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## **ASX ANNOUNCEMENT**

26 August 2016

### **SECURITIES DEALING POLICY**

Appen Ltd (ASX: APX) (Appen) advises that the Board has made changes to the Company's Securities Dealing Policy.

In accordance with Listing Rules 12.10, the revised policy is attached and is effective immediately.

#### **Please contact for more information:**

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# Securities Dealing Policy

**Appen Limited**  
ACN 138 878 298

# Securities Dealing Policy

## 1 Introduction

1.1 This policy imposes constraints on directors, employees and contractors of the group dealing in securities of Appen Limited (**Company**).

1.2 This policy has been adopted by the board of directors of the Company (**Board**).

## 2 Explanation of terms

2.1 For the purposes of this policy:

(1) **dealing in securities** includes:

- (a) applying for, acquiring or disposing of, securities;
- (b) entering into an agreement to apply for, acquire or dispose of, securities;
- (c) granting, accepting, exercising or discharging an option or other right or obligation to acquire or dispose of securities;
- (d) trading in financial products issued or created over securities of the Company; and
- (e) entering into transactions in financial products which operate to limit the economic risk of security holdings;

(2) **designated persons** means:

- (a) all directors, officers and other key management personnel; and
- (b) any other person designated by the Board, Chief Executive Officer (**CEO**) or Company Secretary from time to time;

(3) **Director** means any director of the Company from time to time;

(4) **group** means the Company and each of its subsidiaries (as that term is defined in the *Corporations Act 2001* (Cth));

(5) **key management personnel (KMP)** has the meaning given to it in the ASX Listing Rules and includes the CEO, the Company secretary and all employees having authority and responsibility for planning, directing and controlling the activities of the group (or as determined by the Board from time to time);

(6) **notification officer** means:

- (a) in the case of the Company secretary, the Chair;
- (b) in the case of Directors or key management personnel of the group other than the Company Secretary, the CEO or Chief Financial Officer, and Chair or the Company Secretary; and
- (c) in the case of the Chair, another non-executive director and the Company Secretary.

- (7) **prohibited period** means designated periods where Dealing in Appen Securities is prohibited, as outlined in clause 7.
- (8) **securities** includes shares in the Company, options over those shares and any other financial products of the Company traded on ASX; and
- (9) **trading day** means any day that the ASX is open for trading.

### 3 Objectives

3.1 The objectives of this policy are to:

- (1) minimise the risk of Directors, employees and contractors of the group contravening the laws against insider trading;
- (2) ensure the Company is able to meet its reporting obligations under the ASX Listing Rules; and
- (3) increase transparency with respect to dealing in securities of the Company (including shares and options) by its Directors and KMP.

3.2 To achieve these objectives, Directors, employees and contractors of the group should consider this policy to be binding on them in the absence of specific exemption by the Board.

3.3 At the commencement of appointment or employment, all Appen Directors, employees and contractors must sign a declaration that he/she will abide by this Policy.

### 4 What is insider trading?

4.1 The *Corporations Act 2001* (Cth) prohibits persons who are in possession of information that is not generally available to the public and which a reasonable person would expect to have a material effect on the price or value of securities in the Company (**Price Sensitive Information**) from:

- (1) dealing in the securities; or
- (2) communicating the Price Sensitive Information to others who might deal in the securities.

4.2 Information is generally available to the public if, amongst other things, it consists of readily observable matters or it has been brought to the attention of investors by an announcement with ASX Limited (**ASX**) and a reasonable period for its dissemination has elapsed since the announcement.

4.3 Directors, employees and contractors of the group will from time to time be in a situation where they are in possession of Price Sensitive Information. Examples include the period prior to release of annual or half-yearly results to ASX and the period during which a major transaction is being negotiated.

4.4 For these reasons, the advice of the notification officers should be sought prior to any dealings taking place, and steps should be taken to ensure that those acting as notification officers are appraised of all relevant considerations by the person appointed by the Company.

## **5 No dealing in securities of the Company when in possession of Price Sensitive Information**

- 5.1 Directors, employees and contractors of the group in possession of Price Sensitive Information must not at any time:
- (1) deal in securities of the Company;
  - (2) advise, procure, encourage or suggest another person deal in securities of the Company; or
  - (3) communicate the Price Sensitive Information, or cause the Price Sensitive Information to be communicated, to a person who may deal in securities of the Company or may procure another person to deal in securities of the Company.
- 5.2 A contravention of the insider trading prohibitions is an offence and exposes a person to criminal and civil liability, including liability under civil damages actions and compensation orders. The penalties for a breach of the insider trading prohibitions are serious and include severe fines and imprisonment.
- 5.3 KMP must ensure that external advisors who receive Price Sensitive Information are bound by a confidentiality agreement or other enforceable confidentiality obligations.
- 5.4 From time to time, the Company may publish a list of companies whose securities Directors, employees and contractors of the group are prohibited from dealing in due to the Company being in possession of Price Sensitive Information in respect of those companies (**Restricted Securities List**). Directors, employees and contractors of the group must not deal in securities of companies on the Restricted Securities List at any time.

## **6 No short-term dealing in securities of the Company**

- 6.1 Designated Persons must not at any time engage in short-term dealing in securities of the Company.
- 6.2 Short-term dealing is considered to be dealing where the acquisition and disposal of securities occurs within 6 months of each other.

## **7 No Dealing in Prohibited Periods**

- 7.1 In addition to the restrictions in clauses 5 and 6, Designated Persons and employees must not deal in Appen Securities during the following prohibited periods (except in accordance with this policy).
- 7.2 The Prohibited Periods are:
- (a) from the day after Appen's half year end, being 1 July, and ending at 4.00pm A E S T on the day Appen's half yearly results are announced to the ASX;
  - (b) from the day after the financial year end, being 1 January, and ending at 4.00pm A E S T on the day Appen's annual results are announced to the ASX;
  - (c) two weeks prior to the Annual General Meeting (**AGM**) and ending at 4.00pm AEST on the business day after the AGM is held; and
  - (d) during any extension to the above closed periods, and during any additional Prohibited Periods, as specified by the Board.

- 7.3 Designated Persons and employees may deal in Appen Securities at other times subject to complying with insider trading prohibitions (see clause 4) and the authorisation requirements of this policy.
- 7.4 To assist Designated Persons and employees in determining when they may deal in Appen securities, an email will be sent by the Chief Financial Officer detailing the beginning and end of a Prohibited Period.

## **8 Trading in exceptional circumstances during Prohibited Periods**

- 8.1 Designated persons and employees who are not in possession of Price Sensitive Information may deal in securities of the Company during Prohibited Periods or may engage in short-term dealing of securities if there are exceptional circumstances and he or she receives prior written clearance from the designated officer.
- 8.2 Exceptional circumstances are:
- (1) financial hardship which cannot be satisfied otherwise than by dealing in securities of the Company; or
  - (2) a court order directing the dealing in securities of the Company.
- 8.3 Designated persons or employees wishing to deal in securities of the Company during a Prohibited Period or engage in short-term dealing of securities based on exceptional circumstances must apply in writing (email is acceptable) to the notification officer for prior written clearance to deal in those securities. The application must include the following information:
- (1) details of the exceptional circumstances;
  - (2) the number of securities of the Company that he or she wishes to deal in;
  - (3) the way in which he or she wishes to deal in those securities;
  - (4) a request for clearance to deal in those securities; and
  - (5) confirmation that he or she is not in possession of any Price Sensitive Information.
- 8.4 The Notification Officer must consider the objectives of this policy and the purpose of the ASX Listing Rules in making a determination as to whether to provide consent to deal in securities of the Company during a period outside the Trading Window or to allow short-term dealing in securities.
- 8.5 Any consent provided by the Notification Officer under this policy must:
- (1) be in writing (email is acceptable); and
  - (2) outline the duration of the clearance (which must be no more than 5 trading days from the date of the provision of any consent).

## **9 Designated persons to obtain prior written clearance for dealings in securities of the Company**

- 9.1 Designated Persons must not deal in Appen securities without:
- (a) Completing the approval form in Schedule A; and

(b) Obtaining written approval to trade from the Notification Officer.

9.2 Approval is intended as a compliance monitoring function only and is not an endorsement of the proposed dealing. Designated Persons remain responsible for their own investment decisions and compliance with the law.

## **10 Notification of dealings in securities of the Company**

10.1 The ASX Listing Rules require the Company to notify ASX of dealings in notifiable interests in securities of the Company by Directors within 3 business days.

10.2 Directors must notify the Company Secretary immediately after dealing in any securities of the Company and provide the Company with the requisite details of the dealing for the Company to comply with the ASX Listing Rules.

10.3 Designated persons (other than directors, who must comply with clause 10.2) must notify the Company Secretary immediately after acquiring or disposing of a relevant interest in any securities of the Company.

10.4 The Company Secretary will maintain a register of Designated Persons relevant interest in the securities of the Company. This register will be reviewed by the Audit and Risk Committee periodically, with any anomalies being reported to the Board.

## **11 No hedging**

11.1 Notwithstanding any other part of this policy, Designated Persons must not at any time enter into transactions in associated products which operate to limit the economic risk of security holdings in the Company.

## **12 Margin lending**

12.1 Designated Persons are not permitted to enter into margin lending arrangements in relation to Appen Securities. This is on the grounds that the terms may require Appen Securities to be sold outside a Trading Window or when the Designated Person possesses Inside Information.

12.2 This restriction does not extend to other funding arrangements where Appen Securities may be included as security. Designated Persons should consult the Company Secretary if they are uncertain as to whether an arrangement should be classified as a margin lending arrangement.

## **13 Penalties**

13.1 A contravention of this policy by a Director, key management personnel other employee or contractor of any member of the group may result in summary dismissal.

## **14 Application**

14.1 This policy applies to all Directors, employees and contractors of any member of the group.

14.2 For the purposes of this policy, Directors, employees and contractors dealing in securities of the Company includes "associates" of Directors, employees and contractors of the group dealing in securities of the Company. It is incumbent on each Director, employee and contractor of the group to take reasonable steps to ensure that an associate does not deal in securities of the Company in contravention of this policy where the dealing could be

attributed to the Director, employee or contractor concerned. "Associates" include your relatives, entities that you control and entities you are acting in concert with.

14.3 The following types of dealing are excluded from the operation of this policy:

- (1) transfers of securities of the Company already held in a superannuation fund or other saving scheme in which the restricted person is a beneficiary and where the investments are made at the discretion of a third party;
- (2) an investment in, or dealing in units of, a fund or other scheme (other than a scheme only investing in securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (3) where a restricted person is a trustee, trading in securities of the Company by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- (4) undertakings to accept, or the acceptance of, a takeover offer;
- (5) dealing under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of the entitlements under a renounceable pro rata issue;
- (6) a disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; and
- (7) the exercise (but not the sale of securities of the Company following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security.

## **15 Administration**

15.1 The Board will review this policy from time to time. This policy may be amended by resolution of the Board.

A copy of this policy will be available on Appen's website. It will be distributed to all directors, employees and other persons as relevant. Key features will be published in the Corporate Governance Statement.

## **16 Contact**

16.1 If you have any questions about any of the issues raised in this policy you should contact the Notification Officer.

Changes adopted 18 August 2016



<b>SCHEDULE A</b>
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**SECURITIES TRADING FORM**

<b>Name of employee, director, consultant</b>	
<b>Name in which Appen shares are held</b>	
<b>Approval to buy or sell</b>	
<b>Number of securities</b>	
<b>Dollar value</b>	\$
<b>Security:</b> <b>Appen Limited (or other stock name)</b>	
<b>Will the trade lead to a conflict or potential conflict?</b>	
<b>Is the trade for a SMSF or Investment Company?</b>	
<b>Are you entering into a margin loan / Similar funding arrangement?</b>	

**I am not in possession of any price sensitive information which could reasonably be expected to have a material effect on the price or value of the security if it was available.**

<b>Signature</b>	
<b>Date and Time</b>	
<b>Permission</b> <b>GRANTED / NOT GRANTED by</b>	
<b>Signature</b>	
<b>Date and Time</b>	

\*Once approved, you have five (5) business days to complete the transaction. If not completed within this timeframe, you will need to seek further approval. Please confirm to the Company Secretary when the transaction is completed, and return completed form to the Company Secretary who will liaise with the Authoriser.