

# 2021


## Notice of Annual General Meeting

Friday 28 May 2021  
10.00am (AEST)

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# Participation in the AGM

The Annual General Meeting (**AGM**) of Appen Limited (**Appen**) will be held on Friday, 28 May 2021 commencing at 10.00am (AEST) at the Four Seasons Hotel, 199 George Street, Sydney.

To make the meeting as accessible as possible for all shareholders, a wide range of participation options are available. If State or Federal Governments provide guidance that a physical meeting cannot be held, we will adopt a virtual AGM format and advise shareholders via an announcement to the Australian Securities Exchange.

## Shareholders can participate in the AGM in the following ways:

### Before the AGM

#### AGM Notice of Meeting

Access online at [www.appen.com/agm](http://www.appen.com/agm)

Request a hard copy Notice of Meeting by phone +61 1300 554 474 or email [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

#### Vote or appoint proxy

Return the hard copy Voting/Proxy Form or vote online at [vote.linkmarketservices.com/APX](http://vote.linkmarketservices.com/APX).

To be valid, your vote or proxy appointment must be received by **10.00am (AEST)** on **Wednesday 26 May 2021**.

#### Ask a question

Submit questions online at [vote.linkmarketservices.com/APX](http://vote.linkmarketservices.com/APX) by 5.00pm Monday 24 May 2021.

### At the AGM

#### Join online

- Enter [agmlive.link/APX21](http://agmlive.link/APX21) into a web browser
- Enter your name, phone number, email and company name (if applicable) and select 'Continue' to register.
- If you are a shareholder, enter your SRN/HIN (located at the top of your Voting/Proxy Form or Dividend Statement) and postcode
- If you are a proxy, enter the code that Link will email to you 24 hours before the AGM

#### Vote online

Only shareholders, proxyholders, body corporate representatives or attorneys can vote.

- Once you have registered via the portal, your voting card will appear on your screen
- Voting will open at the start of the AGM
- Select 'Get a Voting Card' to vote

#### Ask a question online

Only shareholders, proxyholders, body corporate representatives or attorneys can ask questions.

- Click on the 'Ask a Question' box at the top or the bottom of the webpage
- Select the Resolution to which your question relates from the 'Regarding' menu and type your question
- Questions will be read aloud to the AGM

Please refer to the Online Meeting Guide at [www.appen.com/agm](http://www.appen.com/agm) for further details about attending via the online portal. If you need assistance, please call +61 1300 554 474.

#### Attending in person

The meeting will be held in Ballroom 2, Four Seasons Hotel, 199 George Street, Sydney. Places will be limited in line with any crowd restrictions imposed by Government at the time. If you would like to attend in person, please email [investorrelations@appen.com](mailto:investorrelations@appen.com) by 5pm on Monday 24 May 2021 to secure a place.

Only shareholders or their appointed proxies and attorneys will be admitted to the venue. No visitors will be admitted, and no refreshments will be served.

COVID safe measures are in place at the venue including sign-in and temperature checks, and a mask must be worn in communal areas. These measures are subject to change in line with Government recommendations.

Shareholders, proxyholders, body corporate representatives or attorneys attending the meeting in person will be able to ask questions and vote at the meeting.

#### Attend and ask questions by telephone

Shareholders, proxyholders, body corporate representatives or attorneys can listen to the AGM and ask questions. It will not be possible to vote by telephone.

- Dial +61 1800 572 288 at least 10 minutes before the AGM starts
- You will need a PIN to register. Locate your PIN on your Voting/Proxy Form or request a PIN by phone +61 1300 554 474
- Provide your question to the operator by selecting \*1 on your handset. Questions submitted by telephone will be read to the meeting by a moderator in the same manner as questions submitted via the online portal

# Chair's message

23 April 2021

**Dear Appen Shareholder,**

On behalf of the Board, I am pleased to invite you to attend the AGM of Appen Limited which will be held on Friday 28 May 2021 commencing at 10.00am (AEST) at the Four Seasons Hotel, 199 George Street, Sydney.

The meeting will be held as a hybrid event to enable shareholders to participate in the AGM in a variety of ways. While shareholders can attend in person, the capacity of the venue will be limited to maintain social distancing. We therefore encourage shareholders to participate through the online platform or by telephone in support of a COVID safe event.

All Appen investors can participate in the AGM through the online platform at [agmlive.link/APX21](https://agmlive.link/APX21). Details on how to join online are set out in the attached Notice of Meeting and in the Online Meeting Guide which are available on our website at [www.appen.com/agm](https://www.appen.com/agm).

Shareholders participating in the AGM through the online platform or by telephone will have the opportunity to submit questions to the Board and Appen's external auditors during the AGM. If you would like to ask a question prior to the AGM, please do so through our share registry at [vote.linkmarketservices.com/APX](https://vote.linkmarketservices.com/APX).

Please read the enclosed Notice of Meeting (including the Explanatory Memorandum) and the Voting/Proxy Form and consider how to vote on each resolution related to the items of business of the AGM.

I encourage you to read our 2020 Annual Report which provides a detailed overview of business performance last year ([www.appen.com/2020annualreport](https://www.appen.com/2020annualreport)).

Thank you for your continued support of Appen. I look forward to the opportunity to provide you with a progress update and to hear your views at our AGM.

Yours sincerely,



**Chris Vonwiller**  
Chair



# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (**AGM**) of Shareholders of Appen Limited (**Appen** or **the Company**) will be held at the Four Seasons Hotel, 199 George Street, Sydney on Friday 28 May 2021 at 10.00am (AEST) (**Meeting**). Shareholders can also participate in the Meeting via the online platform at <https://agmlive.link/APX21>, or via telephone.

The Explanatory Memorandum accompanying this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum, Voting Procedures and the Voting/Proxy Form comprise part of this Notice.

## Items of business

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### Item 1: Financial statements and reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report of the Company for the financial year ended 31 December 2020.

All Shareholders can view the Annual Report which contains the Financial Report for the year ended 31 December 2020 at [www.appen.com/2020annualreport](http://www.appen.com/2020annualreport).

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### Item 2: Remuneration Report

To consider and, if thought fit, to pass the following as an advisory resolution of the Company:

*"To adopt the Remuneration Report for the year ended 31 December 2020."*

**Notes:**

- (i) In accordance with section 250R of the Corporations Act 2001, the vote on this resolution will be advisory only and will not bind the directors or the Company.
- (ii) A voting exclusion statement applies to this resolution (see Explanatory Memorandum for details).

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### Item 3: Re-election of director – Mr Stephen Hasker

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*"That Mr Stephen Hasker, being a director who is retiring in accordance with clause 68 of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a director of the Company."*

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### Item 4: Re-election of director – Ms Robin Low

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*"That Ms Robin Low, being a director who is retiring in accordance with clause 68 of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, offers herself for re-election, be re-elected as a director of the Company."*

### Item 5: Grant of performance rights to the Managing Director and Chief Executive Officer, Mr Mark Brayan

To consider, and if thought fit, pass the following as an ordinary resolution of the Company:

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant and issue of 55,908 Performance Rights to Mr Mark Brayan, the Chief Executive Officer and Managing Director of the Company, and the subsequent issue of Shares on the vesting of such Performance Rights, on the basis set out in the Explanatory Memorandum to this Notice of Meeting."*

**Notes:**

A voting exclusion statement applies to this resolution (see Explanatory Memorandum for details).

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### Item 6: Amendments to Constitution

To consider and if thought fit, pass the following as a special resolution of the Company:

*"That, Clause 65.1 and Clause 28 of the Constitution of the Company are amended in the manner set out in the Explanatory Memorandum."*

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### Item 7: Non-executive directors' remuneration

To consider and if thought fit, pass the following as an ordinary resolution of the Company:

*"That, for the purposes of Listing Rule 10.17 and for all other purposes, effective from the close of the Meeting the total amount that may be paid in aggregate and in any one year by the Company to the non-executive directors as remuneration for services be increased by \$500,000, from \$900,000 to \$1,400,000."*

**Notes:**

A voting exclusion statement applies to this resolution (see Explanatory Memorandum for details).

# Voting Procedures

## All resolutions will be by poll

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In accordance with clause 62.3 of the Company's Constitution (**Constitution**), the Chair intends to demand a poll on each of the resolutions proposed at the Meeting. Each resolution considered at the Meeting will therefore be conducted by a poll. The Chair considers voting by poll to be in the interests of Shareholders as a whole and is a way to ensure the views of as many Shareholders as possible are represented at the Meeting.

## Entitlement to vote

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The directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company as at 7.00pm (AEST) on Wednesday 26 May 2021 (**Entitlement Time**).

This means that if you are not the registered holder of a Share in the Company at the Entitlement Time, you will not be entitled to vote at the Meeting.

## How to vote – before the AGM

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### Direct vote – using the Voting/Proxy Form

In accordance with clause 64.1 of the Constitution, Shareholders are able to vote directly on resolutions considered at the Meeting **at any time between the date of this Notice of Meeting and 10.00am (AEST) on Wednesday 26 May 2021** by returning the hard copy Voting/Proxy Form or by voting online (further details below).

If you lodge a direct vote you are voting directly and are not appointing a third party, such as a proxy, to act on your behalf.

The Appen Direct Voting Regulations governing direct voting are available on the Appen website at [www.appen.com](http://www.appen.com) (under Investors). By submitting a direct vote, you agree to be bound by the Appen Direct Voting Regulations.

### Appointment of proxy

A Shareholder who is entitled to vote at this Meeting is entitled to appoint not more than two proxies to vote in place of the Shareholder.

If the Shareholder appoints two proxies, the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the Shareholder's votes. If the specified proportion or number of votes exceeds that which the Shareholder is entitled to, each proxy may exercise half of the Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

A proxy need not be a Shareholder of the Company. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Subject to the specific proxy provisions applying to Items 2, 5 and 7 (see the Explanatory Memorandum below):

- If a Shareholder has not directed their proxy how to vote, the proxy may vote as the proxy determines; and
- If a Shareholder appoints the Chair of the Meeting as proxy and does not direct the Chair how to vote on an item of business, the Chair will vote in accordance with his voting intention as stated in this Notice of Meeting.



# Voting Procedures

## Submitting your Voting/Proxy Form

To be valid, a Voting/Proxy Form must be received by the Company in the manner set out in this Notice.

The Chair's decision on the validity of a direct vote, vote cast by a proxy or vote cast in person, is conclusive and the Company reserves the right to declare invalid any Voting/Proxy Form not received in this manner.

For your proxy or direct vote prior to the AGM to be effective, your completed Voting/Proxy Form must be received by the Company's share registry, Link Market Services, no later than 10.00am (AEST) on Wednesday 26 May 2021. After this time, you will still be able to lodge your direct vote during the AGM by submitting your direct vote using the online platform.

To be effective, Voting/Proxy Forms must be completed, signed and lodged (together with the relevant original power of attorney or a certified copy if the proxy is signed by an attorney) with the Company's share registry, as an original or by facsimile, no later than 10.00am (AEST) on Wednesday 26 May 2021 (**Proxy Deadline**).

Voting/Proxy Forms may be submitted in one of the following ways:

**Online:** Via the Company's Share Registry at [vote.linkmarketservices.com/APX](https://vote.linkmarketservices.com/APX). You will need your Securityholder Reference Number (**SRN**) or Holding Identification Number (**HIN**) and postcode for your shareholding.

**Mobile device:** Using a mobile device by scanning the QR code on the back of the Voting/Proxy Form. You will also need your SRN or HIN and postcode for your shareholding.

**By post:** Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235. Please allow sufficient time so that it reaches Link Market Services Limited by the Proxy Deadline.

**By fax:** (02) 9287 0309 (within Australia), +61 2 9287 0309 (from outside Australia).

**By hand delivery:** Link Market Services Limited at 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

Voting/Proxy Forms and Powers of Attorney must be received by the Proxy Deadline.

## Power of Attorney

A proxy appointment and the original power of attorney (if any) under which the proxy appointment is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than the Proxy Deadline.

## How to vote – during the AGM

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### Direct vote – using the Online Platform

Shareholders can vote directly using the online platform ([agmlive.link/APX21](https://agmlive.link/APX21)) **at any time between the commencement of the AGM (10.00am AEST on Friday 28 May 2021) and the close of voting as announced by the Chair during the AGM.**

Shareholders will be able to cast their vote using the electronic voting card received after clicking the 'Get a Voting Card' button. If you have more than one shareholding, continue to click on 'Get a Voting Card' to receive cards for each of your holdings. Shareholders can then choose to vote at any time during the meeting. A change can be made to your vote at any time while voting remains open. Once you submit your voting card, you will be unable to change it. Any cards not submitted by the close of voting will be automatically submitted.

More information about how to use the online platform, including how to vote and ask questions online during the AGM, is provided in the Online Meeting Guide which has been lodged with the ASX and is available on our website at [www.appen.com/agm](https://www.appen.com/agm). If you intend to use the online platform, we recommend that you check to ensure the online platform works on your device before the AGM.

### Attending in person

Shareholders, proxyholders, body corporate representatives or attorneys attending the meeting in person will be able to ask questions and vote at the meeting.

# Voting Procedures

## Proxy voting by the Chair

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For Item 2 (Remuneration Report), Item 5 (Grant of Performance Rights to the Managing Director and CEO) and Item 7 (Non-executive directors' remuneration), where the Chair is appointed as a Shareholder's proxy and that Shareholder has not specified the way in which the Chair is to vote on Items 2, 5 and 7, the Shareholder is directing the Chair to vote in accordance with the Chair's voting intentions for these items of business, even though Items 2, 5 and 7 are connected with the remuneration of Key Management Personnel (**Key Management Personnel** or **KMP**).

The Chair intends to vote all undirected proxies in favour of the resolutions in the Notice of Meeting, including Items 2, 5 and 7.

## Submitting questions

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### Before the AGM

Shareholders can submit questions in advance of the AGM via the share registry website at [vote.linkmarketservices.com/APX](https://vote.linkmarketservices.com/APX).

Please submit any questions by 5.00pm on Monday 24 May 2021.

Questions will be collated and the Chair and/or CEO will seek to address as many of the frequently raised topics as possible during the AGM. Please note that individual responses will not be sent to Shareholders.

### During the AGM

Shareholders will be able to submit questions or comments at any time during the meeting:

- If attending the Meeting in person: by raising your hand and waiting for the Chair to call on you.
- If attending online: by using the 'Ask a Question' tab on the screen. We encourage you to ask your questions as early as possible in the meeting. The questions will be read out to the meeting verbatim on your behalf.
- If attending by telephone: by selecting \*1 on your handset and providing your question to the operator. The questions will be read to the meeting by a moderator in the same manner as questions submitted via the online portal.

## Enclosures

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Enclosed are the following documents:

- Voting/Proxy Form to be completed if you wish to vote prior to the AGM. Shareholders are encouraged to use the online voting facility that can be accessed through the Investor Centre to ensure the timely and cost effective receipt of your vote or proxy; and
- A reply paid envelope for you to return this form if you do not use the online facility.

BY ORDER OF THE BOARD



**Carl Middlehurst**  
Company Secretary

23 April 2021





# Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in relation to the business to be conducted at the Company's AGM to be held on Friday, 28 May 2021.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote on the resolutions.

Subject to the abstentions noted below in respect of each resolution, the Board recommends that Shareholders vote in favour of all resolutions. The Chair of the Meeting intends to vote all available undirected proxies in favour of each resolution.

The resolutions in Items 3, 4, 5 and 7 are ordinary resolutions, which require a simple majority of votes cast by Shareholders entitled to vote on the resolution. The resolution in Item 6 relating to the amendments to the Constitution is a special resolution. The resolution in Item 2 relating to the Remuneration Report, is advisory and does not bind the Directors or the Company.

## Item 1: Financial statements and reports

As required by section 317 of the *Corporations Act 2001* (Cth) (**Corporations Act**) the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent financial year will be presented to the meeting. The Financial Report contains the financial statements of Appen Limited and its subsidiaries.

There is no requirement for a formal resolution on this item.

The Chair of the Meeting will allow a reasonable opportunity at the Meeting for Shareholders to ask questions about or make comments on the management of the Company, and to ask questions about, or make comments on, the Remuneration Report. Shareholders will also be given a reasonable opportunity at the Meeting to ask the Company's auditor, KPMG, questions about the Auditor's Report, the conduct of its audit of the Company's Financial Report for the financial year ended 31 December 2020, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of KPMG in relation to the conduct of the audit.

Shareholders may submit written questions to the Company in relation to the above matters and the way to do this is outlined earlier in this Notice.

## Item 2: Remuneration Report

The Company has prepared a Remuneration Report for consideration and adoption by Shareholders. The Remuneration Report on pages 58-71 of the Company's Annual Report for the year ended 31 December 2020 sets out the remuneration policies of the Company and reports on the remuneration arrangements and outcomes for Key Management Personnel, including the directors and executives of the Company. The 2020 Annual Report is available at: [www.appen.com/2020annualreport](http://www.appen.com/2020annualreport).

As provided by section 250R(3) of the Corporations Act, the resolution on this item of business is advisory only and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments from shareholders when considering the Company's remuneration policies.

### Board recommendation

The Board recommends that Shareholders vote FOR the Resolution in Item 2.

### Voting exclusion

The Company will disregard any votes cast on Item 2 by, or on behalf of:

- (a) any member or a former member of the KMP whose remuneration details are disclosed in the Company's 2020 Remuneration Report, or
- (b) a Closely Related Party of such a KMP,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form.

This restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on Item 2 because the Company's proxy appointment expressly authorised the Chair of the Meeting to exercise undirected proxies even though the Item is connected with the remuneration of a member of the Company's KMP.

**What this means for Shareholders:** If you intend to appoint a member of the KMP (such as one of the directors) as your proxy, please ensure that you direct them how to vote on the proposed resolution in Item 2. If you intend to appoint the Chair of the Meeting as your proxy, you can direct him how to vote by marking the boxes for Item 2 (for example, if you wish to vote for, against or abstain from voting), or you can choose not to mark any of the boxes for Item 2 and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of this item of business).

# Explanatory Memorandum

## Item 3: Re-election of director – Mr Stephen Hasker

Clause 68.1 of the Constitution and ASX Listing Rule 14.4 states that a Director must not hold office without re-election past the third AGM following the Director's appointment or last election date, or for more than three years whichever is the longer. Mr Stephen Hasker was last re-elected by Shareholders at the annual general meeting held on 18 May 2018 and therefore has offered himself for re-election at this Meeting.

Steve has been a Director of the Company since 7 April 2015 and during that time has been a valuable member of the Board. Steve has spent the past 26 years based in the US, and has extensive experience working with the leading Silicon Valley technology companies. He has deep expertise in business information services, artificial intelligence (AI) and machine learning.

Steve is currently President and Chief Executive Officer of Thomson Reuters, a global company with US\$6 billion in annual revenues, providing its customers in professional services with critical news, AI-driven information and technology.

Previously, Steve served as senior advisor to TPG Capital, a private equity firm and was Chief Executive Officer of Creative Artists Agency Global, based in Los Angeles. He was also Global President and Chief Operating Office of Nielsen, an information, data and measurement firm, based in New York. In this role he was responsible for Nielsen's commercial and product activities across all of its media and consumer businesses. Prior to joining Nielsen in 2009, Steve spent more than a decade with McKinsey as a partner in the Global Media, Entertainment, Information and Technology practice in New York.

Before joining McKinsey, Steve worked in several financial roles in the United States, Russia and Australia. He started his career with PricewaterhouseCoopers in Melbourne, where he qualified as a chartered accountant.

Steve is a member of the Institute of Chartered Accountants Australia and New Zealand. He received an MBA and master's degree in international affairs from Columbia University.

Steve is a member of the Nomination and Remuneration Committee.

Having had regard to the ASX Corporate Governance Principles and Recommendations (4<sup>th</sup> edition) (**ASX Principles**), the Board (with Mr Hasker abstaining) considers Mr Hasker to be an independent director.

### Board recommendation

The Board (with Mr Hasker abstaining) supports the re-election of Mr Hasker and recommends that Shareholders vote FOR Mr Hasker's re-election as a Director of the Company for the reasons of his extensive relevant experience, as outlined above.

## Item 4: Re-election of director – Ms Robin Low

Clause 68.2 states that one-third of directors must retire at each annual general meeting. To meet this requirement, Ms Low has agreed to retire and offer herself for re-election at this Meeting. Ms Low was appointed as a director on 30 October 2014 and was last re-elected by shareholders at the annual general meeting held on 31 May 2019.

Robin has extensive finance, risk and business experience from her 28-year career at PricewaterhouseCoopers where she was a partner specialising in assurance and risk, mainly in financial services. She was previously deputy chair of the Auditing and Assurance Standards Board.

Robin is an experienced non-executive director, holding other current ASX directorships with AUB Group Limited, IPH Limited, and Marley Spoon AG. Her previous ASX board roles included CSG Limited.

Robin is also involved with not-for-profit organisations and serves on the boards of Public Education Foundation, Primary Ethics, Guide Dogs NSW/ACT, and the Sax Institute. Other directorship positions include Gordian Runoff Limited, Enstar Australia Holdings Pty Ltd and Australian Reinsurance Pool Corporation, and she is a member of the Audit Committee for the University of NSW.

Robin has a Bachelor of Commerce from the University of New South Wales and is a Fellow of the Institute of Chartered Accountants Australia and New Zealand.

Robin is chair of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee.

Having had regard to the ASX Principles, the Board (with Ms Low abstaining) considers Ms Low to be an independent director.

### Board recommendation

The Board (with Ms Low abstaining) supports the re-election of Ms Low and recommends that Shareholders vote FOR Ms Low's re-election as a Director of the Company for her extensive finance and risk skills, as outlined above.



# Explanatory Memorandum

## Item 5: Grant of performance rights to the Managing Director and CEO, Mr Mark Brayan

ASX Listing Rule 10.14 provides that the Company must not permit any directors to acquire securities under an employee incentive scheme without the approval of Shareholders.

Accordingly, Item 5 seeks the approval by Shareholders pursuant to ASX Listing Rule 10.14 to grant performance rights (**Rights**) to Mr Brayan, Managing Director and CEO of the Company, as part of his remuneration for the year ended 31 December 2021 in accordance with the terms and conditions of the Appen Long Term Incentive Plan (**Plan**), and to the issue of Shares on the vesting of the Rights.

As the Rights are to be issued under the Plan, the terms and conditions of the Plan govern the Rights to be issued to Mr Brayan. A copy of the Plan rules can be found on the Company website [www.appen.com/investors](http://www.appen.com/investors) (under Corporate Governance).

### Details of the proposed grant of Rights

In determining the Rights to be granted to the Managing Director and CEO, the Board's objectives were to ensure that the level and composition of Mr Brayan's remuneration aligns with the interests of shareholders and incentivises Mr Brayan to deliver strong performance and long-term shareholder returns.

The Board conducted a review of CEO remuneration in late 2020 based on a benchmarking study undertaken by an independent global executive compensation consultant. The study assessed the remuneration practices of comparable companies in Australia.<sup>1</sup>

In relation to Mr Brayan's 2020 remuneration, the benchmarking study identified the following:

- Fixed remuneration (cash salary plus superannuation) of \$750,000 was below market and in the 14th percentile of the peer group.
- Total cash remuneration (fixed plus 2019 short-term incentive (STI) of \$709,613 received in 2020) was below market and in the 37th percentile.
- Total remuneration (fixed plus STI received and long-term incentive (LTI) granted) was above median and in the 69th percentile as a result of the relatively large LTI.

Following the benchmarking, the Board determined that the CEO is appropriately compensated compared to the market and has elected not to change the quantum of fixed or total remuneration.

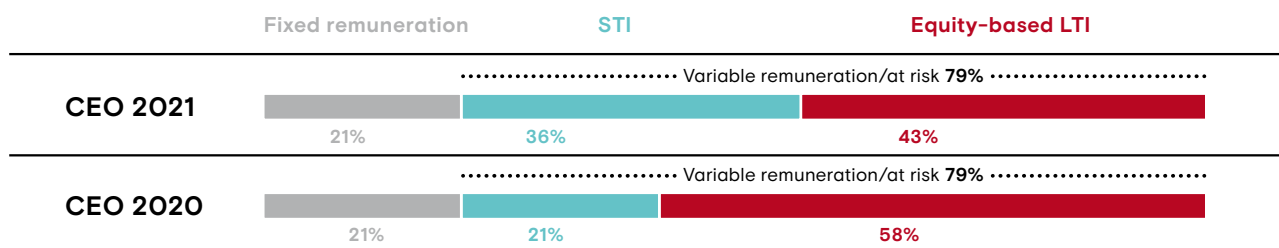
The Board has, however, decided to decrease LTI and increase STI to adjust the pay-mix to be closer to the market and to drive key remuneration related objectives including:

- ensuring that Mr Brayan is incentivised to deliver revenue and underlying EBITDA growth in 2021 (the STI incentive measures); and
- maintaining a heavy weighting to performance-based and at-risk variable pay (STI and LTI).

As such, Mr Brayan's proposed remuneration for 2021 comprises the following:

- Fixed remuneration to remain at the 2020 level of \$750,000 per annum.
- At target STI to increase from \$750,000 to \$1,250,000 per annum by allocating \$500,000 from LTI to bring the balance between STI and LTI closer to market. Total fixed remuneration plus STI will remain below market.
- An LTI grant of 55,908 Rights to be provided in 2021, subject to the approval of Shareholders. The Rights will vest in 2024, subject to the achievement of 20% underlying basic earnings per share growth each year for three consecutive years and to Mr Brayan being employed at the end of the three-year period. The value of the LTI grant at \$26.83 per share (the volume weighted average price in December 2020) equates to \$1.5 million. This compares to an LTI grant equivalent to \$2 million in 2020.
- Total target remuneration of \$3.5 million remains in line with 2020.

Mr Brayan's proposed at target remuneration remains heavily weighted towards performance-based pay, including equity awards, in line with the Company's remuneration principles.



The Rights are granted under the Plan and subject to the terms and conditions of that Plan, in addition to the rules outlined below. If Item 5 is approved by Shareholders, the Company will issue the Rights shortly after the Meeting.

<sup>1</sup> The data was derived from ASX listed companies with market capitalisation of between 50% and 200% of Appen's market capitalisation.

# Explanatory Memorandum

## Performance conditions

The Rights granted in 2021 will vest in 2024, subject to the CEO achieving annual performance targets in 2021, 2022 and 2023.

The key components of the performance rights to be granted to Mr Brayan are as follows:

- achievement of 20% growth in underlying basic EPS (**UBEPS**) over three consecutive years, tested annually (subject to the UBEPS vesting levels below);
- Rights for which the performance condition is not satisfied in the annual testing can be carried over for a maximum of two years and may vest if the equivalent CAGR is achieved i.e. 44% growth in UBEPS over two years, or 73% over three years. This ensures that management is focused on delivering financial returns for Shareholders over the long-term, but also acknowledges that investments may need to be made in certain years to achieve those returns. It also incentivises management to outperform in subsequent years if an annual target is not met; and
- continuation of employment until the beginning of the calendar year in which the performance rights are subject to vesting.

The Rights (and associated conditions) to be granted to Mr Brayan as part of his remuneration for the year ended 31 December 2021 are tabled below:

Plan	Tranche	Number of Rights	Performance measure	Performance target	Performance target measurement date	Vesting condition	Vesting date
2021	1	18,636 (55,908 x 1/3)	UBEPS	20% growth FY21 vs FY20	End 2021	Employed at 1 Jan 2024	1 Jan 2024
2021	2	18,636 (55,908 x 1/3)	UBEPS	20% growth FY22 vs FY21 or 2-year CAGR of >=20% (FY20–FY22)	End 2022	Employed at 1 Jan 2024	1 Jan 2024
2021	3	18,636 (55,908 x 1/3)	UBEPS	20% growth FY23 vs FY22 or 3-year CAGR of >=20% (FY20–FY23)	End 2023	Employed at 1 Jan 2024	Release of 2023 results

UBEPS vesting levels are as follows:

UBEPS target achieved	% vesting based on achieving UBEPS target
100% or more of UBEPS target	100%
90–99% of UBEPS target <sup>1</sup>	50–80%
Less than 90%	Nil

<sup>1</sup> At the Board's discretion.

No amount is payable in return for the grant of the Rights.

The following terms and conditions apply to Mr Brayan's Rights:

- From the vesting date and once confirmed by Mr Brayan, Appen will cause the relevant number of APX Shares to be issued or transferred to Mr Brayan.
- No amount is payable in return for the issue or transfer of APX Shares.
- No dividends are paid or accrue between the grant and vesting dates of the Rights.

## If Shareholder approval is not obtained

If Shareholders do not approve the proposed grant of Rights to Mr Brayan the proposed grant of Rights and issue of shares will not proceed. This may impact the Company's ability to incentivise Mr Brayan and to align his interests with those of shareholders and the Board may need to consider alternative remuneration arrangements, including potentially a cash payment, to appropriately remunerate and incentivise Mr Brayan. Any alternative remuneration arrangements would be subject to the same performance and employment conditions.



# Explanatory Memorandum

## Shareholder approval – Corporations Act

Under Part 2D.2 of the Corporations Act, subject to a number of exemptions, Shareholder approval must be obtained before the Company (or a Related Body Corporate or prescribed superannuation fund in relation to the Company) can give a person a “benefit” in connection with the person’s retirement from a managerial or executive office.

Under the Appen Long Term Incentive Plan, where a participant in that plan ceases to be an employee of Appen (other than in prescribed circumstances) all unvested Rights held by that participant will lapse. In circumstances where the reason for that participant ceasing employment is because of death, total and permanent disability or any other reason with the approval of the Board, the Board has discretion as to how unvested Rights are to be treated. In the context of exercising this discretion, providing Shares to the person may constitute a termination benefit regulated by Part 2D.2 of the Corporations Act.

## Shareholder approval – ASX Listing Rules

ASX Listing Rule 10.14 requires Shareholder approval before a director can acquire shares or rights to shares under an employee incentive scheme. Approval from Shareholders is being sought to grant rights to Mr Brayan under the Appen Long Term Incentive Plan in respect of FY21 with any Rights issued within 12 months after the date of this Meeting.

## Information required by ASX Listing Rule 10.15

ASX Listing Rule 10.15 requires the following information to be disclosed in relation to the Rights to be granted to Mr Brayan, Managing Director and CEO, under the Plan. Other disclosure requirements of this listing rule have been disclosed earlier in this commentary:

### i. Maximum number and class of securities proposed to be issued

The maximum number of Rights (defined earlier in this memorandum) for which approval is being sought to grant to Mr Brayan within 12 months of this Meeting, is 55,908.

After the grant of Rights, the number of Shares that Mr Brayan may receive at the end of the vesting period on the vesting date will be determined having regard to the satisfaction of the relevant performance condition.

### ii. Mr Brayan’s current remuneration

Mr Brayan’s current remuneration package is disclosed earlier in this memorandum.

### iii. Number of Rights previously issued to Mr Brayan

Plan under which Rights were granted	Number of Rights granted	Average acquisition price paid by Mr Brayan
FY15 LTI Plan	142,768	\$nil
FY16 LTI Plan	95,535	\$nil
FY17 LTI Plan	59,430	\$nil
FY18 LTI Plan	23,153	\$nil
FY18 Special	150,000	\$nil
FY18 STI	150,000	\$nil
FY19 LTI Plan	160,000	\$nil
FY20 LTI Plan	78,125	\$nil

### iv. Details of the Rights

Details of the Rights are disclosed earlier in this memorandum and these are subject to the terms and conditions of the Plan, a copy of which can be found on the Company website [www.appen.com/investors](http://www.appen.com/investors) (under Corporate Governance).

### v. Issue date of Rights

The Rights will be granted to Mr Brayan no earlier than immediately following this Meeting and no later than 12 months after this Meeting, on the conditions described in the Explanatory Memorandum.

### vi. Price for each Right (and the price for each APX Security that vests)

There is no payment for the grant of Rights or upon vesting of the Rights required by Mr Brayan.

# Explanatory Memorandum

## vii. Material Terms of the Plan

The Rights are subject to specific terms outlined earlier in this memorandum and the terms and conditions of the Plan, a copy of which can be found on the Company website at [www.appen.com/investors](http://www.appen.com/investors) (under Corporate Governance).

## viii. Terms of any loan made to Mr Brayan in relation to the acquisition of the Rights

There is no loan provided in relation to the acquisition of the Rights by Mr Brayan.

## ix. Disclosure

Details of any securities issued to Mr Brayan under the Plan will be disclosed to the market via an announcement to the Australian Securities Exchange and published in Appen's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

## x. Persons who are entitled to participate in the Rights Plan

The eligible participants under the Plan are employees of the Company or others who are determined by the Board to be eligible participants for the purposes of the Plan.

Mr Brayan is the only person referred to in ASX Listing Rule 10.14 who is currently entitled to participate in the Plan.

In any case, any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after the resolution in Item 5 is approved and who were not named in this Notice will not participate until approval is obtained under this rule.

### Voting exclusion

The Company will disregard any votes cast in favour of the Resolution in Item 5 by Mr Brayan and any associate of Mr Brayan.

However, this does not apply to a vote cast in favour of this resolution by:

- (a) Mr Brayan or any associate of Mr Brayan as proxy or attorney for a person who is entitled to vote on Item 5 in accordance with the directions given to the proxy or attorney to vote on these resolutions in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Item 5 in accordance with a direction given to the Chair to vote on these resolutions as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on Item 5; and
  - the holder votes on Item 5 in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, no KMP of the Company or a Closely Related Party of such a KMP may vote as a proxy on Item 5 unless the person votes as a proxy appointed by writing that specifies how the person is to vote on Item 5.

This restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on Item 5 because the Company's proxy appointment expressly authorises the Chair of the Meeting to exercise undirected proxies even though the resolutions are connected directly or indirectly with the remuneration of KMP of the Company.

### Board recommendation

The Board, with Mr Brayan abstaining, recommends that Shareholders vote FOR the Resolution in Item 5.



# Explanatory Memorandum

## Item 6: Amendments to Constitution

The Company is proposing two changes to its Constitution.

The first change is in relation to increasing the maximum number of Directors permitted under the Constitution. Clause 65.1 of the Company's Constitution, states that the number of directors must be not less than three nor more than seven. The current Board has seven directors.

The Board intends to renew its composition, with long-serving directors likely to retire during 2021. To ensure a period of smooth transition, the Company would like the flexibility to have more than seven directors at any one time.

It is proposed that the current clause 65.1 be amended to increase the number of directors permitted to be on the Board at any one time to 10.

For reference, the entire proposed clause 65.1 is outlined below.

### **65 Number of directors**

65.1 The number of the directors (excluding alternate directors) must be not less than 3 nor more than 10, or such lesser number as the directors determine (following approval by ordinary resolution of the shareholders in general meeting).

The second amendment to the Company's Constitution is in response to a change to ASX Listing Rule 15.12 which requires a listed entity's constitution to contain certain provisions so long as an entity has 'restricted securities' (as defined by the Listing Rules) on issue. These proposed amendments, if approved, provide the constitutional underpinning for ASX's modified escrow regime.

It is proposed to replace the existing clause 28 with the following:

### **28 Restricted Securities**

28.1 The Company shall comply in all respects with the requirements of the Listing Rules with respect to 'restricted securities'. Without limiting this generality:

- (i) a holder of restricted securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- (ii) if the securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the restricted securities are to be kept on the entity's issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities;
- (iii) the entity will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of restricted securities during the escrow period applicable to those securities except as permitted by the Listing Rules of ASX;
- (iv) a holder of restricted securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and
- (v) if a holder of restricted securities breaches a restriction deed or a provision of the Company's constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.

The Company has prepared an updated Constitution (**New Constitution**) inclusive of the abovementioned changes. A copy of the New Constitution is available at [www.appen.com/agm](http://www.appen.com/agm). A copy of the New Constitution can also be requested at [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au).

### **Board recommendation**

The Board recommends that Shareholders vote FOR the Resolution in Item 6.

# Explanatory Memorandum

## Item 7: Non-executive directors' remuneration

Under clause 83.1 and ASX Listing Rule 10.17, the maximum annual remuneration that can be paid to all non-executive directors (**NED**) taken together (the NED Remuneration Pool) must be approved by shareholders by ordinary resolution.

As mentioned in the commentary for Item 6, the Board intends to renew its composition during 2021 and there is likely to be a period of transition where an outgoing director will remain on the Board for a period of time to allow new directors to benefit from a transfer of director knowledge and responsibilities. To enable this transition planning, additional capacity in the NED Remuneration Pool is required.

Further, it is proposed to increase the current NED fees from 1 January 2021, subject to approval of the resolution in Item 7, as follows. These fees were last increased on 1 January 2019.

Chairman	\$200,000 to \$240,000
NED	\$105,000 to \$120,000
Chairs of Committees	\$15,000 to \$20,000

The current NED Remuneration Pool of \$900,000 was approved by Shareholders at Appen's 2020 AGM. The Resolution in Item 7 proposes to increase the NED Remuneration Pool by \$500,000 to \$1,400,000 with immediate effect.

For the purposes of ASX Listing Rule 10.17, Appen confirms that in the three years before the date of this Notice no securities have been issued to non-executive directors under ASX Listing Rule 10.11 or 10.14.

### Board recommendation

Given the interest in this matter of each non-executive director, the Board makes no recommendation on the Resolution for this Item.

### Voting exclusion

The Company will disregard any votes cast in favour of Item 7 by or on behalf of a Director of Appen or an associate of a Director.

However, this does not apply to a vote cast in favour of this resolution by:

- (a) a Director or any associate of a Director as proxy or attorney for a person who is entitled to vote on Item 7 in accordance with the directions given to the proxy or attorney to vote on these resolutions in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Item 7 in accordance with a direction given to the Chair to vote on these resolutions as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on Item 7; and
  - the holder votes on Item 7 in accordance with directions given by the beneficiary to the holder to vote in that way.

In addition, no KMP of the Company or a Closely Related Party of such a KMP may vote as a proxy on Item 7 unless the person votes as a proxy appointed by writing that specifies how the person is to vote on Item 7.

This restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on Item 7 because the Company's proxy appointment expressly authorises the Chair of the Meeting to exercise undirected proxies even though the resolutions are connected directly or indirectly with the remuneration of KMP of the Company.





## Glossary of key terms

<b>\$</b>	Australian Dollars
<b>AEST</b>	Australian Eastern Standard Time as observed in Sydney, Australia
<b>Annual General Meeting or Meeting</b>	the meeting convened by the Notice
<b>ASX</b>	ASX Limited ACN 008 624 691
<b>ASX Listing Rules</b>	the Listing Rules of the ASX, as amended or replaced from time to time except to the extent of any express written waiver by ASX
<b>ASX Principles</b>	ASX Corporate Governance Principles and Recommendations (4 <sup>th</sup> edition)
<b>Board</b>	the current board of directors of the Company
<b>Closely Related Party</b>	as defined in section 9 of the Corporations Act
<b>Company</b>	Appen Limited ACN 138 878 298
<b>Constitution</b>	the Company's Constitution
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Directors</b>	the current directors of the Company
<b>Entitlement Time</b>	7.00pm AEST Wednesday 26 May 2021
<b>Explanatory Memorandum</b>	the Explanatory Memorandum accompanying the Notice
<b>Items</b>	the resolutions set out in the Notice, or any one of them, as the context requires
<b>Key Management Personnel</b>	as defined in section 9 of the Corporations Act
<b>Notice or Notice of Meeting or Notice of Annual General Meeting</b>	this notice of annual general meeting and the Explanatory Memorandum accompanying the Notice and the Voting/Proxy Form
<b>Plan</b>	Appen Long Term Incentive Plan
<b>Proxy Deadline</b>	10.00am AEST Wednesday 26 May 2021
<b>Related Body Corporate</b>	has the meaning set out in section 50 of the Corporations Act
<b>Remuneration Report</b>	the remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 31 December 2020
<b>Resolutions</b>	the resolutions set out in the Notice, or any one of them, as the context requires
<b>Rights</b>	long term incentive rights to acquire a Share issued under the Plan
<b>Share</b>	a fully paid ordinary share in the capital of the Company
<b>Share Registry</b>	Link Market Services Limited
<b>Shareholder</b>	a holder of a Share
<b>Voting/Proxy Form</b>	the voting/proxy form accompanying the Notice

# Corporate directory

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## Shareholder enquiries

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[www.appen.com/investors](http://www.appen.com/investors)

## 2020 Annual Report

[www.appen.com/2020annualreport](http://www.appen.com/2020annualreport)





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