



Connecting People Across Language and Culture®



COMMUNICATION ON PROGRESS REPORT 2021



Ludmila Golovine

President & CEO

MasterWord's Chief Executive Officer's Statement

I am pleased to confirm that MasterWord Services, Inc. reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business approach, culture and day-to-day operations of our company. We also commit to sharing this information with our stakeholders using our primary channels of communication.

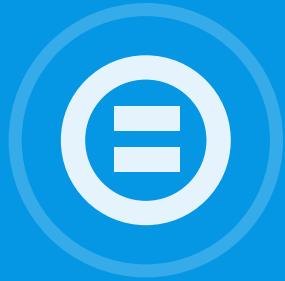
Our Approach to Sustainability

At Masterword Services, Inc. (MasterWord), our mission is simple: we connect people across language and culture. Our sustainability commitments are integrated into how we do business. We strive to make a positive difference in the communities where we live and work. We are passionate about our commitments to our partners, employees, contractors, and the environment. Implementing the Ten Principles into our strategies and operations was intuitive. The United Nations Sustainable Development Goals (UN SDGs) guide our approach to corporate social responsibility (CSR) – an approach we trust gives real benefit for our business and the world, reflected in the basis of these commitments.

As signatories to the UN Global Compact, we align our sustainability commitments with the principles outlined within, covering human rights, labor, environment, and anti-corruption. Our Communication on Progress report, available online and featured below, sets out our approach to the application of these principles.

Aside from the UN Global Compact, we use the UN SDGs as an outline for our action plan in not only promoting sustainable development but in tackling the world's most pressing challenges. As a language services company with international reach, we have an important role in contributing to the advancement of the 17 SDGs. With this in mind, we align our company policies with each SDG.

HUMAN RIGHTS PRINCIPLES



- 1. Businesses should support and respect the protection of internationally proclaimed human rights**
- 2. Make sure that they are not complicit in human rights abuses**

④ | POLICIES & GOALS

MasterWord provides equal opportunity and ensures the non-discrimination of our employees, contractors, clients, stakeholders, and anyone else we are in contact with globally as outlined in our Code of Conduct. We steadfastly uphold international human rights standards and reject any actions and agreements that would make us complicit in external abuse of these principles.

Through our business activities, we help improve language access to healthcare services for patients of Limited English Proficiency (LEP), deaf and hard-of-hearing patients and reduce healthcare disparities. MasterWord also provides dependable language access to legal mechanisms and support services, and access to education resources in languages best understood by students.

As described in the 2021 UNESCO report, The International Year of Indigenous Languages: Mobilizing the International Community to Preserve, Revitalize and Promote Indigenous Languages, MasterWord contributed many hours and material resources to support Translation Commons language technology projects, creating resources and a digital ecosystem for all languages and spreading the word about the Decade of Indigenous Languages to universities all over the world.



IMPLEMENTATION

Since our founding in 1993, both in our internal operations and in our value proposition, MasterWord has proactively focused on protecting human rights by upholding the foundational “do no harm” principle. We are committed to the protection of vulnerable populations (e.g., children, migrants, indigenous peoples, local underprivileged communities, and people with low levels of education), advocating for diversity and inclusion, and improving language access to healthcare services for patients of Limited English Proficiency (LEP) and deaf and hard-of-hearing patients who rely on sign languages.

In 2021, MasterWord worked alongside experts in Mayan languages to produce a visual tool designed to help health-care workers identify 25 Mayan dialects being spoken by refugee children. The tool permitted care to be provided in the dialect spoken by each child through correctly selected interpreters.

MasterWord implements a Code of Conduct which applies to all employees, contractors, and management personnel. Upon joining our company, every person must comply with our Code of Conduct and receive training in ethical decision-making, anti-harassment, and diversity and inclusion policies.

The Code of Conduct governs individual behavior and ethical practices for individual and company actions to protect human rights, including upholding health and safety measures, enforcing non-discrimination policies, maintaining data privacy, mediating conflicts of interest, and ensuring fair treatment for all people. Furthermore, our Whistleblower policy maintains the safety of employees who report potential human rights violations.

MasterWord’s Contracting Partner Code of Conduct goes a step further, requiring that all suppliers and vendors agree to follow the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

MasterWord employees are encouraged and expected to speak up, step up, and lead.

MONITORING AND EVALUATING PERFORMANCES

We empower our employees to report any human rights violations they witness or suspect, be they internal or external, through whatever channel they see fit. All reports are recorded and reported to MasterWord’s Human Resources manager, those in relevant leadership positions, and the appropriate legal authorities.

There have been no reports of human rights abuse or infringement in the past year.

Human rights are not only reflected and protected via company policy and protocol. MasterWord is engaged in protecting human rights locally and globally, and specifically in the fight to end human trafficking. We are an active member of the Texas Businesses Against Trafficking (TBAT) organization and the United Against Human Trafficking Houston Rescue & Restore Coalition. This involvement has contributed to our employees’ knowledge and understanding of trafficking in our city and globally. In this area, MasterWord serves as a role model to other businesses in our industry and in our community.

In recognition of this important topic, Ludmila Golovine, CEO & President of MasterWord, regularly gives presentations on Embracing Diversity & Establishing an Inclusive Company Culture, Working with Limited English Proficient, Deaf, and Hard of Hearing Victims and Survivors of Human Trafficking, and Patient Centered Care When Working with Survivors of Human Trafficking for social workers, language professionals, educators, students, and business leaders.

MasterWord is also a founding member of the Global Coalition for Language Rights with the mission to support global efforts towards increasing access to critical information and services. In 2021, MasterWord supported ongoing initiatives including supporting the Global Language Advocacy Day.

LABOR AND WORKING ENVIRONMENT AND HEALTH OF EMPLOYEES



- 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining**
- 4. The elimination of all forms of forced and compulsory labor**
- 5. The effective abolition of child labor**
- 6. The elimination of discrimination in respect of employment and occupation**

POLICIES & GOALS

MasterWord prohibits forced, and/or compulsory labor and enforces a strict hiring process if minors seek employment. We seek high employee and contractor satisfaction ratings by upholding fair workplace standard practices and anti-discrimination and harassment policies. When policies must be expanded upon or made more explicit, MasterWord reviews and immediately incorporates needed changes. Recent additions have clarified policies that empower all employees to properly use gender identity terms, including pronouns, as a crucial way to signal courtesy and acceptance in the working environment.

MasterWord takes social responsibility seriously. For example, MasterWord is an active member of the Texas Businesses Against Trafficking (TBAT) organization, actively working to prevent human trafficking in all its forms, including trafficking for sex and compulsory labor. Since 2019 Ludmila Golovine, MasterWord's CEO, has been a member of the Board of Translation Commons, a nonprofit volunteer community with a mission to create resources for a digital ecosystem where all languages have equal access, thus enabling educational, cultural, and economic opportunities for all people.



| IMPLEMENTATION

MasterWord complies with all federal and state Child Labor Laws. Offers extended to persons under 18 go through a rigorous and transparent approval process, including the company, the employee, and legal guardians. Executive management, Human Resources, the child's legal guardian, and the employee themselves are all made aware of the working responsibilities, conditions, and limitations prior to the beginning of employment.

MasterWord enforces an at-will employment policy. We follow procedures on identification and resolution of ethical violations as described in our Quality Assurance Manual. MasterWord extends opportunities to employees, contractors, and members of the public to voice their concerns and complaints through public forums and private feedback.

We also empower our employees to build rewarding careers and foster a culture of learning that pushes them to seek growth opportunities. We value and support our managers so they can successfully lead their teams. A woman-owned company, MasterWord guarantees all employees receive equal employment opportunities regardless of race, national origin, gender identity, sexual orientation, or age. We uphold an equal employment and diversity philosophy as an integral part of our personnel management system, and we are especially proud of our efforts to promote a diverse and inclusive workplace, particularly by advancing women and those belonging to other minority populations in leadership roles.

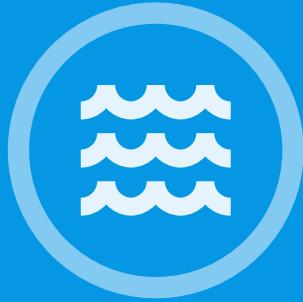


| MONITORING AND EVALUATING PERFORMANCES

No incidents of discrimination, forced labor, or compulsory labor were reported in 2021.

MasterWord conducts annual employee satisfaction surveys. Not only did the total number of respondents increase by just over 30% in the past year, across every department there was above 90% satisfaction with MasterWord's communication. Additionally, MasterWord has designed and implemented an employee wellness program, which is an important step in improving the health and productivity of employees and teams. As part of MasterWord's corporate wellness program, every Wednesday, tips and resources for respect, mindfulness, wellness, healthy habits, and fun ways to reduce stress are shared for our employees and contractors. Outside speakers and trainers are brought in several times a year to address employee pain-points, provide practical exercises and tools, and to role-play key behaviors that make for a safe, harassment-free work environment where equal opportunity and accountability are paramount.

ENVIRONMENT



- 7. Businesses should support a precautionary approach to environmental challenges**
- 8. Undertake initiatives to promote greater environmental responsibility**
- 9. Encourage the development and diffusion of environmentally friendly technologies**

POLICIES & GOALS

MasterWord actively identifies, assesses, and acts in areas where we can integrate more sustainable approaches into our business model. In 2021, we focused on reducing our CO2 emissions and waste in our office and encouraging at-home environmental sustainability for employees working remotely.

IMPLEMENTATION

Climate change is a serious global issue. It tests our resilience and our collective commitment to supporting the future health of our planet. Our impact on the environment factors substantially into our goals for both improving the lives of our employees and operating as a responsible and sustainable company. We have broken down our approach to sustainability into managing waste and neutralizing our carbon footprint wherever possible.

MONITORING AND EVALUATING PERFORMANCES

We recognize that reducing our impact requires big and small behavioral changes. We accept responsibility and take measures to remedy any areas we find opportunity to reduce waste and conserve natural resources. We have seen a dramatic reduction in paper waste as contracts, agreements, training materials, and policy handbooks are signed, stored, and viewed electronically. In 2021, MasterWord began an initiative to reduce paper waste by eliminating the need for paper verification forms used by interpreters working on-site with clients wherever possible. They can submit the new paperless forms to our office via interpreter smartphones.

MasterWord has also committed to changes in how we print documents. All documents are printed double-sided by default and are recycled in office. Employees are actively involved in waste management efforts by collecting recycled plastic and paper goods.

The company purchased electricity sourced from renewable energy sources in 2021, and to be further efficient, MasterWord has established a policy to use only low-energy LED light bulbs in all offices.

ANTI-CORRUPTION



10. Businesses should work against corruption in all its forms, including extortion and bribery

POLICIES & GOALS

MasterWord is committed to doing business with integrity and to actively work against corruption in all its forms. The nature of our business often requires that we interact with businesses and government officials internationally. MasterWord limits negotiations and business dealings to comply with local and international law, and when faced with circumstances that test our ethical and principled stance against corruption, it is MasterWord's policy to reject these outright, including but not limited to bribery and extortion. Additionally, MasterWord empowers employees to report any violations of company policy or suspicion or corrupt activities without fear of reprisal.

IMPLEMENTATION

MasterWord prohibits its employees, contractors, and third-party entities from engaging in corruption in any form or context. Violating this policy is grounds for termination of employment. Integrity, ethics, and transparency guide all our relations with representatives from government agencies, employees, contractors, clients, and private organizations.

It is the policy of MasterWord to conduct our operations and activities in compliance with all applicable Anti-Corruption Laws and our own high standards for ethical conduct. This is reflected in our written agreements with clients, contractors, government agencies, and employees. For example, contractors are prohibited from offering or giving "any substantial gifts, extravagant entertainment, gratuity, loans or other considerations or anything of value or any promise for future reward or compensation to any MasterWord employee or representative at any time to obtain favorable treatment," under MasterWord's standard ICA.

MONITORING AND EVALUATING PERFORMANCES

No incidents of corruption or suspicious activities were reported in 2021.

MasterWord is committed to timely and appropriate responses to all potential concerns. MasterWord does not tolerate retaliation against anyone who makes a report of a potential violation or concern in good faith. In addition to reporting potential violations internally, employees, contractors, and clients are free to report any concern or illegal activity to the appropriate regulatory authorities without fear of reprisal.



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