

Continuous Disclosure Policy

Appen Limited
ACN 138 878 298

Continuous Disclosure Policy

1 Introduction

- 1.1 This Policy imposes obligations and procedures on all Directors, employees and contractors of the Appen Limited (**Appen**) (**Company**) group of companies (**Group**) to ensure, on the one hand, protection of confidential information and, on the other hand, the timely and balanced disclosure of all material matters concerning the Group. Compliance with this policy is critical and failure to comply could lead to civil or criminal liabilities for the Company and its employees, and could have a damaging impact on the perception of the Company within the investment community.

2 Application

- 2.1 This Policy applies to all Directors, senior executives (including senior and key officers) (**Senior Executives**), employees and contractors of the Group (**Group Personnel**).

3 Objectives

- 3.1 The objectives of this policy are to:
- (1) ensure that the Company is able to meet its continuous disclosure obligations under the Australian Securities Exchange (**ASX**) Listing Rules (**Listing Rules**) and the *Corporations Act 2001* (Cth) (**Corporations Act**);
 - (2) ensure that Company announcements are presented in a factual, clear and balanced way and are not misleading or deceptive (including any omission); and
 - (3) establish internal procedures so that all Group Personnel understand their obligations to ensure:
 - (a) confidential information is protected; and
 - (b) disclose Market Sensitive Information (as defined in clause 4.1 and further explained in clause **Error! Reference source not found.**) to the Disclosure Officer.

4 Continuous disclosure – legal considerations

- 4.1 Chapter 3 of the ASX Listing Rules deals with the continuous disclosure requirements that a listed company must satisfy. In particular, Listing Rule 3.1 states that once the Company is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities (**Market Sensitive Information**), subject to certain exceptions, it must immediately inform the ASX of that information.
- 4.2 "Immediately" means promptly and without delay, that is, doing it as quickly as it can be done in the circumstances and not deferring, postponing, or putting it off to a later time.
- 4.3 Under ASX Listing Rule 19.12, the Company will be considered to have become aware of information if, and as soon as, a director or other officer of the Company has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or other officer of the Company. Under the Corporations Act and Listing Rules an 'officer' is a person who is concerned in, or takes

part in, the management of the Company, regardless of their designation, and includes directors, secretaries and certain senior managers of the Company.

- 4.4 The disclosure obligation applies not only to Market Sensitive Information of which the Company's directors or other officers are actually aware, but also Market Sensitive Information of which they ought reasonably to have been aware. This rule necessitates that a listed entity takes positive steps to establish and maintain an effective internal compliance program to ensure that all material information which a reasonable person would expect to have a material effect on the price or value of the entity's securities is immediately disclosed to ASX.
- 4.5 Information that would be expected to have a material effect on the price or value of the Company's securities is defined in section 677 the Corporations Act as being likely to influence persons who commonly invest in securities in deciding whether or not to buy or sell the Company's securities if the information became public. Materiality must be assessed having regard to all the relevant circumstances and background information, including past announcements that have been made by the Company and other information (eg. information that is the subject of analyst reports). In addition, regard should be had to ASX's views as expressed in Guidance Note 8 as to when information is market sensitive (as well as relevant case law). This type of information is referred to as "market sensitive" information. This information needs to be disclosed to ASX under Listing Rule 3.1 unless an exception in Listing Rule 3.1A applies at that time.
- 4.6 Guidance Note 8 to the Listing Rule 3.1 suggests an effective way to assess whether information is market sensitive would be to ask two questions:
1. Would this information influence my decision to buy or sell securities in the entity at their current market price?
 2. Would I feel exposed to an action for insider trading if I were to buy or sell securities in the entity at their current market price, knowing this information had not been disclosed to the market?

In addition, in assessing whether or not information is market sensitive and therefore needs to be disclosed under Listing Rule 3.1, the information needs to be looked at in context, rather than in isolation, against the backdrop of:

- the circumstances affecting the Company at the time;
- any external information that is publicly available at the time; and
- any previous information that the Company has provided to the market.

- 4.7 Examples of the types of information that may need to be disclosed under Listing Rule 3.1 are set out in the Schedule to this Policy. In addition, there are many other types of information that could give rise to a disclosure obligation. If any material information disclosed to the market becomes incorrect, the Company must release an announcement correcting or updating the information.
- 4.8 Under Listing Rule 3.1A, the Company does not have to give ASX information if:
- (1) one or more of the following applies:
 - (a) it would be a breach of law to disclose the information;
 - (b) the information concerns an incomplete proposal or negotiations;

- (c) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (d) the information is generated for the internal management purposes of the Company; or
 - (e) the information is a trade secret; and
- (2) the information is confidential and ASX has not formed a view otherwise; and
 - (3) a reasonable person would not expect the information to be disclosed.
- 4.9 These exceptions seek to balance the legitimate commercial interests of listed entities and their security holders with the legitimate expectations of investors and regulators concerning the timely release of market sensitive information.
- 4.10 When the Company is relying on an exception to Listing Rule 3.1, or is involved in a development that may eventually require reliance on an exception, appropriate confidentiality protocols must be adhered to. A leak of confidential information will immediately deny the Company the ability to withhold the information from ASX and force the Company to make a 'premature' announcement. ASX may also form the view that information about a matter ceases to be confidential if there is a reasonably specific and reasonably accurate media, analyst report or rumour known to be circulating the market, about the matter, or if there is a sudden and significant movement in market price or traded volumes of the Company's securities that cannot be explained by other events or circumstances. If ASX forms such a view, the Company must release that information to the market even if an exception to Listing Rule 3.1 is relied upon.
- 4.11 Guidance Note 8 provides further detail on exceptions to the requirement for the Company to make immediate disclosure of material information.
- 4.12 Market Sensitive Information, which is not disclosed to the market, because it satisfies the three limbs outlined above under Listing Rule 3.1A, must not be passed onto third parties (other than to those connected with the proposed transaction and on the basis that they keep the relevant information confidential). Accordingly, directors, officers, employees and consultants of the Company negotiating the transaction must ensure, to the extent possible, any third party involved with the transaction which is material to the Company's business must not disclose the information to other parties or deal in the Group's securities.

5 Disclosure roles, responsibilities and internal procedures

5.1 Role and responsibilities of the Board

The Board will manage the Company's compliance with its continuous disclosure obligations and this policy. The Board's responsibilities include:

- (1) seeking to ensure that the Company complies with its disclosure obligations including having relevant procedures in place and reviewing compliance with, and the effectiveness of, such procedures;
- (2) assessing the possible materiality of information which is potentially market sensitive;
- (3) making decisions on information to be disclosed to the market (including in relation to potentially material issues raised under section 3.3 of this policy and in accordance with section 5.2 of this policy);

- (4) seeking to ensure that announcements are made in a timely manner, are not misleading, do not omit material information and are presented in a clear, balanced and objective way;
- (5) reviewing the Company's periodic disclosure documents and media announcements before release to the market; and
- (6) monitoring disclosure processes and reporting.

5.2 Role and responsibilities of the Company Secretary

The Company has appointed the Company Secretary as the person responsible for communication with ASX in relation to listing rule matters and also for the general administration of this policy.

The Company Secretary's responsibilities include:

- (a) preparing or overseeing the preparation of all announcements to be released on ASX in accordance with the processes described in this policy;
- (b) seeking to ensure that ASX is immediately notified of any information which needs to be disclosed, including lodging announcements with ASX in relation to continuous disclosure matters;
- (c) distributing continuous disclosure announcements to the Board and senior managers by email, and placing them promptly on the Company's website immediately after receipt of acknowledgement from ASX that they have released the information to the market;
- (d) reviewing board papers and other information referred to the Company Secretary for events that the Company Secretary considers may give rise to disclosure obligations;
- (e) convening meetings of the Board as necessary to consider disclosure issues (including after being informed of potentially material issues under section 3.3 of this policy); and
- (f) maintaining a record of discussions and decisions made about disclosure issues by the Board and a register of announcements made to ASX and all correspondence with ASIC and ASX in relation to the Company's continuous disclosure obligations.

The Company Secretary must ensure that appropriate delegations are in place if the Company Secretary is unavailable at any time.

5.3 Other officers and employees

This policy is provided to all officers, members of the Senior Executive Team (each a "Relevant Person") on appointment or engagement by the Company (as the case may be). They must read this policy so as to gain an appreciation of what type of information may potentially be market sensitive and when to immediately refer to the Chief Executive Officer of the Company (**CEO**), the Chief Financial Officer of the Company (**CFO**) and Company Secretary any matter or event which, based on the description of the Company's continuous disclosure obligations set out in this policy, should be considered for release to the market.

It is important for Relevant Persons to understand that just because information is reported to the CEO, CFO and Company Secretary, that does not mean that it will be disclosed to ASX. The information will then be dealt with by the CEO, CFO, Company

Secretary and/or Board in accordance with this policy to determine whether information is material and requires disclosure.

The Board will annually review this policy and, where considered necessary, organise training for Relevant Persons to:

- (a) assist with their understanding of the Company's and their own legal obligations relating to disclosure of market sensitive information, materiality and confidentiality;
- (b) raise awareness of the internal processes and controls; and
- (c) promote compliance with this policy and the guidelines.

5.4 Significant amendments made by the Board to this policy will be communicated to Relevant Persons by the Company Secretary.

6 Market Rumours And Speculation

6.1 Market speculation and rumours, whether substantiated or not, have the potential to impact the price of the Company's securities. Speculation may also contain factual errors that could materially affect the price of the Company's securities. The CFO will monitor movements in the price or trading activity of the Company's securities to identify circumstances in which a false market may have emerged in the Company's securities.

6.2 The ASX does not expect an entity to respond to all comments made in the media or all market speculation. Generally, the Company will not respond to market speculation or rumours unless a response is required by law or the Listing Rules.

6.3 On market speculation, the Company has a strict "no comment" policy which must be observed by all employees. The Company may only make a statement about or respond to speculation or rumour where the Board considers that it is obliged, required or prudent to do so. The Board will decide if a response is required.

6.4 If ASX considers that there is, or is likely to be, a false market in the Company's securities and asks the Company to give it information to correct or prevent a false market, the Company must give ASX the information needed to correct or prevent the false market. A false market refers to a situation where there is material misinformation or materially incomplete information in the market which is compromising proper price discovery. This may arise, for example, where:

- a listed entity has made a false or misleading announcement;
- there is other false or misleading information, including a false rumour, circulating in the market; or
- a segment of the market is trading on the basis of market sensitive information that is not available to the market as a whole.

6.5 Where any member of senior management believes there is a market rumour or speculation, then the matter must be raised with the CEO in conjunction with the CFO and Company Secretary, and the Board to decide whether a public statement is required.

6.6 Management may in certain circumstances convene a special Disclosure Committee to consider whether disclosure is required. Management will report any outcomes arising

from this Disclosure Committee back to the Board, including providing the Board with copies of any minutes and action items arising.

- 6.7 If necessary, the Board may consider requesting a trading halt from ASX to ensure orderly trading in Appen securities and to manage disclosure issues.

7 Trading halts and voluntary suspension

7.1 The Company may ask ASX to halt trading in the Company's securities to:

- (i) maintain orderly trading in the Company's securities; and
- (ii) manage its continuous disclosure obligations.

7.2 Decisions about trading halts are made following consultation between the CEO, the **CFO** and the Board. The CEO, the CFO and the Board may consider a trading halt to be prudent if:

- (a) there are indications that the information may have leaked ahead of an announcement of price-sensitive information and is having, or (where the market is not trading) is likely when the market resumes trading to have, a material effect on the market price or traded volumes of the Company's securities;
- (b) the Company has been asked by ASX to provide information to correct or prevent a false market;
- (c) the information is especially damaging and likely to cause a significant fall in the market price of the Company's securities;
- (d) where the market is trading, and the Company is not in a position to give an announcement to ASX immediately; or
- (e) where the market is not trading, the Company will not be in a position to give an announcement to ASX before trading next resumes.

7.3 The ASX has suggested processes to assist listed entities in complying with their continuous disclosure obligations in situations where disclosure can be extremely time critical, including having templates for trading halts, draft announcements prepared in advance and encouraging the use of Trading Halts.

8 Communications with Analysts and Investors

8.1 Management may conduct meetings with and briefings for analysts and institutional investors from time to time to discuss matters concerning the Company. Only the Chairman, CEO, the CFO and the Head of Investor Relations (or other approved representatives of the Company from time to time) are authorised to speak with analysts and institutional investors. No market sensitive information will be disclosed at these meetings or briefings unless it has been previously released to the market.

8.2 The Company's policy at these meetings and briefings is that:

- (a) the Company will not comment on market sensitive issues or profit forecasts, earning guidance or information regarding expected financial performance not already disclosed to the market; and
- (b) any questions raised in relation to market sensitive issues not already disclosed to the market will not be answered or will be taken on notice.

- 8.3 If a question is taken on notice and the answer would involve the release of market sensitive information or earning guidance not already disclosed to the market, the information must be released through ASX before responding.
- 8.4 A Company representative in attendance may make notes of meetings and briefings with investors or analysts. Alternatively, an event may be webcast or teleconferenced or a recording or transcript added to the Company's website.
- 8.5 After briefings, the CEO or CFO will consider the matters discussed at the briefings to ascertain whether any market sensitive information or earnings guidance not already disclosed to the market was inadvertently disclosed. If so, the information must be communicated to the market as set out in this policy.
- 8.6 All slides and presentation materials used in briefings with analysts and institutional investors are released to the ASX prior to the briefing

9 Responding To Financial Projections, Reports and Consensus

- 9.1 The Company is not responsible for, and does not endorse, reports by analysts commenting on the Company. If requested, the Company may review analyst reports. The Company's policy is that, unless otherwise required by ASX or the Listing Rules it will only review these reports to clarify historical information and correct factual inaccuracies if this can be achieved using information that has been disclosed to the market generally. Any correction of a factual inaccuracy does not imply that the Company endorses an analyst research report.
- 9.2 No comment or feedback will be provided on financial forecasts, including profit forecasts prepared by the analyst, or on conclusions or recommendations set out in the report. The Company will communicate this policy whenever asked to review an analyst report.
- 9.3 The Company will not incorporate reports or consensus of analysts in its corporate information, including on its website (this also extends to hyperlinks to websites of analysts).
- 9.4 Notwithstanding the ability of an investor to derive their own forecasts, the reality is the forecast information provided by analysts is widely used by investors in deciding to buy, hold or sell securities in the Company.
- 9.5 The ASX has provided the following guidance in relation to disclosure around market expectations of the financial performance of a listed entity:
1. where the Company provides periodic earnings guidance, this guidance must have a reasonable basis in fact or else it may be deemed to be misleading. Should the Company anticipate with sufficient certainty a material change to this guidance, the market should be informed immediately;
 2. where the Company does not give earnings guidance, care needs to be taken to ensure that statements could not be construed as de facto guidance. In addition, if the Company is covered by sell-side analysts the CFO should generally be and consensus so that there is an understanding of the market's expectations for the Company's earnings; and
 3. where neither of the above two scenarios apply to the Company, the market is entitled to rely on the earnings results of the Group for the prior corresponding reporting period.

- 9.6 If the Company becomes aware that its earnings for the current reporting period will differ materially (as described in ASX Guidance Note 8) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of this.

10 Inadvertent disclosure or mistaken non-disclosure

- 10.1 If market sensitive information (including earnings guidance) is inadvertently (or de facto) disclosed or a Relevant Person becomes aware of information which should be disclosed, the CEO, the CFO and the Company Secretary must immediately be contacted so that appropriate action can be taken including, if required, announcing the information through ASX and then posting it on the Company's website.

11 Blackout Periods Pre Results Period

- 11.1 During the time between the end of the financial year or half year and the reporting of actual results, the Company has put in place blackout periods to ensure that there are no one-on-one briefings to discuss performance or forecasts with stockbroking analysts, institutional investors or individual investors ahead of annual and half yearly results.
- 11.2 The blackout period will commence at the end of the financial year end and at the end of each half year (i.e. 31 December and 30 June each year, respectively) and will end on the date the results for the relevant year end and half year are released to the market.
- 11.3 In addition, there is a comprehensive blackout period for 14 days prior to the release of the annual and half yearly results where no meetings are permitted to be held with stockbroking analysts, institutional investors or individual investors.

12 Dealing With Media

- 12.1 A strong, positive media presence validates the Company's brand promise by highlighting its leadership and expertise credentials. Effective handling of media communications on sensitive issues minimises any damage to the Company's brand and reputation.
- 12.2 Media relations and communications are the responsibility of the CEO, CFO and Chairman with respect to investors, analysts and the financial markets. On major matters, the CEO is generally the spokesperson, and on financial matters, the Chairman, CFO or the CEO may generally speak.
- 12.3 The Head of Investor Relations, other officers or senior employees of the Company or the Company's media adviser may be authorised by the Board or the CEO to speak to the media on particular issues or matters.
- 12.4 Any inquiry that refers to market share, financials or any matter which the recipient considers may be market sensitive must be referred to the Company Secretary.
- 12.5 No information is to be given to the media on matters which are of general public interest or which may be market sensitive without the approval of the CEO and CFO. In addition, market sensitive information must not be given to the media before it is given to the ASX, even on an embargoed basis. An authorised spokesperson may only clarify information that the Company has publicly released and must not comment on market sensitive information or earnings guidance that has not been released to the market.
- 12.6 When dealing with the media, authorised spokespersons must be respectful and professional. Authorised spokespersons must represent the Group in a professional manner and in keeping with legal considerations: e.g. no personal insults, no swearing, no disparaging competitors etc.

- 12.7 The guidelines outlined above are subject to any directions given by the Board, either generally or in a particular instance.

13 Announcement Sign-Off Protocol

- 13.1 The Company has put in place the following authorisation procedures in respect of announcements which are proposed to be released to the ASX:
- (a) announcements in relation to statutory accounts and results releases will require **all directors** to approve the announcement, unless the Board has specifically provided delegated authority to a sub-committee or individual directors;
 - (b) announcements of a general corporate nature (e.g. divestments, acquisitions) will require **all directors** to approve the announcement, unless the Board has specifically provided delegated authority to a sub-committee or individual directors;
 - (c) announcements of a compliance related nature (excluding director's interest notices) do not require the approval of all directors. Such announcements will be approved by the CEO or CFO, except as noted in point (d) below; and
 - (d) Appendix 3X, 3Y and 3Z, (director's interest notices), filings will require the approval of the director to whom the notice relates.

14 Role of Disclosure Officer

- 14.1 The Board has appointed the Company Secretary to act as the Disclosure Officer to:
- (1) monitor the Company's compliance with disclosure obligations, including the maintenance of confidentiality of information when appropriate;
 - (2) be responsible for disclosure to the ASX;
 - (3) approve media releases and other material for presentation to External Persons and shareholders;
 - (4) deal with enquiries from External Persons and shareholders; and
 - (5) have responsibility for communications with the ASX in relation to Listing Rule matters generally (in accordance with ASX Listing Rule 12.6).

15 Consequences of contraventions

- 15.1 The Company contravenes its Australian continuous disclosure obligations if it fails to notify the ASX of the information required by Listing Rule 3.1 to be disclosed. If the Company contravenes this obligation by failing to notify the ASX of information:
- (1) that is not generally available; and
 - (2) that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of securities issued by the Company;

it, and its officers may be guilty of an offence under the Corporations Act.

15.2 Where a person becomes aware of a potential breach of this policy, they should immediately report it to the Disclosure Officer.

15.3 A breach of this policy is regarded as misconduct and may lead to disciplinary action.

16 Public availability of materials

16.1 This policy shall be made publicly available on the Company's website in a clearly marked corporate governance section.

Adopted 17 December 2020

Schedule

Examples of information that may require disclosure

In note to Listing Rule 3.1, the ASX has included in the following examples of information which may need to be disclosed under Listing Rule 3.1 if it is material:

Note: These examples are not an exhaustive list. Employees should notify the Disclosure Officer of any matters that they think may be “market sensitive” or influence an investor’s decision to buy or sell securities.

- 1 a transaction that will lead to a significant change in the nature or scale of the entity’s activities;
- 2 a significant transaction, such as a material acquisition or disposal;
- 3 the granting or withdrawal of a material licence;
- 4 the entry into, variation or termination of a material agreement;
- 5 a labour dispute;
- 6 a threat, commencement or settlement of any material litigation or claim;
- 7 the fact that the Company’s earnings will be materially different from market expectations or a change in revenue or profit or loss forecasts that is materially different from market expectations;
- 8 the appointment of a liquidator, receiver or administrator;
- 9 the commission of an event of default under, or other event entitling a financier to terminate, a material financing facility;
- 10 under subscriptions or over subscriptions to an issue of securities by the Company;
- 11 giving or receiving a notice of intention to make a takeover;
- 12 a change in asset values or liabilities;
- 13 a change in tax or accounting policy;
- 14 a decision of a regulatory authority in relation to the Group’s business;
- 15 a formation or termination of a joint venture or strategic alliance;
- 16 an agreement between the Company and one of its directors or one of their related parties;
or
- 17 any rating applied by a ratings agency to an entity or securities of an entity and any change to such a rating.