



Fairwork

# FAIRWORK AI SUPPLY CHAIN ASSESSMENT: APPEN

2025



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# Executive Summary

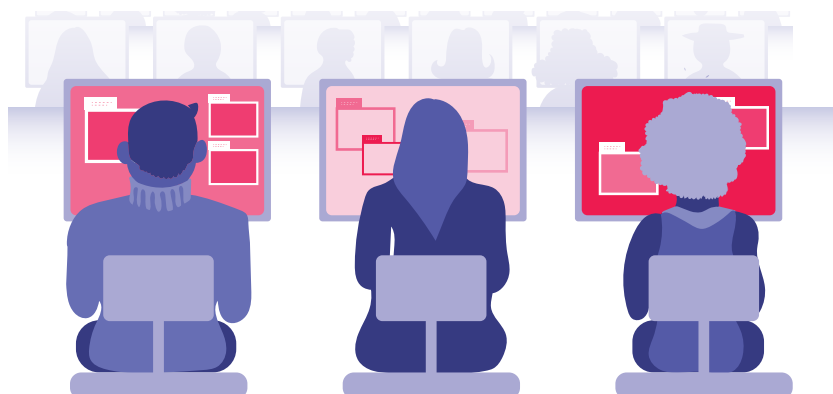
**This report presents the findings from Fairwork’s assessment of Appen, a data annotation company providing human annotated data sets for Artificial Intelligence (AI) and Machine Learning (ML). Regularly cited as an industry leader, Appen has a reported workforce of over one million, with workers engaged as both remote freelancers and on-site employees. The report marks the first assessment of Appen’s on-site operations by the Fairwork project.**

Focusing specifically on operations in its Philippine Business Process Outsourcing (BPO) centre in Imus, a city in the province of Cavite, Fairwork has assessed Appen’s workplace policies and management practices against the Fairwork AI Principles. The assessment draws on extensive desk research, worker evidence (including a company-wide survey and 14 in-depth interviews with workers), and management evidence, as well as reviewing the measures introduced by the company during the assessment period from September 2024 to October 2025.

Appen has been awarded a score of 4 out of 10, in recognition of its compliance with the local minimum wage, its efforts to prevent unfair management practices, and its initiatives to promote collective worker voice. Following its engagement with Fairwork, 15 changes were implemented by Appen’s management to improve workplace standards.

These changes include expanding Appen’s partnership with a service provider to offer mental health and therapy support for content moderators, launching a Content Moderator Wellness Programme to mitigate task-specific risks, standardising the process for seeking consent to strengthen workers’ understanding of potential risks, improving appeals mechanisms to ensure procedural transparency, updating its privacy statement to meet data minimisation requirements, discontinuing the use of screen-monitoring software, and establishing an Engagement Forum where workers can discuss company policies and participate in governance.

This assessment and the resulting changes were made possible through Appen’s active engagement with Fairwork. The company facilitated a site visit and a worker survey as well as providing detailed documentation of its policies and practices for analysis.



# Fairwork AI Research: Insights from the Philippines

The integration of Artificial Intelligence (AI) into economic and social systems has created growing demand for high-quality data training and labelling; a market which is projected to reach \$17 billion by 2030.<sup>1</sup> Although automation and the production of synthetic training data are advancing, most data preparation and content moderation continues to rely on human labour.

The workers that perform this critical task are largely based in the Global South and outsourced via remote digital labour platforms and BPOs.<sup>2</sup> Situated within opaque global supply chains and rendered invisible by narratives of technological immateriality, they generally face low pay and poor working conditions, despite their essential contribution to the production of AI.<sup>3</sup>

The Philippines has long been a key outsourcing location.<sup>4</sup> The Philippine BPO sector, developed in the 1990s with strong government support, now accounts for 10 to 15% of global market share, employs over one million people, and was valued at approximately \$38.7 billion in 2024.<sup>5</sup> Growing at a rate of 7% in 2024, it is expected to provide employment to another 1.1 million workers by 2028.<sup>6</sup>

However, concerns about job quality and technological displacement are present, prompting organisations such as the BPO Industry Employees Network (BIEN) to call for stronger legal protections for workers.<sup>7</sup> The sector operates under the oversight of the Philippine Economic Zone Authority (PEZA) and the Department of Labor and Employment (DOLE). However, existing labour protections often fail to address issues such as living wages, job strain, and employment security.

Contributing to attempts to address issues faced by workers, Fairwork has established the Fairwork AI Principles to benchmark basic minimum workplace standards in the context of AI development and deployment. Structured around five core facets of work – pay, conditions, contracts, management, and collective representation – the principles offer a practical framework for assessing working conditions at individual companies and rendering visible an important aspect of the human impact of AI.

The principles were developed through a global, multi-stakeholder consultation that brought together government representatives, regulators, international organisations, corporations, trade unions, and independent experts. Facilitating independent assessments of working conditions, the principles offer insights for policymakers, workers, companies and consumers. By pointing to best practices, the assessments scaffold demonstrate paths for improvement. Conversely, by pointing to poor practices, they underline the need for regulation to compel change. To date, the Fairwork AI Principles have been used to evaluate working conditions at Sama, a data annotation BPO with delivery centres located in Kenya and Uganda, and at Humans in the Loop, a Bulgaria-based data annotation BPO<sup>8</sup>.

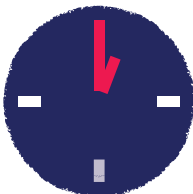


# Fairwork AI Principles



## FAIR PAY

Workers, irrespective of their employment classification or contract type, should earn a decent income and be paid on time and in full.



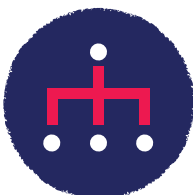
## FAIR CONDITIONS

Companies should have policies to protect workers from foundational risks arising from the work processes and should take proactive measures to protect and promote the health and safety of workers.



## FAIR CONTRACTS

Terms and conditions should be accessible, readable and comprehensible. The party contracting with the worker must be subject to local law and must be identified in the contract. Regardless of the workers' employment status, the contract must be free of clauses that unreasonably exclude liability on the part of the service user and/or the company. The employer should make reasonable adjustments in wages and conditions between workers in different contractual arrangements.



## FAIR MANAGEMENT

There should be a documented process which guarantees that the employer will not discriminate and that workers have the right to appeal decisions affecting them. There must be a clear channel of communication for workers to appeal management decisions. Where AI systems are involved in work, employers must create explainability mechanisms such as transparency reports, and workers must be able to appeal decisions made by AI systems. Management should avoid excessive surveillance and should strive for data minimisation.



## FAIR REPRESENTATION

Companies should provide a documented process through which worker voice can be expressed. Irrespective of their employment classification or contract type, workers should have the right to organise in collective bodies, and companies should be prepared to cooperate and negotiate with them.



# Methodology: How Does Fairwork Assess BPOs?

Fairwork assesses companies using a threefold methodology comprising desk research, management meetings, and worker interviews. Additionally, surveys may be administered and site visits undertaken. This process generates evidence against the thresholds defined in the Fairwork AI Principles, verifying company claims and capturing both positive and negative findings from diverse sources. Scores are based on this evidence, with points awarded only where sufficient proof is available for each threshold.

## Desk Research

Each evaluation begins with desk research to gather publicly available information about the company, its operations, and labour practices. This stage helps the research team identify key issues, refine the research focus, and design appropriate instruments for data collection and worker recruitment. It also serves to establish initial points of contact with management where necessary, laying the groundwork for subsequent engagement and evidence gathering.

## Management Engagement

The second element of the Fairwork methodology involves engaging with company management to obtain evidence. Management participates in meetings where the principles are outlined and is asked to provide supporting evidence of relevant policies and practices. Where necessary, written questions are also sent. The objective is to gain insight into the company's operations and business model while facilitating a dialogue through which the company may agree to implement suggested changes aligned with the Fairwork principles.

## Worker Interviews

The third element involves collecting data directly from workers through interviews and, where possible surveys, which provide detailed evidence of lived experiences at the company. The aim is not to create a representative sample, but rather to develop an understanding of work processes and how they are managed. This enables Fairwork to assess whether policies and practices are applied consistently and working as intended. Where possible, unions, worker groups, and other stakeholders help disseminate calls for participation. Interviews and surveys are structured around the thresholds outlined in the Fairwork principles and are conducted in strict confidence. Workers are compensated at a rate above the local living wage.

## Providing a Score

Each principle is divided into two sub-principles. The first may be awarded independently, while the second is conditional on the first being met. Companies are scored out of 10, with a maximum of two points allocated per principle. A point is awarded only when a company



provides sufficient evidence of implementing the relevant sub-principles. The absence of a point does not necessarily imply non-compliance; it indicates only that Fairwork was unable to substantiate compliance with the available evidence.

The scoring process involves several stages. First, the evidence is compiled, and preliminary scores are assigned. The anonymised and summarised evidence is then reviewed independently by external reviewers, who assign their own scores. Once this stage is complete, all scorers convene to discuss the evidence and determine a provisional score. The scores and their justifications are subsequently shared with the company for review, after which they can submit additional evidence in support of points not initially awarded. Final scores are determined based on all available evidence.

### **The Application of the Fairwork Methodology to Appen**

Appen agreed to an assessment of workplace standards at its Cavite site in June 2024. The assessment centred on the experiences of data processing workers and followed the standard Fairwork methodology, with adjustments to account for the specificities of the case study.

In September 2024, Fairwork initiated desk research to collect all publicly available information about Appen and its BPO delivery centre in the Philippines. Two months later, Appen hosted Fairwork researchers on a site visit. During the visit, the researchers participated in meetings with the management team. In the following months, Appen's management also provided extensive documentation to support the assessment of its alignment with the Fairwork AI Principles, including sample contracts as well as policies on worker wellness and managerial practices.

An online survey was conducted to understand the experiences and perspectives of workers. Participation was voluntary, remunerated, and confidential. While on-

site in Cavite, researchers distributed a flyer outlining the research. Appen's management also sent it to all workers by email and displayed it on company bulletin boards. The flyer invited workers to participate in a survey or an interview and included a QR code linking to a secure landing page. The landing page asked workers to share their contact details (specifically excluding work emails). The research team then contacted workers who expressed interest in participating.

The survey was conducted from mid-November 2024 to early February 2025 and was offered in both English and Filipino. A total of 129 valid responses were received, representing approximately 9% of the estimated workforce – with approximately 1400 data workers employed at the BPO in September 2024, when the assessment began. The sample included variation across age and gender, with women making up a slightly higher proportion. However, the objective was not to build a representative sample but to collect granular data on the experiences of workers in accordance with the thresholds specified in the Fairwork AI Principles. Survey participants were compensated at an hourly rate above the local living wage for their contribution. In addition to the survey, the research team conducted 14 in-depth interviews with workers. These interviews lasted approximately one hour and an hourly rate above the local living wage.<sup>9</sup>

The research team analysed the data provided by management and workers thematically in accordance with the thresholds outlined in the Fairwork AI Principles. The peer review process, which included members of the Fairwork network<sup>10</sup>, took place in April 2025. Fairwork then provided Appen with a provisional score, together with suggested changes to company policies and practices as well as requests for clarification where evidence was incomplete or ambiguous. The score was finalised in October 2025, following the provision of further evidence and extensive dialogue between Appen's Philippines managerial team and the Fairwork research team.





# Background

**Appen is a key intermediary in global AI supply chains, with international clients including Amazon, Salesforce, and Nvidia.<sup>11</sup> A publicly traded technology company with an estimated revenue of \$234.3 million in 2024, it provides human-annotated data sets for various AI applications and is widely recognised as a leader in the field.<sup>12</sup>**

Founded in Australia in 1996, it now encompasses several subsidiaries with physical premises around the world, including China, Hong Kong, Singapore, India, the US, and the UK and the Philippines.<sup>13</sup>

Claiming a ‘global crowd’ of over 1 million workers covering more than 235 languages, Appen has a large workforce of remote freelancers providing services via digital labour platforms.<sup>14</sup> However, workers are also formally employed on-site, with publicly listed locations including Vietnam, China, Malaysia, India, and the Philippines.





















In the Philippines, formally employed workers report to a BPO centre in Imus, Cavite, a province bordering Metro-Manila. The Cavite site is a tangible manifestation of the materiality of AI. Located in an industrial park, data workers sit row upon row in front of computers, providing services to clients worldwide, from the US to China.<sup>15</sup> Workers handle a wide range of data, from labelling mundane items like photos of bags, shoes, posters to moderating explicit content, including ‘nasty, vulgar, obscene things,’ as one worker interviewed for this research put it. Their work supports the development of various AI solutions and content moderation systems.<sup>16</sup>





# Appen's Fairwork Score, 2024/2025

Table 1: Appen's Fairwork Score

Principle	First point	Second point	Total
 <b>Principle 1: Fair Pay</b>	 Pays at least the local minimum wage	 Pays at least the local living wage	 <b>1</b>
 <b>Principle 2: Fair Conditions</b>	 Ensures safe working conditions	 Ensures paid leave and a safety net	 <b>-</b>
 <b>Principle 3: Fair Contracts</b>	 Provides decent contracts	 Provides secure employment	 <b>-</b>
 <b>Principle 4: Fair Management</b>	 Treats workers fairly	 Creates clear and effective systems for data management, explanations and appeals	 <b>2</b>
 <b>Principle 5: Fair Representation</b>	 Assures freedom of association and expression of worker voice.	 Supports democratic governance.	 <b>1</b>

Appen's Total Score



# Explaining the Scores



## Fair Pay

The first point (1.1) stipulates that workers must earn at least the local minimum wage for all hours worked, regardless of their employment status or contract type, and that they are paid on time and in full. The second point (2.1) requires that workers be paid at least the local living wage. Appen has been awarded the first point for Fair Pay.

Workers at the Imus site are paid a fixed rate of ₱16,222.73 per month (gross) (\$278.01). This includes three bi-monthly allowances for rice (₱750, taxable), laundry (₱150, taxable), and uniform and clothing (₱208.34, non-taxable). The basic daily rate before allowances is approximately ₱643.96 (gross) (\$11.04), with the addition of the allowances raising the daily rate to ₱743 (gross) (\$12.73). Workers receive an additional 13th-month salary, equivalent to at least one-twelfth of their total basic salary earned within a year, as mandated by Presidential Decree No. 851 and the Department of Labor and Employment (DOLE).<sup>17</sup>

The basic wage exceeds the statutory minimum wage of ₱560 per day (\$9.60) for the Calabarzon region, where Appen's site is based.<sup>18</sup> Payment is generally on time and in full. There was, however, insufficient evidence to demonstrate that workers at the Imus site earn at least the living wage for all hours worked.<sup>19</sup>

In response to the question, 'How often do you worry about making enough money to cover your living costs?', only 5% of workers that participated in the survey reported never worrying about it, while 39% said sometimes, 36% most of the time, and 21% always. Consistent with these findings, the majority of interviewees reported worrying about not earning enough to live on, with workers – especially those with families to support – emphasising the insufficiency of their wages. One worker, a parent, said the following:

*As a family person, that kind of money doesn't really support [us], because we have the bills, electricity. So, I need another job so the expenses will be fulfilled.*

Appen's management proposed that the living wage figure published by the IBON Foundation should apply to the family unit rather than to individual workers. However, in conversations with Fairwork, the IBON Foundation recommended continuing to apply this threshold to individual wage earners, as it would be impossible to estimate the number of wage earners in each family unit.<sup>20</sup> Therefore, to award the point, the living wage figure must align with IBON Foundation's operationalisation, which applies to the individual.





To receive the first point for Fair Conditions (2.1), companies must demonstrate that they provide safe working conditions. This includes having policies and practices in place to protect workers from task-specific risks, such as high job strain or enabling workers to flag potential hazards, and ensuring reasonable working hours, break times, and shift allocations, with appropriate accommodations for health or personal circumstances. The second point (2.2) is contingent on the provision of paid time off and meaningful health care contributions if there is no national scheme accessible to workers.

There was insufficient evidence to award Appen either point for this principle. However, the company took significant measures to address issues highlighted during the assessment, particularly in mitigating risks faced by content moderation workers.

Worker evidence suggests that workers performing data annotation tasks at Appen experience relatively high job strain. Both the survey and worker interviews underscore the strenuous work schedules required to meet output and quality targets. Survey results highlight that one in five workers struggled to meet their targets and were reprimanded by supervisors when they failed to do so.

The survey findings also underscore the central role of key performance indicators (KPIs) in shaping working conditions in the company. One respondent noted, 'Managers [or] supervisors force their [team] members to achieve KPIs.'

The evidence points to a work culture characterised by high pace, often resulting in physical strain such as headaches, eye fatigue, blurry vision, and back pain. To address musculoskeletal injuries, Appen offers workplace adjustments. The company also provides free access to a nurse, a physiotherapist, and a

mental health professional (for content moderation workers), and safety training to address the physical and psychological impacts of the work. However, workers continue to experience high job strain due to the pressure to meet daily targets – with the potential threat of disciplinary action, including warnings and ultimately termination, if they repeatedly fail to do so, after undergoing a Performance Improvement Programme (PIP).

For content moderation work, the risks also extend to mental well-being. One worker surveyed for this research described their gradual desensitisation to the content, its inescapability outside of work, and the resulting impact on their mental health:

*Since we were exposed to graphic content every day, the content itself became normal to us. The harm appears in dreams, normal conversation, [and] chores; I mean, there should be a cleanse every week for us to be sane.*

Another participant described the lingering effects of content moderation work beyond normal working hours:

*It has an impact on our mental health because we imagine it when we are off duty. We always remember it. The company does provide support. You get used to it as time goes by. At first it is hard, but you get used to it.*

Appen took measures to mitigate risks specific to content moderation. In November 2024, the company launched a Content Moderator Wellness Programme to address risks that content moderators face. The programme introduces several measures to support workers' well-being. These include flexible working arrangements, such as flexible scheduling and shift rotations to prevent burnout and limit exposure to distressing content, and workplace adjustments, such as temporary changes in job responsibilities. Workers also receive ten additional paid

leave days, known as 'reset days', and must attend a mandatory mental health seminar.

The programme further provides access to counselling sessions, based on assessments by counsellors contracted externally by Appen. It also includes 'trauma-informed practices', such as training for team leaders and HR staff to recognise signs of emotional distress, and 'learning sessions', including webinars, training, and educational programmes to promote mental health awareness. Finally, a blurring tool allows workers to skip content according to their confidence level. However, as management evidence underlines, 'in cases where the blurring function [provided by the application] prevents the workers from properly moderating the content, they have no choice but to unblur the image to ensure the task is completed accurately.'

Appen contracts counselling services from a local agency, which implements Employee Assistance Programmes for content moderation workers. As part of this programme, the following services are provided: (1) pre-employment mental health assessments for employees engaged in content moderation tasks; (2) triannual mental health check-ins for those involved in explicit content moderation; and (3) 24/7 counselling, including support for workers who leave Appen, with a grace period of two weeks. While this programme reflects Appen's commitment to ensure the mental well-being of its content moderators, it falls short of meeting the protocols highlighted by UNI Global, which recommends extending access to wellness resources for at least 24 months post-contract.<sup>21</sup>

Before engaging with explicit content, workers are informed of the associated risks through mental health screening and are given pilot tasks to familiarise themselves with the types of content they

will review. Management evidence also shows that workers employed in content moderation projects receive a sample project comprising 20 tasks to help them prepare for the type of work they will undertake. Content moderators can also request to be transferred to other projects. With regard to risk flagging and the ability to opt out, in practice, many feel they have little real choice but to accept available assignments.

Work at Appen is organised in shifts spread across the day and night, with standard working hours not exceeding eight per day, in line with the Filipino Labor Code.<sup>22</sup> Most work is on-site, with the possibility of home working on specific projects. Workers report to work on-site five days per week and are entitled to a one-hour unpaid lunch break. Management evidence also highlights that workers are entitled to an additional paid 30-minute break each day, divided into two 15-minute slots. However, survey evidence shows that access to this break depends on approval by team leaders. Management evidence also indicates that, in certain projects, the 30-minute break is conditional upon a full 8-hour shift. Workers, in such cases, must log eight hours of active working time, also known as 'tool time', a metric applied in some projects that measures time spent submitting tasks, with 'idle time' accumulating after two minutes of inactivity.

Workers interviewed who were subject to 'tool time' reported feeling unable to take their full paid breaks or step away from their computers, for fear of accumulating too much 'idle time', which could prevent them from meeting their 'tool time' targets. They also expressed concern that, given the project-based nature of their employment, client withdrawal could result in job loss if a project failed to meet client expectations. One worker commented:



*If we say we can't handle the workload, we risk losing our jobs. Managers always say, 'The client is the client; they pay us'.*

In some instances, job strain is intensified by the lack of paid leave. Under Filipino law, Appen's data processing workers are entitled to five days of Service Incentive Leave only after one year of service.<sup>23</sup> This leaves those with less than a year of

tenure without access to any paid time off, including sick leave. Workers reported having to 'compensate' for sick days by working on their designated rest days. Although no changes were implemented to address this issue during the 2024/25 evaluation period, extending paid time off to all workers, regardless of tenure, was cited by Appen's Philippine BPO management as a key near-term goal.



## Fair Contracts

The first point of the third principle (3.1) stipulates that workers must sign a contract and/or give informed consent to the terms and conditions upon signing up and at each subsequent extension. The contract or terms and conditions must be easily accessible to workers, and the party employing the worker must be identified and subject to the laws of the jurisdiction in which the worker is based. In addition, workers engaged in long-term projects that exceed the probationary period must be offered the option to sign an employment contract lasting, at a minimum, the same length of time as the project. The second point (3.2) stipulates that the employer must provide secure employment. This includes the provision of permanent contracts to workers who have been employed for three years or more on short-term contracts. There was insufficient evidence for Fairwork to award Appen both points under this principle.

Appen provides workers with contracts written in clear and comprehensible language, which workers report they can understand. The contracts are widely available in paper and electronic form. Appen is listed as the employing party, and the contract complies with the Labor Code of the Philippines. However, there was insufficient evidence to demonstrate contractual security. Contract-related stress and anxiety were common among the workers surveyed and interviewed for

this research. Employed on project-based contracts, which do not specify an end date but instead define the end of a project through a series of conditions, workers expressed concerns about sudden unemployment. As one noted:

*It is just rolling, and it's like a surprise for us. If the customer withdraws the project, the company will just tell us [that] the project [has] already ended. We call it MTO [...] Sometimes it just comes to mind; what if tomorrow the client withdraws the project, where will we go? There's no assurance.*

Specifically, evidence suggests that workers may be instructed not to report to work, and therefore not receive pay, if the client has no tasks for Appen on predetermined days or if the volume of available work decreases. This practice, known as Mandatory Time Off (MTO), refers to a situation in which a project ends, or the volume decreases, and workers are put on mandatory leave, waiting to be hired on a new project, without pay, benefits, or training opportunities. Appen management underlines that MTOs usually last no longer than a week and that the company endeavours to transfer workers to different projects when one ends, but this cannot be guaranteed due to the unavailability of additional projects. Worker evidence indicates that the decision-making process regarding transfers and the placement of workers on MTO is not transparent. One worker

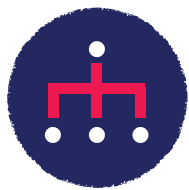
who had experienced MTO described it as follows:

*It's hard because we really don't know if we will get hired for another project [...] it is no work, no pay.*

When a project is completed, all workers are placed on MTO. In cases where a project experiences a reduction in work volume, Appen moves only a portion of the project team to MTO, with others continuing to work on the project. According to management evidence, this practice provides workers with flexibility during periods of variable demand. However, it also leaves workers with little protection

against fluctuations in workload. MTO, therefore, provides workers with no contractual security. It contradicts the possibility of workers being provided with the option to sign an employment contract lasting at a minimum the same length of time as the project.

Despite the risk of unemployment, nearly half of the workers surveyed for this research had been employed at Appen for three years or more. However, permanent contracts are not currently offered to these workers. Appen's management emphasised in dialogue with Fairwork that this is a key near-term goal.



## Fair Management

The first point of the fourth principle stipulates that workers must be treated fairly (4.1). Companies must take active steps to prevent unfair management practices such as bullying, harassment and discrimination. In addition, workers must have the right to appeal disciplinary measures and must not be disadvantaged when voicing concerns. The second point (4.2) is awarded if companies have clear and effective systems for data management, explanations and appeals. Appen has been awarded both points in this principle.

Appen has policies in place to prevent harassment and discrimination, as well as the 'abuse of authority' by managers, including coercion, maltreatment, and retaliatory acts against workers. These policies are communicated to workers through several channels, including a new hire orientation deck. The policies were generally regarded by workers as effective, and several interviewees described their managers as supportive. However, it was initially unclear how workers could raise concerns about managers should they experience issues. Appen subsequently provided evidence of an appeals

mechanism through which workers may submit a formal letter of appeal within five working days of receiving a dismissal notice.

There is also an appeals process through which workers may contest quality audits and other task-related evaluations that influence their performance scores. This process is codified in both the company's Code of Conduct and the new hire orientation deck.

As discussed above, workers are subject to a series of project-dependent KPIs. To facilitate performance monitoring, Appen uses technological tools to collect data on worker performance. When the assessment began, this included Time Doctor in certain projects – a SaaS tool that facilitates different forms of tracking, including screen-monitoring.<sup>24</sup> Appen provided evidence that the screen monitoring functionality in Time Doctor was switched off as of November 2024, except for workers engaged in explicit content moderation projects from home. As of March 2025, following conversation with Fairwork, Appen ceased to use Time Doctor.



Workers were broadly aware of the data that was being collected about them, with workplace performance metrics communicated in employment contracts. Workers are also provided with a privacy notice, available on the Appen website, which outlines additional types of data collected, data processing practices and the length of data retention.

The privacy notice also stipulates that collected data will not be used to make automated decisions about workers, including those related to performance review or assessment. Initially, the privacy notice included the collection of worker data on trade union membership, which constitutes an excessive data collection practice. In conversation with Fairwork, Appen has removed this clause.



## Fair Representation

To receive the first point for this principle (5.1), companies must ensure that there is a documented mechanism for the expression of collective worker voice, along with a formal written statement of willingness to recognise and bargain with a collective, independent body of workers or trade union. This statement must be clearly communicated to all workers. In addition, freedom of association must not be inhibited, and workers must not be disadvantaged in communicating their concerns, wishes, and demands to the company management or in expressing willingness to form independent collective bodies of representation. To receive the second point (5.2), support for democratic governance must be evidenced through a cooperative model, a formally recognised union, or the ability for workers to undertake collective bargaining with the employer.

Appen's Global Code of Conduct reflects the company's commitment to upholding human rights, labour standards, and ethical practices in all areas of operation, including the supply chain.<sup>25</sup> When the Fairwork assessment began, evidence was inconclusive as to how this commitment was operationalised in the Philippines.

During Fairwork's site visit in November

2024, management agreed to establish an Engagement Forum to facilitate the expression of worker voice. The forum offers a space for workers to share concerns and ideas and acts as a bridge to management. It meets monthly, with a separate meeting held between forum leaders and members of Appen's on-site management team.

The forum is open to all non-managerial workers, who are regularly invited to attend through company memos. Participation is voluntary, with leaders elected annually by forum members. Management evidence confirmed that meetings are held during paid time and that participation does not affect workers' performance scores. Information about the forum has been added to the new hire orientation deck, alongside the following statement: 'The Company adheres to workers' right to organise and bargain in accordance with the Labor Code.' Overall, the forum represents a commendable mechanism that enables workers to have a stronger voice in shaping company policies and practices. For this reason, Appen has been awarded the first point. Fairwork encourages Appen to build on this foundation and strengthen democratic governance by engaging with unions to achieve the second point in future assessments.

# Workers' Stories

## Marites\*, Female, 34

Marites has worked on and off at Appen for nearly six years. Her current role involves tagging items in thousands of images per day.

She earns ₱16,222 per month (\$278), which is above the minimum wage but still insufficient to meet the rising cost of living. 'It's a little bit unfair for us, because the living expenses are going up,' she noted. Bonuses are offered for hitting performance targets, but they are very hard to attain. 'To hit our tool time,' she explains, 'we ask other annotators to hit our mouse just to go to the toilet.' She finds the monitoring stressful. The job also takes a physical toll, and sitting for long hours has led to back pain and headaches. Despite being with Appen for years, Marites has never been offered a permanent contract. She does not know when her current contract will end or whether it will be renewed. In the past, she has received only one week's notice before a project ended, and at times has been placed on mandatory time off (MTO) for months without pay.

## Carlos\*, Male, 37

Carlos is a long-time employee of Appen who currently works as an annotator. Like others, he has experienced mandatory time off. Like Marites, he earns ₱16,200 per month, a wage he describes as not good, particularly considering rising living costs and the demands of the job. Carlos describes his workload as high, with strict 'tool time' and stressful performance targets. Overtime is expected if he and his fellow workers fail to hit their tool time, even for reasons beyond their control, such as power cuts or internet issues. When Carlos had a family emergency to tend to, he was granted leave but still required to work on the weekend to make up the hours. A similar situation occurred when he fell ill. 'We end up compensating for our own time off,' he says. 'There's no real rest.'

Carlos describes favouritism among management and says that workers, in some projects, are reluctant to raise concerns for fear of retaliation. 'There's a fear of speaking up. I've seen people let go after they complained, and others who resigned because of how they were treated.' Monitoring is also a source of stress. Managers regularly walk the floor to check if people are working. 'A colleague was given a warning just for resting his eyes.'



\* Names and personal details have been changed to protect the anonymity of workers.



# A Summary of Changes Implemented by Appen

During the assessment, Appen's Philippine BPO management implemented the following 15 changes to their policies and practices:



### Fair Conditions

- Expanded the scope of the mental health support and therapy services contracted by Appen, to address the psychological impact of content moderation work. The services now include:
  - Pre-employment psychological assessments for workers undertaking content moderation tasks. Since many workers were already employed at the time this change came into effect, these assessments have also been conducted during employment (April 2025)
  - Triannual online mental health check-ins (individual consultations) for content moderators (June 2025)
- Established a Content Moderation Wellness Programme (starting November 2024). The programme includes:
  - Ten additional paid 'reset' leave days per year.
  - One counselling session with a licensed psychologist, including a grace period of 2 weeks after a project ends.
  - One required mental health seminar.
  - Workplace adjustments, including requests to transfer projects for a temporary period.
  - Technological tool enhancements to reduce exposure to harmful content, such as the blurring of images.
  - 'Trauma informed practices', such as training of team leaders and the HR, by counselling services, to catch early signs of emotional distress.
- Developed a standardisation document to guide recruiters and coordinators when explaining risks and obtaining informed consent from candidates or workers, during on-site assessments for explicit content moderation projects (April 2025). The document outlines procedures for discussing and securing consent via a waiver/consent form and aims to ensure that workers are fully informed about the sensitive nature of the work and the scope of the consent being requested.



## Fair Management

- Updated the new hire orientation deck to include key information for new hires, covering the code of conduct, a zero-tolerance policy toward all forms of harassment, and workers' rights to various freedoms, including freedom of association.
- Updated the appeals mechanism, allowing workers to submit a formal letter of appeal in response to dismissals within five working days of the receipt of the dismissal notice.
- Updated the appeals process to respond to quality audits and other task-related analyses shaping workers' performance scores. This process is now codified in both the code of conduct and the new hire orientation deck.
- Updated the Privacy Note to revise a paragraph that initially included the collection of worker data on trade union membership. The paragraph now reads: 'During your employment with us, we will generally collect additional information about you to allow us to meet further legal obligations in areas such as equal opportunities monitoring. This may include details of gender, racial origin, and disability where required by law and upon your voluntary consent.'
- Stopped monitoring remote workers using Time Doctor, as of March 2025.



## Fair Representation

- Established an Engagement Forum in November 2024 to provide a structured space for employees to share concerns, ideas, and suggestions. The forum meets monthly, during paid working time, with follow-up meetings involving forum leaders, selected members, and management. Participation is voluntary and open to all non-managerial employees, with forum leaders elected annually. Meeting minutes are shared with relevant stakeholders, including management.





# Fairwork AI Supply Chain Certification

**Assessments of working conditions in AI supply chains reveal persistent, industry-wide challenges in achieving fair and secure employment.**

While individual company actions can lead to positive change, structural issues related to outsourcing, pay, and worker representation continue to shape outcomes. Sustained improvement depends on coordinated efforts to strengthen labour standards across entire supply chains.

To address these systemic issues, Fairwork has launched a certification scheme to encourage lead firms in supply chains to embed Fairwork standards into their supplier agreements and procurement policies. Its aim is to create accountability across the supply chain rather than relying on one-off reforms at the level of individual suppliers.

## Why this matters

Ensuring decent work in AI supply chains is essential for building resilience, credibility, and long-term sustainability:

- **Regulatory Preparedness:** Proactively aligning with emerging labour laws and global standards helps mitigate legal and ethical risks before they affect compliance or reputation.
- **Transparency & Trust:** Demonstrating responsible labour practices builds credibility with customers, investors, and regulators, positioning companies as leaders in ethical AI.
- **Resilient Workforce:** Fair wages, job security, and decent working conditions help attract and retain skilled data workers, creating a stable and productive AI supply chain.
- **Sustainable Commitment:** Fairwork's flexible, continuous-improvement model enables companies to embed lasting fair labour standards and ensure long-term accountability.

## Evaluation Model

Fairwork's structured four-phase evaluation model supports companies in identifying risks, implementing improvements, and embedding fair labour standards throughout their supply chains.





















- **Discovery & Risk Assessment:** Mapping supply chains, reviewing contracts and codes of conduct, and conducting worker interviews and document reviews to identify risks.
- **Action Planning:** Prioritising risks by severity and impact, developing tailored remediation plans, and establishing clear metrics for tracking progress.
- **Implementation & Training:** Supporting companies and suppliers to deploy ethical sourcing and labour protection strategies and to embed due diligence practices in procurement.
- **Monitoring & Reporting:** Conducting follow-up audits 1–2 years later to assess adherence to the Fairwork principles and the effectiveness of remediation, with outcomes transparently reported.

Fairwork offers both audits and certification. Audits cover the first two phases and provide companies with a roadmap for improvement. Certification requires firms to go further by implementing reforms, undergoing follow-up audits, and demonstrating progress over time. Companies earn the Fairwork Onboard certification during Discovery & Risk Assessment, while the Fairwork Endorsed certification recognises sustained improvements confirmed through follow-up audits.

## APPENDIX

# The Fairwork AI Principles

Table 2: Fairwork Scoring System

Principle	First point	Second point	Total
 <b>Principle 1: Fair Pay</b>	 Pays at least the local minimum wage	 Pays at least the local living wage	 <b>2</b>
 <b>Principle 2: Fair Conditions</b>	 Ensures safe working conditions	 Ensures paid leave and a safety net	 <b>2</b>
 <b>Principle 3: Fair Contracts</b>	 Provides decent contracts	 Provides secure employment	 <b>2</b>
 <b>Principle 4: Fair Management</b>	 Treats workers fairly	 Creates clear and effective systems for data management, explanations and appeals.	 <b>2</b>
 <b>Principle 5: Fair Representation</b>	 Assures freedom of association and expression of worker voice.	 Supports democratic governance.	 <b>2</b>

Maximum possible Fairwork Score





## **Principle 1: Fair Pay**

### **1.1 – Pays at least the local minimum wage**

To achieve this point, the employer takes appropriate steps to ensure ALL of the following:

- Workers, regardless of their employment status or contract type, must earn the local minimum wage<sup>26</sup> or the wage set by collective sectoral agreement (whichever is higher) for all hours worked.<sup>27</sup>
- Workers, regardless of their employment status or contract type, are paid on time and in full.

### **1.2 – Pays at least the local living wage**

Minimum wage can be insufficient to ensure workers and their dependents a basic but decent standard of living. The living wage exists to set the benchmark of what is required to enable this decent standard of living.<sup>28</sup>

To achieve this point, the employer takes appropriate steps to ensure the following:

- Workers, regardless of their employment status or contract type, must earn at least the living wage, or the wage set by collective sectoral agreement (whichever is higher) for all hours worked.

## **Principle 2: Fair Conditions**

### **2.1 – Ensures safe working conditions**

Workers face several risks in the course of their work, including strain, exhaustion, and exposure to traumatic content. They have a right to protection from these risks.<sup>29</sup> Employers must show they are aware of task specific risks and take steps to mitigate them.

To achieve this point, the employer must satisfy ALL of the following:

- Implement policies and practices that protect workers' safety from task specific risks. This should, at a minimum, account for well-evidenced risks such as:
- High job strain, which can lead to a range of negative health impacts including cardiovascular disease and mental health disorders.
- Secondary traumatic stress, which can be associated with repeated exposure to traumatic content.
- Muscular skeletal injuries, which may emerge as a result of unsuitable equipment, excessive workload or perverse incentivisation in physical jobs.

- Risks related to a specific job are flagged to workers before they accept the job (such as indicating that they might be exposed to violent content).
- The employer places a maximum limit on standard working time that meets either the applicable national regulation or, in cases where there is no applicable national regulation, the ILO standard of 40 hours a week.<sup>30</sup>
- Workers are entitled to take breaks during working time that is defined under the applicable national regulation, or in cases where there is no applicable national regulation, is equivalent to a minimum of one hour for every eight hours worked.
- If the work arrangements require workers to work in shifts, workers are given the option to choose their shifts, and reasonable accommodations are made for workers with additional needs due to health, safety and other personal reasons (such as pregnancy, care requirements, disability and other health conditions).

### **2.2 – Ensures paid leave and a safety net**

Workers are vulnerable to the possibility of losing their income as the result of unexpected or external circumstances, such as sickness or injury. Most countries provide a social safety net to ensure workers don't experience sudden poverty due to circumstances outside their control. However, not all workers might qualify for the social safety protections due to their own personal circumstances (e.g. visa status, residency status). In recognition of the fact that most workers are dependent on income they earn from the work, employers must ensure that workers are compensated for loss of income due to inability to work. In addition, employers must minimise the risk of sickness and injury.

To achieve this point, the employer must ensure ALL of the following:

- Workers have access to paid time-off (such as bereavement, parental, sick and annual leave.)
- Where core medical treatment is not provided by a public system, such as a national healthcare scheme, the employer makes a meaningful provision to the health care costs of its workers.

## **Principle 3: Fair Contracts**

### **3.1 – Provides decent contracts**

Employment on temporary contracts can have significant

negative effects on job satisfaction, well-being and health. Short-term contracts, such as those lasting one to three months or with no guaranteed working hours, place workers in precarious positions and are likely to exacerbate these negative effects.

To achieve this point, the employer must meet ALL of the following:

- Workers must sign a contract and/or give informed consent to terms of conditions upon signing up, and for each subsequent contract extension.
- The contract or terms and conditions is presented in full, in clear and comprehensible language that all workers could be expected to understand.
- The contract or terms and conditions are easily accessible to workers in paper and/or electronic form. If these conditions differ for different contract types, reasonable steps are taken to inform workers about the differences in contract types.
- The party employing the worker must be identified in the contract or terms and conditions, and be subject to the law of the place in which the worker works.
- Workers working on long-term projects that exceed the probation time are provided with the option to sign an employment contract lasting at a minimum the same length of time as the project.
- The contracts or terms and conditions do not include clauses that revert prevailing legal frameworks in the countries where workers work.

### **3.2 – Provides secure employment**

Whilst fixed-term employment may be suitable for some workers' circumstances, secure employment is a fundamental improvement of working conditions for many others.

To achieve this point, the employer must meet ALL of the following:

- Workers with three years or more of consistent short-term employment should be provided with the option to move onto permanent contracts if they so desire.
- The employer should make reasonable adjustments in wages and conditions between both: fixed-term and permanent employees and outsourced workers; and any outsourced or indirectly employed workers

and directly employed workers. Workers who are outsourced or indirectly employed should be compensated for additional costs incurred, including visa/work permits and their extensions, insurance, pensions, and other social security premiums.

- In cases of justified redundancy or contract non-renewal, the employer should provide workers with severance allowance commensurate with tenure at the company and retraining opportunities. In cases where the redundancies are being made because reasons of an economic, technological, structural or similar nature, workers or their representatives are consulted, and steps are taken to minimise the resulting redundancies.<sup>31</sup>
- If desired, workers should be able to invite worker representatives to their end of contract meetings with the relevant HR departments.
- In the case of subcontracting arrangements, where part or all of the work is subcontracted to other companies, management implements a reliable mechanism to monitor and ensure that the subcontractor is living up to the standards expected from the company itself regarding working conditions.

## **Principle 4: Fair Management**

### **4.1 – Treats workers fairly**

The employment relation is an unequal one, with managers being afforded significant legal and economic sources of power not available to most workers. The interests of these two groups may diverge, leading to sometimes opposed immediate interests in the workplace. This dynamic can lead to unfair management practices.

To achieve this point, the employer must meet ALL of the following:

- Management should refrain from deploying any form of depersonalised bullying or mobbing that aims to ensure that organisational goals are met.<sup>32</sup>
- There is a policy in place which guarantees that any form of harassment in the workplace will not be tolerated.
- There is a policy in place which guarantees that the employer will not discriminate against persons on the grounds of racial, ethnic, social or minority background, caste, religion or belief, political or any other opinion, language, gender, gender identity, sex, sexual orientation, disability, age, geographical location, or



any other status.

- Workers should have the right to appeal dismissals and other disciplinary measures.
- Workers are not disadvantaged for voicing concerns or appealing disciplinary actions.

#### **4.2 – Creates clear and effective systems for data management, explanations and appeals** **Contemporary workplaces are increasingly defined by data.**

The use of AI systems and automated management processes exacerbates both the incentives for employers to gather data from the work process, and diminishes the importance of workers' existing rights to receive explanations, appeal decisions, and access/own their data.

To achieve this point, the employer must meet ALL of the following:

- Where AI systems are involved in work, employers must create explainability mechanisms such as transparency reports or question and answer processes that allow workers to understand both the model behaviour of the system as a whole and specific decisions.<sup>33</sup>
- Workers must be able to appeal decisions made by AI systems through a multi-stakeholder process that reflects collective worker voice, and successful appeals to lead not only that specific decision being revised but also wider revisions of decision-making.<sup>34</sup>
- Management avoids excessive surveillance in the workplace, and avoids use of invasive technologies.
- Workers must not be subject to excessive data collection practices and should be informed about the data that is being collected about them. Employers must apply the principle of data minimisation (collecting the minimum amount of personal data required to fulfil a legitimate purpose) in their collection processes.

### **Principle 5: Fair Representation**

#### **5.1 – Assures freedom of association and expression of worker voice.**

Freedom of association is a fundamental right for all workers, and enshrined in the constitution of the International Labour Organisation, and the Universal Declaration of Human Rights. The right for workers to organise, collectively express their wishes – and importantly – be listened to, is an important prerequisite for fair working conditions.

To achieve this point, the employer must satisfy ALL of the following:

- There is a documented mechanism for the expression of collective worker voice that allows ALL workers, regardless of contract type or duration to participate in collective groups without risks.<sup>35</sup>
- There is a formal, written statement of willingness to recognise, and bargain with, a collective, independent body of workers or trade union, that is clearly communicated to all workers, and available on the company webpage.<sup>36</sup>
- Freedom of association is not inhibited, and workers are not disadvantaged in any way for communicating their concerns, wishes and demands to the company management, or expressing willingness to form independent collective bodies of representation.

#### **5.2 – Supports democratic governance.**

To realise fair representation, workers must have a say in the conditions of their work. This could be through a democratically governed cooperative model, a formally recognised union, or the ability to undertake collective bargaining with the employer.

To achieve this point, the employers must satisfy at least ONE of the following:

- Workers play a meaningful role in governing the company.
- In a written document which is made available, the company publicly and formally recognises an independent collective body of workers, an elected works council, or trade union, and takes meaningful steps towards signing a collective bargaining agreement. This recognition is not exclusive and, when the legal framework allows, the company should recognise any significant collective body seeking representation.<sup>37</sup>



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## Authors:

Oğuz Alyanak, Lola Brittain, Ashly Jiju, Shilpa Mariam Joseph, China Patricia T. Villanueva, Alexis Harrell, Nikki Sun, Mark Graham

## External scoring reviewers:

Cheryll Soriano, Nikki Sun, Jonas CL Valente

## Editing:

David Sutcliffe

## Typesetting:

ããã — Arwin Qaderi

## Fairwork team:

Aditya Singh, Ahmad Awad, Ainan Tajrian, Alessio Bertolini, Alejandra S. Y. Dinegro Martínez, Alberto Riesco-Sanz, Alvaro Briaes, Amela Kurta, Ambreen Riaz, Ana Chkareuli, Ana Flavia Marques, Ana Negro, Ananya Raihan, Andrea Ciarini, Andreansyah Dhani Darmawan, Annmercy Wairimu, Antonio Corasaniti, Antonio Ramírez, Arturo Arriagada, Arturo Lahera-Sánchez, Arabella Wang, Ashly Jiju, Athar Jameel, Batoul ElMehdar, Beatriz Motta, Beka Natsvlishvili, Bilahari M, Bonnita Nyamwire, Branka Andjelkovic, Bresena Dema Kopliku, Brikena Kapisyzi Dionizi, Caroline A Omware, Carolina Pérez, Chana Garcia, Chau Nguyen Thi Minh, Cheryll Ruth Soriano, Chris King Chi Chan, Christian Nedu Osakwe, Claudia Marà, Claudia Nociolini Rebecchi, Cosmin Popan, Dana Elbashbishy, Daniel Vizuete, Daviti Omsarashvili, Debarun Dutta, Derly Yohanna Sánchez Vargas, Didem Özkiziltan Wagenführer, Dinh Thi Chien, Eduard Carrillo, Eisha Afifi, Eiser Carnero Apaza, Elisa Errico, Elvira Drishti, Eloísa González, Farah Galal, Federico Rosenbaum Carli, Felipe Moda, Francesca Pasqualone, Francisco Ibáñez, Francisco José Fernández-

Trujillo, Francisca Gutiérrez Crocco, Frederick Pobee, Gabriela Salomao, Giulia Varaschin, Ha Do, Hayford Amegbe, Henry Chavez, Hilda Mwakatumbula, Huynh Thi Ngoc Tuyet, Iftikhar Ahmad, Ilma Kurtović, Jack Linchuan Qiu, Jackeline Gameleira, James Dunn-Willimason, Jana Ababneh, Janaki Srinivasan, Jamal Msami, Jing Wang, Joe Buckley, Jonas Valente, Jorge Leyton, Joshua Baru, Julice Salvagni, Karol Muszyński, Katie J. Wells, Kemi Ogunyemi, Khadiga Hassan, Khatia Dzamukashvili, Kiko Tovar, Lara Hartley, Ladin Bayurgil, Laureano Martínez, Laura Clemencia Mantilla León, Luis Jorge Hernández Flores, Luis Pablo Alonzo, Luisa De Vita, Luke Troynar, Mabel Rocío Hernández Díaz, Maja Kovac, Manzer Imam, Marcos Aragão, Maren Borkert, Mar Maira, María Arnal, María Belen Albornoz, María Inés Martínez Penadés, Maria Catherine, Maria Laura Birgillito, Maricarmen Sequera, Marta D'Onofrio, Martin Krzywdzinski, Massimo De Minicis, Matías Dodel, Meghashree Balaraj, Milena Franke, Michelle Ogolla, Moisés K. Rojas Ramos, Morad Kutkut, Mounika Neerukonda, Mubassira Tabassum Hossain, Nabila Salwa Fitri, Nadine Weheba, Nagla Rizk, Natalia Muniz, Neema Iyer, Nermin Oruc, Nur Huda, Oğuz Alyanak, Olayinka David-West, Oscar Javier Maldonado, Pamela Custodio, Pablo Aguera Reneses, Pablo Egaña, Pablo Meseguer, Patrick Feuerstein, Pia Garavaglia, Rafael Grohmann, Raiyaan Mahbub, Razan Ayesha, Revin Muhammad Alsidaes, Revaz Karanadze, Richard Heeks, Rodrigo Carelli, Roseli Figaro, Rusudan Moseshvili, Sami Atallah, Sami Zoughaib, Sandra Fredman, Seemab Haider, Shamarukh Alam, Shanza Sohail, Shikoh Gitau, Shilpa Joseph, Sidra Nizambuddin, Simone Kadurira, Slobodan Golusin, Sopo Japaridze, Tasmeena Tahir, Tanja Jakobi, Tat Chor Au-Yeung, Tariq Ahmed, Tobias Kuttler, Tony Mathew, Valeria Pulignano, Veena Dubal, Victor Manuel Hernandez



Lopez, Victor Riesgo, Virgel Binghay, Wasel Bin Shadat, Wassim Maktabi, Wesley Rosslyn-Smith, Wirawan Agahari, Zeynep Karlidağ, Zuzanna Kowalik.

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19. To assess whether Appen meets the living wage threshold, Fairwork communicated with the IBON Foundation, a non-profit development organisation that studies social, economic and political issues affecting Filipino people. The IBON Foundation releases minimum and living wage figures per region monthly. The figure as of February 2025 was ₱1,146 per day. As per Fairwork's communication with the IBON Foundation, this figure represents the *individual* daily wage required to meet basic needs, not the combined income of multiple household earners.
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26. The ILO defines minimum wage as the "minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract." Minimum wage laws protect workers from unduly low pay and help them attain a minimum standard of living. The ILO's Minimum Wage Fixing Convention, 1970 C135 sets the conditions and requirements of establishing minimum wages and calls upon all ratifying countries to act in accordance. Minimum wage laws exist in more than 90 per cent of the ILO member states.
27. This means not only that the rate of pay agreed with workers reaches that statutory level, but also that workers are accurately compensated for

all hours worked. Underpayment (also known as 'wage theft') is a pervasive problem, with evidence suggesting that huge sums of value go unpaid due to unpaid overtime, and incomplete/inaccurate wage payments.

**28.** Where a living wage does not exist, Fairwork will use the Global Living Wage Coalition's Anker Methodology to estimate one.

**29.** The ILO recognises health and safety at work as a fundamental right. Where the company directly engages the worker, the starting point is the ILO's Occupational Safety and Health Convention, 1981 (C155). This stipulates that employers shall be required "so far as is reasonably practicable, the workplaces, machinery, equipment and processes under their control are safe and without risk to health", and that "where necessary, adequate protective clothing and protective equipment [should be provided] to prevent, so far as is reasonably practicable, risk of accidents or of adverse effects on health."

**30.** As endorsed by the ILO's Forty-Hour Week Convention, 1935 (No.47) and the Reduction of Hours of Work Recommendation, 1962 (No.116)

**31.** The ILO Termination of Employment Convention, 1982 (No. 158) defines worker representative consultation as sufficient when the employer provides "the workers' representatives concerned in good time with relevant information including the reasons for the terminations contemplated, the number and categories of workers likely to be affected and the period over which the terminations are intended to be carried out" and gives "in accordance with national law and practice, the workers' representatives concerned, as early as possible, an opportunity for consultation on measures to be taken to avert or to minimise the terminations and measures to mitigate the adverse effects of any terminations on the workers concerned such as finding alternative employment."

**32.** Depersonalized bullying is a form of workplace mistreatment where employees are unfairly treated not because of who they are, but because of

the organization's system or structure, constitutes a situation where harmful behaviour, like intimidation or aggression, are applied impersonally across the workforce by supervisors or managers in the name of achieving company goals.

**33.** Workers have a right to understand how the use of AI impacts their work and working conditions. Organisations must respect this right and provide detailed, understandable resources to allow workers to exercise it.

**34.** The automation of decision making can lead to reductions in accountability and fairness. But building in human oversight into a decision-making loop does not solve this problem. Instead, the subjects of those decisions need to be empowered to challenge them, and a renewed emphasis should be placed on the liability of those stakeholders who direct the development and deployment of AI systems in the workplace.

**35.** A mechanism for the expression of collective worker voice will allow workers to participate in the setting of agendas to be able to table issues that most concern them. This mechanism can be in physical or virtual form (e.g. online meetings) and should involve meaningful interaction (e.g. not surveys). It should also allow for ALL workers to participate in regular meetings with the management.

**36.** For example, "[the company] will support any effort by its workers to collectively organise or form a trade union. Collective bargaining through trade unions can often bring about more favourable working conditions."

**37.** If workers choose to seek representation from an independent collective body of workers or union that is not readily recognized by the company, the company should then be open to adopt multiple channels of representation, when the legal framework allows, or seek ways to implement workers' queries to its communication with the existing representative body.





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