular cybersecurity postings on the company's intranet and ongoing awareness programs. Phishing simulations are performed on a regular basis to ensure employees remain consistently aware of this type of attack. Vendors who have access to Cerence data or systems go through our **CISO's Vendor Risk Assessment**. The CISO team may also request security certifications depending on the supplier.

We also maintain a robust **Business Continuity Plan**, which is regularly reviewed and tested to ensure we maintain the full function of essential services in the event of a breach.

In cybersecurity, the threats never stop coming. That's why we deploy continuous improvement processes and meet best-in-class standards to detect, respond, and eradicate threats to our business and customers as quickly as possible.

—Ken MacCuish
Chief Information Security Officer

Mitigating Technological Disruptions

We recognize that our clients and customers require uninterrupted, 24/7 service from our data hosts. To reduce connectivity and hosting disruptions, we have a hybrid strategy, utilizing on-site data centers and world-class third-party cloud computing providers.

We use industry-best practices to constantly monitor our global operations, instantly responding to and addressing any disruptions to limit impact and responding well within industry standards.

Compliance Training

We demonstrate our commitment to upholding high standards of corporate responsibility by implementing an annual mandatory compliance training program for our personnel. The training sessions include vital subjects such as: global health; corporate ethics; the fundamentals of diversity, equity, and inclusion; workplace harassment prevention; and cybersecurity. This structured approach ensures that our personnel not only engage in these essential topics but also acknowledge and understand the significance of key policies during this dedicated compliance training period.

SOCIAL
IMPACT

CREATING A DIVERSE WORKFORCE

To remain the leading provider of AI-powered mobility solutions, we rely on our people to create intelligent, flexible, intuitive, and immersive companion experiences for the world's leading automakers. It is our people who build the products that transform the driver's experience.

At Cerence, we strive to create a diverse and inclusive workplace built upon the different perspectives, experiences, and cultural backgrounds of our people. Strengthening diversity enables us to bring our collective ideas together to make the best decisions, consistently innovate, and create the highest quality products that delight the global community we serve.
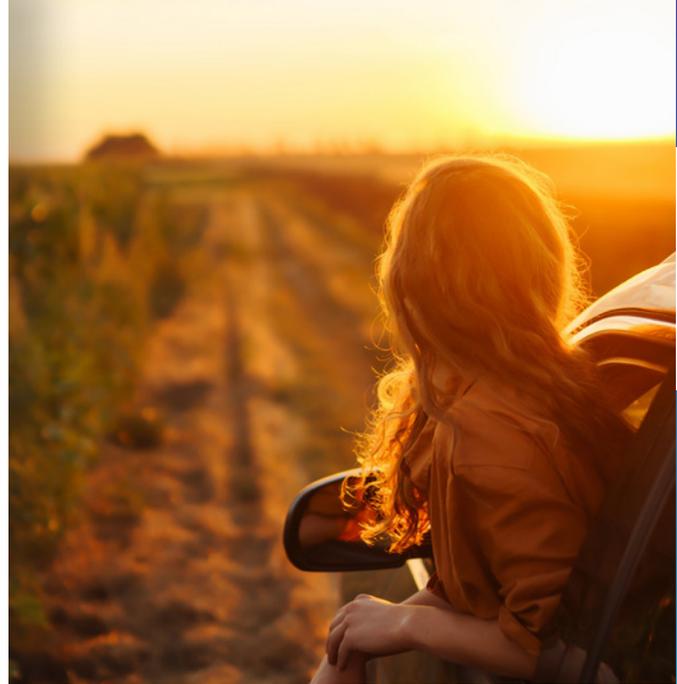
We strive to create a world-class experience for all our people, to attract and retain the best and brightest talent, and promote innovation. We believe in rewarding our people for excellence, and we are dedicated to supporting them as they grow and thrive in their careers. We are committed to building a culture of transparency, trust, and respect that is worthy of our people, customers, and the global community we serve.

VISUALIZING OUR TEAM

Canada
230

USA
125

China
382

Republic
of Korea
11

Japan
25

Taiwan
15

India
393

73.3%
of Regular Employees
= Male (1239)

Males

83.9%
Managers & Leaders

75.1%
Senior Ind. Contributor
(Level 8+)

60.1%
Entry & Intermediate
Ind. Contributor (Level 9 & 10)

26.7%
of Regular Employees
= Female (452)

Females

16.1%
Managers & Leaders
Goal: by 2025 increase to 20%

24.9%
Senior Ind. Contributor
(Level 8+)

39.9%
Entry & Intermediate
Ind. Contributor (Level 9 & 10)

Sweden
5

United Kingdom
14

Netherlands
18

Germany
316

Ireland
1

Belgium
75

France
4

Switzerland
9

Spain
10

Italy
69

Female representation by position

Job & Management Level	Employee Count
2 - Senior Vice President	2
3 - Vice President	3
4A - Senior Director	2
5A - Director	1
5B - Architect/Director (Individual Contributor)	1
6A - Senior Manager	19
6B - Senior Principal (Individual Contributor)	10
7A - Manager II	11
7B - Principal (Individual Contributor)	67
8A - Manager I	8
8B - Senior (Individual Contributor)	178
9B - Intermediate (Individual Contributor)	130
10 - Entry Level (Individual Contributor)	20
Grand Total	452

Grand Total 1,691

PRIORITIZING DEI

Diversity starts at the very top with our leadership. Our Board is 55% diverse, including 22% of directors who identify as racially or ethnically diverse, and 33% of directors who identify as female. Our Executive Leadership Team also reflects our strong commitment to diversity as it is 57% diverse, including 43% of individuals who identify as racially or ethnically diverse, and 28% who identify as female.

As a global company with 18 offices in 17 countries, our teams span continents. Such a geographically diverse workforce empowers varying perspectives, cultural backgrounds, and unique experiences that make diversity, equity, and inclusion a business necessity.

We believe that diversity in experience, background, and culture plays a crucial role in encouraging and creating an environment of innovation, engagement, and community. Our leadership and our people recognize that our efforts must include and support racial, ethnic, cultural, age, experience, gender, and LGBTQ+ diversity.

Although our diversity numbers are aligned with our peers when benchmarked against them, we always strive to do better. This year, we prioritized and focused our initiatives on gender diversity and increasing the number of employees identifying as female in all positions at all levels in the company.

We released the **Cerence Road Map and Charter for Gender Diversity**, clearly outlining our mission: to drive equitable representation and equal opportunity for all genders at all levels and across all functions throughout the company. Through various programs and initiatives, we aim to contribute to the creation of a world free of bias, stereotypes, and discrimination.

We have an **HR-led Task Force** responsible for analyzing the current gender diversity statistics in our company, establishing future goals, and creating strategies to meet them.

This year, to better understand challenges and opportunities, and to align our efforts with our people's needs, we also conducted numerous global focus groups comprised of employees, managers, and influencers who significantly impact our company's culture and practices. The findings from this initiative are informing future programs.

At Cerence, we are committed to pay fairness. To that end, we performed a **compensation analysis** across the organization. Our analysis confirmed our commitment to a healthy, fair compensation system. Overall, in each country large enough to permit statistical comparisons, we saw no significant differences in pay by gender when controlling for factors such as job family, level, and years of service, nor did we see differences by gender or race in the U.S. We will continue to monitor compensation fairness and, where necessary, will make compensation adjustments to ensure fairness.

> *Inspired by the principles of diversity, equity, and inclusion, our strategy revolves around fostering authentic connections and meaningful engagement. Through these initiatives, we strive to create a tangible, positive impact on our employees, company, and valued customers, fostering a stronger, more inclusive community for all.*
>
> **—Karen Katz**
> Vice President,
> Human Resources

Attracting Diverse Talent

Some of the brightest, most innovative minds in technology call Cerence home. We know that the future of our company hinges on our talent, including our pipeline. That is why we adopted new recruiting strategies, including the **Rooney Rule**[3], to increase female representation across the company. Each candidate pool includes at least 30 to 35% of people identifying as female.

We recognize that when a candidate decides to join Cerence, or any company, they want to see themselves reflected in that organization. Thus, we created diverse internal hiring committees, where every hiring panel includes at least one female. Cerence is dedicated to fostering workforce diversity and inclusion that align with our commitment to ensure our workforce reflects the community our technology serves.

Developing Diverse Talent

A diverse business must be intentionally created. While we prioritize attracting top talent, we equally value developing our people. Our **Women in Technology Group** is an employee-led employee resource group (ERG) focused on promoting leadership development and career advancement for women within Cerence. Approximately 30% of women are actively involved, with more than 20% attending events regularly.

We have also formalized a partnership with the **Society of Women Engineers** to provide free memberships on an annual, rotating basis, so our women can gain more career development skills training, and networking opportunities.

Providing Continuous Education

To support our DEI efforts, break down biases, and improve our ways of working collaboratively toward greater innovation, we have a company-wide **Gender Diversity Program** designed to elevate female and underrepresented voices within our teams. We offer courses through **LinkedIn Learning** which include, but are not limited to, Strategies for Female Empowerment, Women Transforming Tech, and Becoming a Male Ally at Work.

[3] Initially introduced in the National Football League, the Rooney Rule in business is a strategy that calls for organizations to interview women and minority candidates for open positions to support diversity in the workplace.

SUPPORTING OUR PEOPLE

Our people are the heart and soul of our company. We strive to engage, listen, and align our efforts with their needs and ideas.

Employee Engagement Survey

In the last **Employee Engagement Survey**, we outperformed industry benchmarks with 83% of represented employees responding. We also performed above the industry benchmarks in other categories and questions including:

- "I would recommend my direct manager to others." (+4 points)
- Recognition (+3 points)
- Career Path (+3 points)
- Work/Life Balance (+3 points)
- "My direct manager provides me with feedback that helps me improve my performance." (+2 points)
- Role Clarity (+1 point)

From the employee feedback we received, we launched five new initiatives including:

- **Future Forward.** Define and roll-out next-generation strategy as well as vision, mission, and values statements.
- **Honor Our Accomplishments.** Celebrate our wins and foster a sense of community.
- **Facetime with Leaders.** Bring our leadership team closer to our people with in-person visits to our offices.
- **Culture of Innovation.** Drive innovation through critical initiatives like the Cerence Technology Conference, Hackathon, and more.
- **Fostering Growth for Our Teams.** Launch programs that enable technical and non-technical employees to develop meaningful career paths at Cerence.
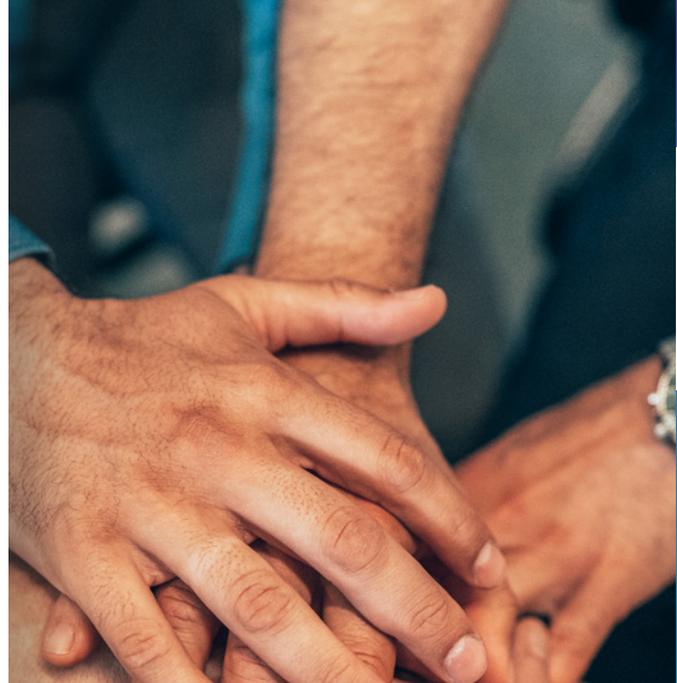
83%
of employees responded to our recent Employee Engagement Survey

Our groups are employee-driven and employee-run. Our people value the opportunity to foster stronger connections with each other, which increases their engagement, builds a shared sense of purpose, and enhances their camaraderie.

—Rocky Graziano
Senior Principal HR
Program Manager

"Ask Me Anything" Series

At Cerence, we value transparency and trust. To foster open communication and clarity between the leadership, management teams, and our employees, we launched the **"Ask Me Anything"** series.

This program provides employees with an opportunity to meet and get to know our executive leadership team; to hear from managers about upcoming product launches, new innovations, and projects; and to learn about upcoming programs and initiatives. Approximately 30% of our people regularly attend these events live with on-demand viewing boosting those numbers.

The Hub

As a global company, our teams work across numerous borders and time zones, so we promote connection, collaboration, and a culture of innovation through various means, including the company's intranet, **"The Hub."** The Hub features news, blogs, and team chats, all of which promote various employee engagement groups and interests such as by region, for health and wellness, and community engagement.

Social Committees

Our teams are also continuously connecting through our local **Social Committees.** Currently, we have 16 Social Committees, which serve as hubs for our global offices and regions, bringing teams together while promoting engagement, inclusion, and community-service. With more than 80 employees serving on these committees and approximately 70% of employees participating in at least one event live or digitally, this employee-driven initiative supports our company's values, including Grow Together and Have Fun. Our Social Committees organize numerous events including luncheons, karaoke, archery, yoga, hiking, fun runs, and community cleanup days.

FOSTERING GROWTH TOGETHER

We believe in creating environments for our people to grow together in their careers. From direct job experience to mentoring, coaching, annual training programs, employee engagement groups, and guest speakers, we use a multi-disciplinary approach to foster our people's growth.

Take Charge of Your Career

To help employees at every level develop professional skills to advance in their careers, we offer the **Take Charge of Your Career Program**. Through regular seminars and workshops, our people learn diverse skills that include leadership, negotiating, communicating, goal setting, and more. We routinely average more than 400 live participants with those numbers increasing with on-demand viewing.

Ongoing Education

We know that our people want to continue growing and advancing in their careers. To help them achieve their goals, we provide access to world-class continuing education opportunities and resources. Recognizing that everyone

has limited time and attention, we offer on-demand, self-paced learning opportunities via LinkedIn Learning. This allows our people to gain professional and personal development in a way that fits into their busy lives and responsibilities.

While we provide a robust course catalogue for our people to self-select the training opportunities they wish to pursue, we also create learning pathways that guide our people through targeted skills and behaviors.

Our ongoing education program is available to everyone from full-time to part-time employees, interns, and contractors. More than 58% of our people have activated their LinkedIn Learning accounts, spending on average more than two hours per month on the site.

"

I whole-heartedly believe that investing in our employees is the quintessential win-win. The employees receive the tools to create a clear path for their upward mobility and we get to reap the benefits of a robust internal pipeline. It is equally important that our employees feel valued. The Take Charge of Your Career program is one way of communicating that they are valued.

—Jennifer Salinas
Senior Vice President
& General Counsel

Cerence Technology Conference

Our technology team has some of the best and brightest minds in generative AI and large language models, voice technology, voice biometrics, acoustics, and automotive user experience. To keep imagining and creating the next destination in AI technology, our people must constantly collaborate with, learn from, and inspire each other.

To unlock synergies, enhance ongoing learning and development, and honor outstanding innovation, we host the annual **Cerence Technology Conference (CTC).**

Individuals submit proposals to present on recent research and development to their colleagues. At the last CTC, 80 proposals were submitted with 42 accepted for presentation. Representatives from different site locations are chosen to attend the event in person or virtually, returning with insights to share with their teams. Select keynote presentations and workshops are also live-streamed for our people around the globe.

PROMOTING HEALTH AND SAFETY

We promote a culture of wellness, leveraging the latest technology to prioritize our people's physical, mental, and emotional health and safety.

Employee Assistance Program

We offer our people a robust wellness program that includes opportunities to enhance their financial, mental, and emotional health. Our 24/7 **Employee Assistance Program** allows our people to anonymously seek support and ask questions on any topic from finances and health to parenting and workplace bullying. We also provide access to trained psychiatrists, which can be obtained anonymously.

Wellbeing Program and Wellable App

To promote holistic health solutions, we offer the **Wellable Program and App.** Our people learn about healthy lifestyle habits in a supportive and inclusive environment. We offer friendly and encouraging individual and team challenges that can include reaching a daily step goal or meditating. In the U.S., users can earn Wellable Points for raffle entries, or they can convert points into dollars to spend. More than 33% of our people are actively engaged in the Wellable Program.

Health and Safety

Our facilities meet the highest workplace safety standards. We are certified in, and adhere to, the **ISO 45001 framework** for occupational health and safety systems, a global standard intended to improve employee safety, reduce workplace risks, and create better, safer working conditions around the world.

We are currently expanding our **Quality, Health, Safety, and Environment Integrated Solutions management system** to improve our processes and product quality, to control environmental impacts to promote sustainability, and to ensure the health and safety of our people.

At most facilities, **Safety Committees** regularly meet to review standards and protocols, while our **Global Safety Committee** oversees our global occupational health and safety framework, including incident management, risk management, awareness and training initiatives, and compliance. The committee is also tasked with identifying significant trends or changes to safety risk and rolling out new controls and/or policies to mitigate them. The Global Safety Committee meets quarterly.

Our people also receive annual **Global Health and Safety Compliance Training.**
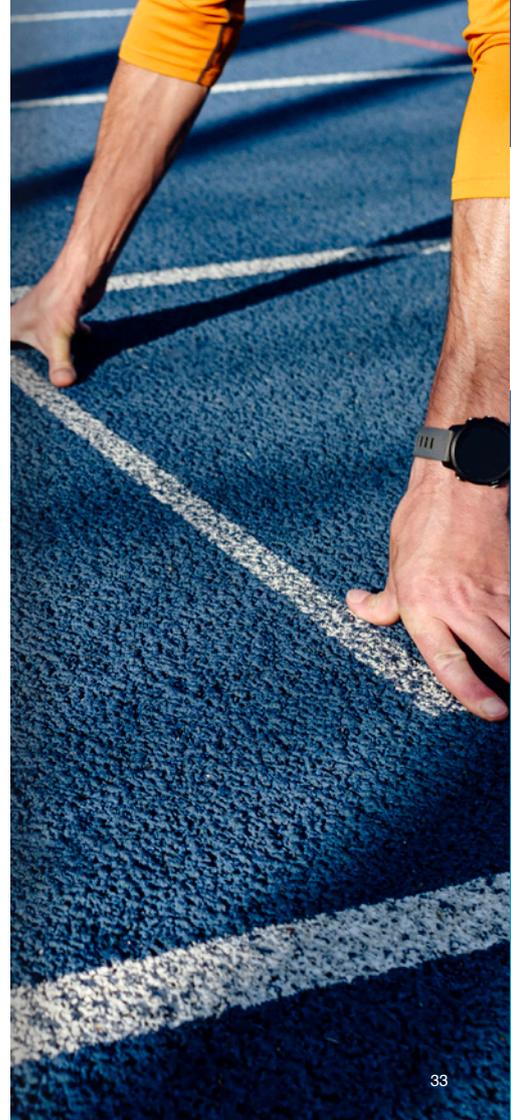
RECOGNIZING OUR PEOPLE

Our people drive Cerence forward; therefore, we recognize and reward individual contributions. Simultaneously, we promote a team culture and mindset, connecting rewards to our company performance.

Total Rewards

To meet the needs of our diverse population including age, gender, and family status, we offer a compensation and benefits package that varies by country and is designed to be competitive in the local market, comply with local laws and regulations, and coordinate with local social insurance programs to support our people and their families.

In the U.S., our programs include medical, dental, vision, life insurance, disability insurance, retirement savings plan, paid time off and other leave benefits, tuition reimbursement, and adoption assistance. We also offer 12 weeks at 100% base salary for paid parental leave per birth or adoption for U.S.-based employees.

In other countries, the wages and benefits package may include medical, dental, vision, life insurance, disability insurance, retirement savings plan, and other leave benefits.

All employees (U.S. based and global) are also eligible for our Employee Assistance Program, the Wellbeing Program, two paid volunteer days off per calendar year, and short- and long-term incentive pay for performance.

For short-term incentive compensation, all regular employees are eligible to participate in either the Short-Term Incentive Plan or Sales Incentive Plan.

For long-term incentive compensation, all regular employees are eligible to be considered. This incentive program is targeted for top performers, high potential employees, and people with critical skills based on the job and country in which they work. About 25 to 30% of our people currently receive a long-term incentive award.

> "
> *Our people create and support cutting-edge automotive voice and AI innovation. We recognize the significant contributions they make to our customers and our success; they deserve to be recognized and rewarded.*
>
> **—Chris Popadic**
> Vice President Total Rewards, HR Systems, Services & Payroll
> "

Employee Appreciation Week

To recognize our people's immense efforts and to align our actions with our stated value to Have Fun, we host an annual Employee Appreciation Week at all physical sites and for our remote workers.

The Social Committees for each site plan and execute more than 50 diverse and inclusive events to foster connection, fun, and community. Events and activities range from playing Mario Kart to ping pong, cornhole, and foosball tournaments. Some locations host talent and fashion shows, Bollywood/Hollywood days, yoga sessions, and contests to recreate the Cerence logo using household items.

Awards and Recognition

While we value and prioritize creating a team environment, we also acknowledge exceptional individual contributions. The most esteemed award at Cerence is the **Winner's Circle.** Created to recognize the best and brightest employees under the Director level, this award honors individuals who make tremendous contributions to the company while exemplifying our core values. Winners receive a $5,000 cash prize, engraved trophy, and recognition in external and internal communications.

We also offer **Spot Awards.** Any employee may nominate another for their outstanding contributions throughout the year. Recipients can receive up to a $2,000 cash prize (or local equivalent). This year, 111 people were recognized.
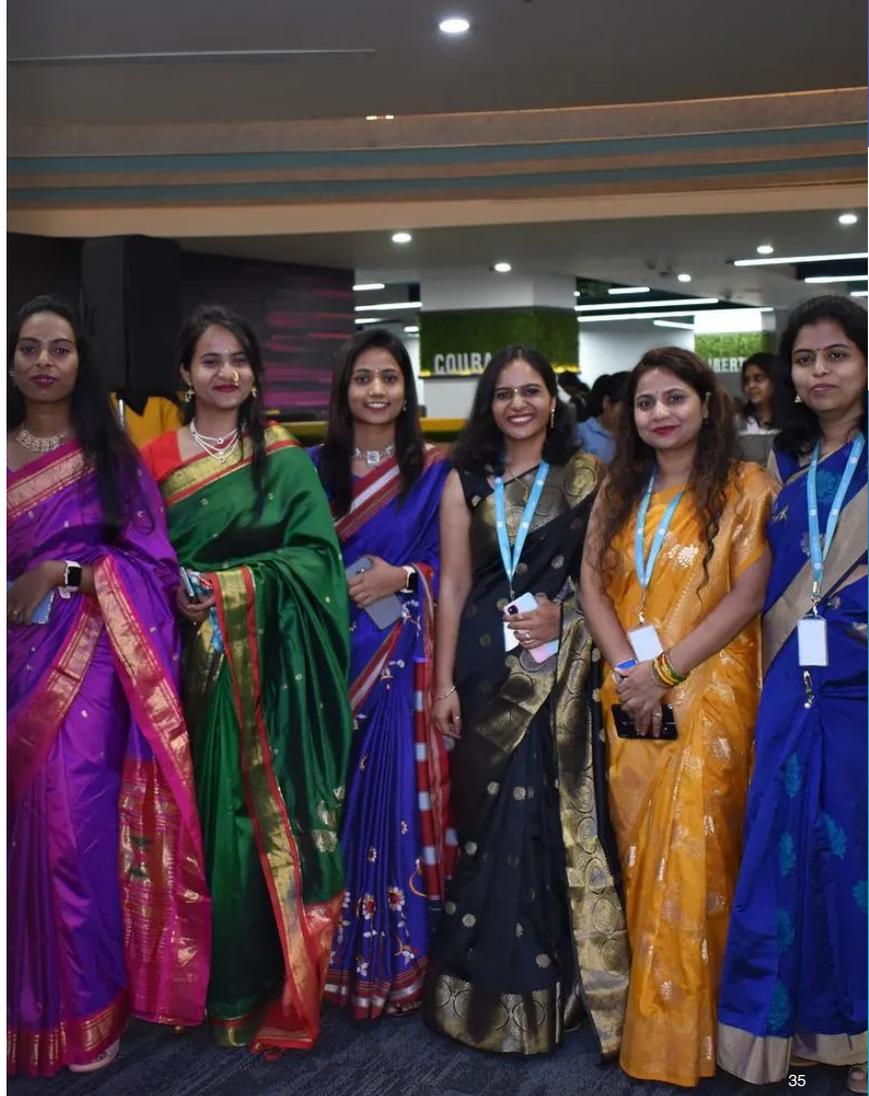
SUPPORTING OUR COMMUNITIES

We believe in encouraging and supporting our people's passion for improving the quality of life in the communities where they live and work.

Our people care about their communities and proactively take steps to make the places where they live and work healthier, safer, and cleaner. This passion for making the world a better place drives our innovation and commitment to creating world-class products while also enriching the communities we live in and love.

Our **Volunteer Time Off Program** is open to all full- and part-time employees, allowing them to volunteer up to 16 hours of paid time off at organizations with a mission to serve the public good, operating solely for social benefit, and not-for-profit purposes.

Our employees have used their volunteer hours to support food drives, park clean-ups, and homeless shelters. Managers are also encouraged to take their teams on volunteer outings to build camaraderie while positively benefiting their communities. Thus far this year, 105 employees volunteered more than 845 hours for various causes. The newly launched environmental ERG, the Green Team, will provide volunteer recommendations for employees to consider as part of their participation in this program.

Our global Social Committees also organize various community events and initiatives to support local organizations and charities. For example, our committees have donated to the United Way and equivalent organizations, hosted environmental clean-up days, and supported local schools that serve underprivileged youth, including the children of migrant laborers. Through our efforts, we have raised money and donated pencils and pens, school bags, art and craft supplies, sports equipment, books, activities to develop cognitive abilities, and non-perishable food items.

We also support certain STEM (science, technology, engineering, and math) education and related initiatives to do our part in eliminating barriers to entry related to gender, ethnicity, and socioeconomic status, helping create the next generation of great technologists who will drive the future of mobility.

ENVIRONMENTAL IMPACT
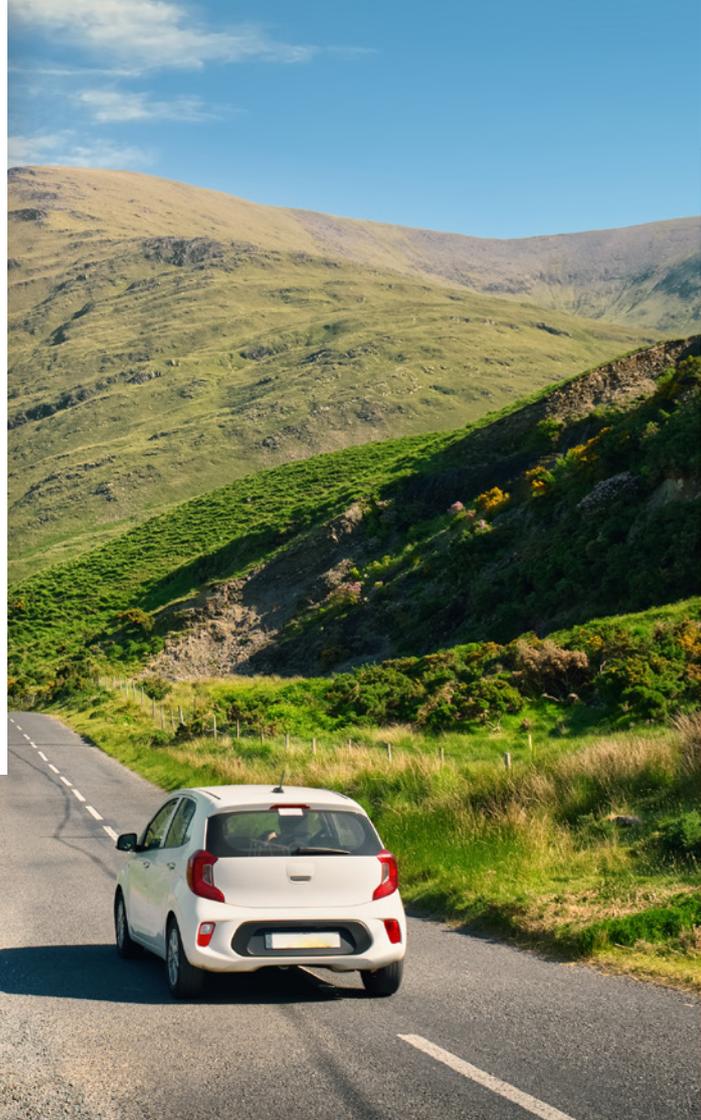
BUILDING A SUSTAINABLE COMPANY

We aim to minimize our environmental impact while promoting sustainability and environmental awareness at all levels.

Understanding, monitoring, and reducing our overall environmental impact is a core part of our operations. As a global company, we face complex challenges. Like many companies, COVID-19 disrupted our facilities, leading to the closure of sites for weeks, and sometimes, up to a month. While the pandemic has largely passed, some locations continue to experience periodic facility closures. These situations, combined with more hybrid office and work-from-home policies, pose unique challenges regarding capturing and understanding our carbon footprint.

Recognizing the need to understand, monitor, and reduce our overall environmental impact, we initiated the **Green Task Force.** Comprised of leaders from Facilities and Global Environmental Health and Safety, this group is identifying environmental targets, defining metrics, and developing and implementing a strategy to align our environmental goals with effective sustainable practices.
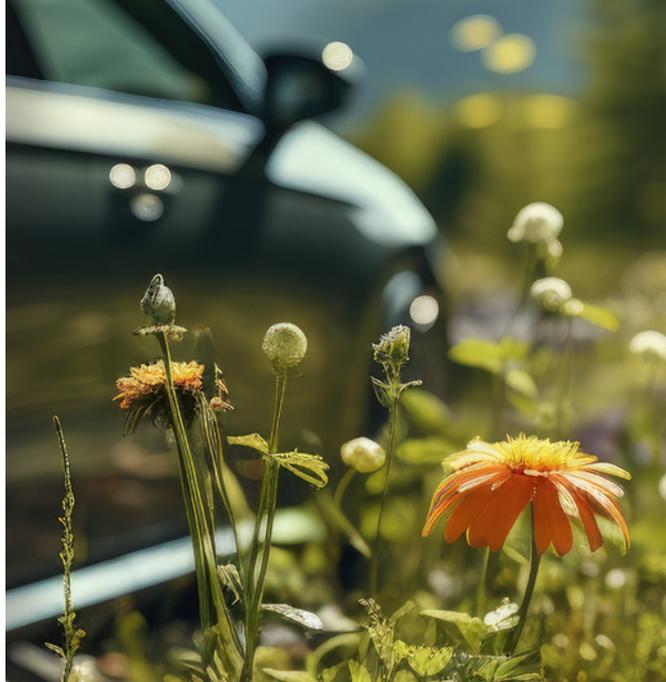
As a software company, we recognize that we have a small environmental footprint. However, we still prioritize, and our people greatly value, being strong environmental stewards, protecting our natural resources, and promoting sustainable business practices at the office and in our global communities.

> ❝
> We operate in almost two dozen locations around the world, each with its own environmental challenges and opportunities. While we have universal goals, we also strive to empower every location to prioritize and customize the programs and initiatives that will have the greatest sustainable impact on their sites.
>
> **—Matt Falcone**
> Senior Director Facilities
> ❞

Our recently formalized and released **Global Environmental Policy** also outlines our comprehensive approach and expectations to building and enforcing a sustainable company in all locations that we operate. The policy provides a framework for addressing critical environmental areas including:

- Conducting environmental impact assessments and audits to understand our environmental impacts
- Prioritizing best practices and using new technologies to constantly improve our environmental performance
- Working to conserve resources, reduce waste, and minimize our environmental footprint by using energy-efficient technologies, recycling, and decarbonization practices
- Using renewable energy, where applicable
- Deploying water reduction technologies and practices, where applicable
- Engaging with local communities and stakeholders to understand the impact of our operations on the environment and to find ways to collaborate

We also have the employee-initiated **Green Team** focused on identifying and helping us to implement more sustainable business practices in our offices and homes. This committee is slated to begin work in the fall of 2023 and will feature several sub-committees focused on various areas of interest including, but not limited to, distribution of resources and discussions about our work and personal impact on the environment; research and organizing company events that align with locally related interests and needs which match with the core values of the Green Team; and other activities as identified by the committee. The Green Team has more than 80 members and continues to grow.

PRIORITIZING DATA STORAGE

When making decisions regarding the physical data centers that house our information, we consider the environmental and energy consumption impacts.

We rely on a hybrid approach that includes on-site data centers and industry-best third-party cloud providers to meet the internal needs of our company and the external demands of our customers and their customers.

We actively seek ways to reduce energy consumption and limit environmental impacts from our data centers in several ways.

1. Modernizing Technology

We continue to regularly decommission older servers and hardware, as appropriate. By transitioning to a hyperconverged and virtual infrastructure, we reduce our energy consumption and realize greater energy efficiency savings.

2. Consolidating Servers

We are undergoing a review process, removing redundant systems, and consolidating functions and servers to improve internal processes and reduce energy consumption.

3. Partnering With More Third-Party SaaS Providers

We recognize that third-party SaaS providers offer more energy efficient solutions, including using renewable energy sources to power their facilities. Last year, we closed one facility, and are in the process of exiting another, moving more of our operations to top SaaS providers that can offer numerous savings and benefits, including lowering our environmental impact.

4. Training Our People

We are committed to helping our people better understand how their behaviors can impact our environmental footprint.

Our focus for the last two years has been to modernize our infrastructure to become more environmentally friendly, reduce power consumption, and improve our efficiencies.

—Greg Davies
Senior Director, IT Infrastructure and Operations

REDUCING OUR CARBON FOOTPRINT

We are committed to conserving resources, reducing waste, and minimizing our environmental footprint using energy-efficient technologies, recycling programs, decarbonization, and other sustainable practices, wherever applicable.

While we recognize that every site is unique, we still encourage all of our facilities to implement as many sustainable practices as feasible to reduce our carbon footprint and environmental impact.

Facility Site Selection

We are in a unique position since we lease all of our facilities. This presents certain challenges as most environmental decisions relating to our sites are outside of our control. However, when making our final decision on a potential site, we factor in the environmental impacts, energy sources, and our ability to proactively make additional environmentally friendly choices. For example, we prioritize sites where our employees can use public transportation and/or safely bike or walk to reduce their carbon footprint, promote sustainable communities, and support the health and safety of our people. We also consider the number and placement of windows to reduce electricity and prioritize health.

We also proactively engage with building owners to initiate sustainable practices and to utilize more forward-thinking technologies, including advanced recycling programs, water reduction initiatives, and lighting controls.

Three of our facilities are rated "Green" based on country standards.
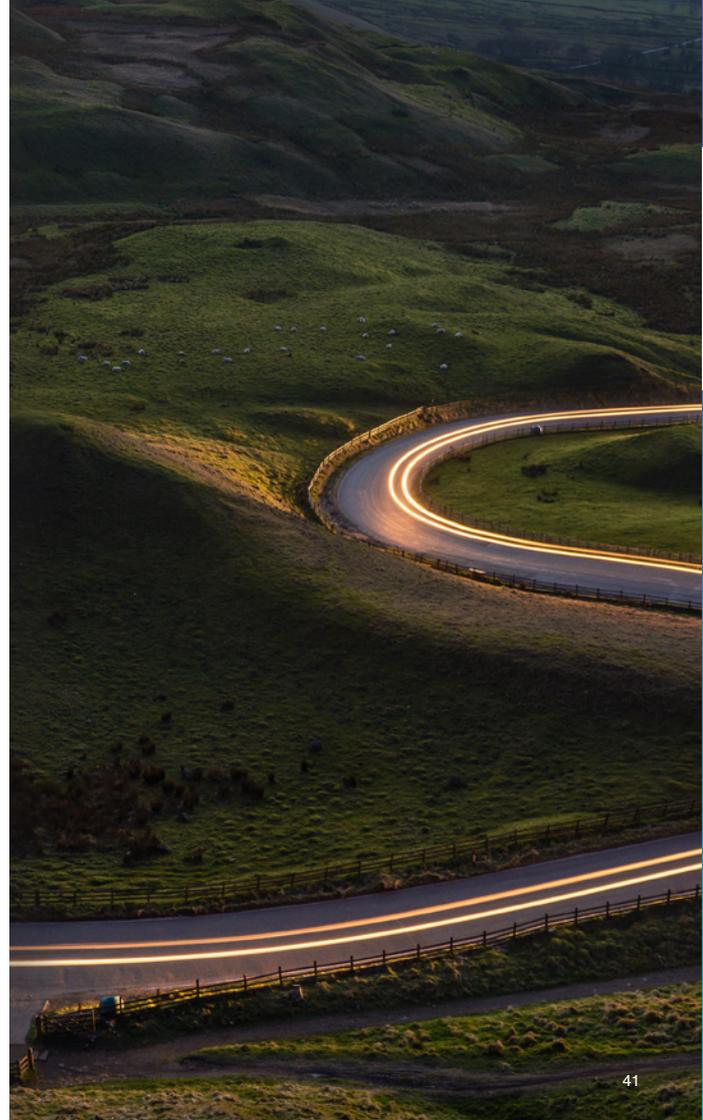
Prioritizing Energy Efficiency Measures and Clean Energy Sources

We strive to empower every site to prioritize sustainable practices that meet the local context. We recognize that what works in one location may not work in another. However, we believe in learning and sharing our successes across sites so that we can all grow together.

Most sites have worked with building owners to transition fluorescent lights to LEDs and apply time controls to lighting systems. Most locations also prioritize using daylight instead of artificial sources and have installed motion detectors to ensure lights are used only when necessary.

Some sites have upgraded to more energy-efficient windows, which keeps offices cooler in the summer and warmer in the winter, thus reducing overall energy consumption. Heating and air conditioning equipment is also often programmed to an eco-friendly setting.

Some locations use renewable energy sources to power the building. One site uses a geothermal district heating source for combined co-generation. This conserves resources and reduces carbon dioxide emissions. At another site, rooftop solar panels are being installed.

Reducing Water Usage

The global community faces serious water shortages, and we realize that reducing our usage is one way that we can play a part in maintaining a stable water supply.

Some of the practices that we have instituted at various sites include:

- Equipping faucets in all washrooms with water-saving motion detectors to reduce consumption
- Installing timers on water fountains
- Using rain cisterns
- Installing rainwater harvesting pits to help ensure availability of groundwater during lean months
- Eliminating bottles and using filtered tap water

> *We have a shared vision of what we want to achieve as we prioritize sustainability. We are in the build-out phase as we collect our baseline impacts, determine targets, identify metrics, and implement robust practices to help us achieve our goals. It's an exciting time, and our entire Cerence team is committed to our environmental success.*

—Patricia Daeubler
Manager, Global Environment,
Health & Safety

Adopting Sustainable Business Practices

In our Employee Engagement Survey, our people reported that sustainable business practices are important to them. The actions we have adopted and are continuing to expand are designed to meet our people's needs as well as those of our business, investors, customers, and our planet.

Wherever possible, our facilities have comprehensive recycling and environmental management programs, which may include paper, glass, metal, plastic, light bulbs, and electronic equipment. Some sites also offer composting services and will repackage and resend cartons and shipping material.

Many sites have also largely transitioned to paperless offices (excluding legally required documentation). Whenever feasible, paper is purchased through eco-friendly suppliers offering products from well-managed, sustainable forests. When available, sites use UPS Carbon Friendly (or an equivalent) green shipping service, as well as green cleaning services.

Most facilities have also phased out single-use plastics and adopted reusable materials.

Supporting Eco-Friendly Transportation

We realize that encouraging our people to use eco-friendly transportation is important for health and environmental benefits. Depending on the site location, we support various alternative and eco-friendly transportation modes.

At some locations, we have piloted bike leasing programs, offering our people opportunities to use bikes or electric scooters. When possible, we have also entered into agreements with building owners to grant our people access to bikes for free up to 60 minutes during the workday.

Many sites offer carpooling and shuttle services, as well as free electric vehicles charging stations for electric and hybrid vehicles.

Instituting a Global E-Waste Recycling Program

Within our global facilities, we take a holistic approach to reducing our environmental footprint that includes finding innovative ways to reuse, recycle, and resell our electronic waste. We have a global partnership with an industry-leading storage and information management services company to help us achieve our e-waste goals. When possible, our electronic equipment is donated or resold to communities in developing countries, schools, and minority-owned businesses. Other items, including cables, chargers, and used batteries, get collected and recycled using best-in-class practices.

SASB INDEX
SOFTWARE & IT SERVICES

Topic	Accounting Metric	Information/Location in the Report
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.1. (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable TC-SI-130a.2. (1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress TC-SI-130a.3. Discussion of the integration of environmental considerations into strategic planning for data center needs	As a software technology company, our IT hardware infrastructure footprint remains relatively low. Since Cerence does not own its physical facilities and leases all of its buildings, we recognize that we have certain limitations that prevent us from making all the environmental changes that we would like or to closely track environmental-related metrics. However, when considering locations, we factor in the environmental footprint of our hardware infrastructure as well as the overall impacts that come from operating offices. In addition, we work with landlords to identify environmentally-friendly practices and technologies that lessen our footprint whenever possible. Where appropriate and applicable, we strive to reduce our electricity use, and energy and water consumption; use energy-efficient technologies and renewable sources; recycle, reuse, and resell electronic waste through our global partnership with an e-waste recycling company; recycle paper, plastic, and packaging; compost food scraps; eliminate single-use plastics; and retain the services of green cleaning and shipping companies. For our data centers, we prioritize modernizing technology, consolidating servers, and partnering with third-party SaaS providers.

Topic	Accounting Metric	Information/Location in the Report
Data Privacy & Freedom of Expression	TC-SI-220a.1. Description of policies and practices relating to behavioral advertising and user privacy TC-SI-220a.2. Number of users whose information is used for secondary purposes TC-SI-220a.3. Total amount of monetary losses as a result of legal proceedings associated with user privacy TC-SI-220a.4. (1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	We are committed to maintaining the privacy of our customers. We do not sell customer information. We use what we collect for internal research and development purposes. Our data privacy policy explains how we use what we collect, and we always adhere to our stated policy. There were no monetary losses. There were no law enforcement requests for user information.
Data Security	TC-SI-230a.1. (1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected TC-SI-230a.2. Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	There were no data breaches. We prioritize data security, and we have invested heavily in building and deploying a robust protection program that safeguards our information and that of our customers. Our cybersecurity programs are based on industry-leading standards and frameworks. We are ISO 27001 certified, obtaining third-party validation by a globally licensed compliance assessment firm. We also maintain a TISAX Certification specific to the automotive industry. We provide an overview of our program on page 22.

Topic	Accounting Metric	Information/Location in the Report
Recruiting & Managing a Global, Diverse & Skilled Workforce	TC-SI-330a.1. Percentage of employees that are (1) foreign nationals and (2) located offshore TC-SI-330a.2. Employee engagement as a percentage TC-SI-330a.3. Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Cerence has 32 employees (1.85%) defined as foreign nationals. Our Employee Engagement Survey surpassed industry benchmarks with 83% of respondents actively participating. Based on employee feedback, we have implemented numerous initiatives and programs designed to increase engagement and foster a culture of collaboration and innovation. See graph on page 26.
Intellectual Property Protection & Competitive Behavior	TC-SI-520a.1. Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	There were no legal proceedings associated with anti-competitive behavior.
Managing Systemic Risks from Technology Disruptions	TC-SI-550a.1. Number of (1) performance issues and (2) service disruptions; (3) total customer downtime TC-SI-550a.2. Description of business continuity risks related to disruptions of operations	There were no service disruptions. We use industry-best practices to monitor our global operations 24/7, instantly responding and addressing any disruptions to limit impact, and responding well within industry standards. We also maintain a robust Business Continuity Plan, which is regularly reviewed and tested to ensure we maintain full function of essential services in the event of a disruption.

About This Report

This report, published September 29, 2023, speaks as of the date it is published. All information, data, opinions, and activities contained in this report are subject to change without notice. The contents of this report were developed based on feedback from our internal and external stakeholders and metrics used by corporate responsibility and sustainability rating providers. The metrics and quantitative data contained in this report are not based on generally accepted accounting principles and have not been audited. Neither Cerence Inc. (the Company) nor any of its affiliates assume any responsibility or obligation to update or revise any such information, data, opinions, or activities, without regard to whether any of these are affected by the results of new information, future events or otherwise. This report does not, and is not intended to, create any relationship, rights, or obligations, legal or otherwise, and you should not rely upon this report to do so.

Statements about materiality in this report, whether express or implied, refer to the definitions in the Sustainability Accounting Standards Board, and do not indicate that this information or data or the subject matter of this information or data is material to the Company for purposes of applicable securities laws or otherwise. The principles used to determine whether to include information or data in this report do not correspond to the principles of materiality contained in the federal securities laws, the concept of materiality used to determine whether disclosures are required to be made in filings with the U.S. Securities and Exchange Commission, or principles applicable to the inclusion of information in financial statements. Our goals regarding our corporate responsibility and ESG initiatives are aspirations. They are not guarantees or promises that we will meet all or any of our goals. Any statistics and metrics regarding our corporate responsibility and ESG activities are estimates and may be based on assumptions or developing standards.

No part of this report constitutes, or shall be taken to constitute, an offer to sell or the solicitation of an offer to buy any securities of the Company or any other entity. This report is not intended to be relied upon as advice to investors or potential investors and does not consider the investment objectives, tax considerations, or financial situation or needs of any investor. This report and the information contained in this report are not incorporated by reference into and are not a part of any offer to sell or solicitation of an offer to buy any securities of the Company pursuant to any offering registered under or any offering exempt from the Securities Act of 1933. All investors should consider such factors in consultation with financial, tax and legal advisors of their choosing when deciding if an investment is appropriate.

Forward-Looking Statements

This report contains statements that reflect or are based on our views about our future business achievements and financial performance. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "goal," "intend," "may," "plan," "project," "strategy," "target," and "will" or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties. For information on certain factors that could cause actual events or results to differ materially from our expectations, please see our filings with the Securities and Exchange Commission, including our most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements are based on management's knowledge and reasonable expectations at the time of publication, and we assume no duty to update these statements as of any future date.
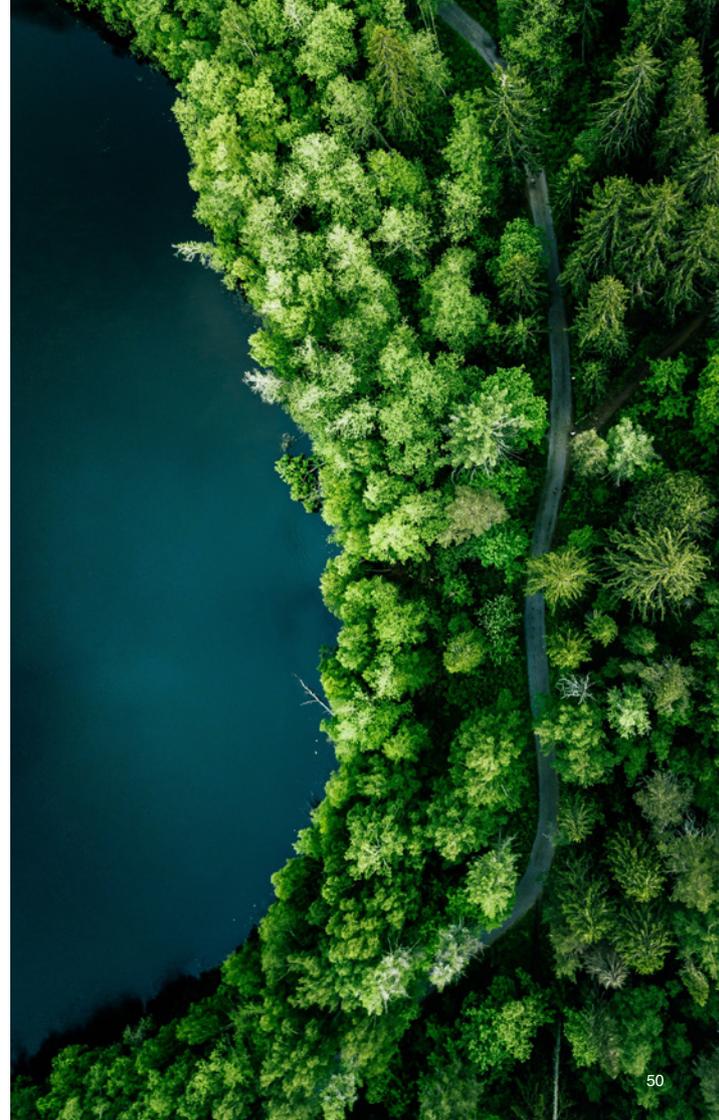
Learn more at cerence.com

Worldwide Headquarters:
1 Burlington Woods, Suite 301A,
Burlington MA 01803 USA