

**VERBREC LIMITED**  
ACN 127 897 689

**CONTINUOUS DISCLOSURE POLICY**  
As approved by the Board of Directors on 22 February 2019

**Objectives**

- 1 The objectives of the Continuous Disclosure Policy are to:
  - (a) assist Verbrec Limited (**Company**), to comply with its continuous disclosure obligations under the Corporations Act and the Australian Securities Exchange (**ASX**) Listing Rules;
  - (b) establish procedures for the preparation, approval and release of announcements by the Company to ASX; and
  - (c) promote investor confidence in the integrity of the Company and its securities.
- 2 This Policy contains all continuous disclosure requirements under the Listing Rules and the Corporations Act, and incorporates best practice guidelines suggested by the sources listed in paragraphs 9 and 10.

**Legal requirements**

- 3 The Company is a public company listed on ASX. It is subject to continuous disclosure requirements under the Corporations Act and the Listing Rules (which are given legislative force under section 674 of the Corporations Act), in addition to the periodic and specific disclosure requirements of the Listing Rules.
- 4 **The Rule:** The primary continuous disclosure obligation is contained in Listing Rule 3.1, which states that:

*"Once an entity 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, the entity must immediately tell ASX that information."*
- 5 **The Exception:** Listing Rule 3.1A contains the only exception to Listing Rule 3.1:

*"Listing Rule 3.1 does not apply to particular information while each of the following requirements is satisfied:*

  - 3.11A.1 *One or more of the following 5 situations applies:*
    - *It would be a breach of a law to disclose the information.*
    - *The information concerned an incomplete proposal or negotiation.*
    - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
    - *The information is generated for internal management purposes of the entity.*
    - *The information is a trade secret.*
  - 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
  - 3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- 6 **Disclose to ASX first:** Listing Rule 15.7 further requires that an entity must not release information that is for release to the market to anyone until it has given the information to ASX, and has received an acknowledgement from ASX that the information has been released to the market.
- 7 **What is price sensitive information?:** Section 677 of the Corporations Act states that, a reasonable person would be taken to expect information to have a "*material effect on the price or value*" of securities if the information "*would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of*" those securities. In applying this test, ASX interprets the reference to persons who commonly invest in securities as a reference to persons who commonly buy and hold securities for a period of time, based on their view of the inherent value of the security and not to "day traders" who seek to take advantage of very short term (usually intraday) price fluctuations and who trade in and out of securities without reference to their inherent value and without any intention of holding them for a meaningful period (see ASX Guidance Note 8, referred to in paragraph 10).
- 8 **Correction of false market:** Listing Rule 3.1 B provides that if the ASX considers that there is, or is likely to be, a false market in an entity's securities, and requests information from the entity to correct or prevent the false market, the entity must immediately give ASX that information.

#### **Best practice guidelines**

- 9 In addition to the legal requirements, there are guidelines published by various bodies which, though not (or not yet) mandatory, set out various views of best practice in the area of continuous disclosure.
- 10 The most important of these guidelines are:
  - (a) ASX Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations", in particular Recommendations 5.1 and 5.2;
  - (b) ASX Guidance Note 8 "Continuous Disclosure: Listing Rules 3.1- 3.1B";
  - (c) Australasian Investor Relations Association "Best Practice Guidelines for Communication between Listed Entities and the Investment Community";
  - (d) Australian Securities and Investments Commission (**ASIC**) Regulatory Guide 62 "Better disclosure for investors"; and
  - (e) ASIC consultation paper "Heard it on the grapevine".

#### **Disclosure principle**

- 11 The Company will immediately notify ASX of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, unless exempted by the Listing Rules.
- 12 The Company securities include all shares and options issued and granted by the Company.

#### **Immediate disclosure**

- 13 The obligation to disclose price sensitive information is an immediate one. ASX

considers that “immediately” means “promptly and without delay” (see ASX Guidance Note 8). This means the announcement must be made as quickly as it can be done in the circumstances and not deferred to a later time.

- 14 ASX recognises that how quickly the Company can announce information will depend on the circumstances at the time, including:
  - (a) where and when the information originated;
  - (b) any forewarning the Company had of the information;
  - (c) the amount and complexity of the information;
  - (d) any need to verify the accuracy of the information;
  - (e) the need to prepare an announcement carefully so that it is accurate;
  - (f) the need to comply with specific information requirements; and
  - (g) the need in some cases for an announcement to be approved by the Board.
- 15 ASX will expect the Company to act particularly quickly if ASX asks it to make an announcement because of a sudden and significant movement in its share price or trading volumes or otherwise to correct or prevent a false market in its shares.
- 16 ASX also considers that the Company should act particularly quickly if the information to be announced is especially damaging and likely to cause a significant fall in the Company’s share price, e.g., if a lender has declared an event of default and appointed a receiver.

#### **Disclosure of price sensitive information**

- 17 Any information concerning the Company which would, or would be likely to, influence investors in deciding whether to acquire or sell the Company securities (**price sensitive information**) must be disclosed to ASX in accordance with this Policy.
- 18 The Company Secretary is responsible for determining what information is to be disclosed. Where there is doubt as to whether certain information should be disclosed, the Company Secretary will discuss the issue with senior executives, and if necessary, seek external advice.
- 19 The following provides a guide as to the type of information that is likely to require disclosure. This is not an exhaustive list. The determination of whether certain information is price sensitive information which is subject to continuous disclosure necessarily involves the use of judgment.
- 20 Matters which, depending on the circumstances, could require disclosure include:
  - (a) a transaction that will lead to a significant change in the nature or scale of the Company’s activities;
  - (b) the fact that the Company’s earnings will be materially different (downwards or upwards);
  - (c) a recommendation or declaration of a dividend or distribution, or a decision one will not be declared;
  - (d) changes in the Board of Directors, senior executives or auditors;
  - (e) the appointment of a liquidator, administrator or receiver;

- (f) the commission of an event of default under a material financing facility or another event entitling a financier to terminate such a facility;
- (g) under or over subscriptions to an issue of securities;
- (h) giving or receiving a notice of intention to make a takeover offer;
- (i) material acquisitions/divestments of assets;
- (j) major new contracts with customers;
- (k) the variation or termination of a major contract with a customer;
- (l) becoming a plaintiff or defendant in a material law suit;
- (m) natural disasters or accidents that have particular relevance to the businesses of the Company; or
- (n) any rating applied by a rating agency to the Company and any change to such a rating.

### **Roles and responsibilities**

- 21 This Policy will be administered by several key personnel within the Company.
- 22 The responsibilities under this Policy are divided as follows:
  - (a) **Board of directors:** The Board has adopted this Policy and will be responsible for signing off on any subsequent amendments recommended by the Company Secretary. The Board may be involved in the review of significant ASX announcements – see paragraph 27 for further information;
  - (b) **Company Secretary:** Responsible for the overall administration of this Policy and all communications with ASX (see below); and
  - (c) **Authorised spokespersons:** The only employees authorised to speak on behalf of the Company to external parties (see below).

### **Company Secretary**

- 23 The Company Secretary is responsible for the overall administration of this Policy, and in particular, is responsible for:
  - (a) managing the Company's compliance with its continuous disclosure obligations;
  - (b) coordinating all communications with ASX;
  - (c) reviewing proposed external announcements, and consulting with appropriate members of the Board, senior executives and/or external advisers as necessary;
  - (d) reporting on continuous disclosure issues regularly to the Board of the Company;
  - (e) keeping a record of all ASX and other announcements that the Company has made;
  - (f) monitoring the effectiveness of the Policy, including the understanding by relevant officers of the principles and spirit of continuous disclosure; and
  - (g) regularly reviewing this Policy as a result of legislative changes or changes

to regulatory policy, and communicating any amendments to the relevant officers.

### Authorised spokespersons

- 24 The authorised spokespersons are the Chief Executive and other persons authorised by the Chief Executive from time to time. They are the only employees who may speak to the media or other external parties in relation to matters subject to this Policy.
- 25 Authorised spokespersons should be briefed by the Company Secretary about prior disclosures by the Company before speaking with external parties. When communicating with external parties, an authorised spokesperson:
- (a) should ensure all comments relate to information within the public domain and/or are not material, as the disclosure of confidential information, even if inadvertent, may result in the information no longer falling within the exception to Listing Rule 3.1 and therefore becoming disclosable to ASX immediately;
  - (b) may clarify information that the Company has released to ASX but must not comment on price sensitive information that has not previously been released;
  - (c) should limit any comments to his or her area of expertise as much as possible; and
  - (d) should report to the Company Secretary after the external communication is made, to determine if any confidential information has been disclosed and whether as a consequence any disclosure to ASX is necessary.

### Company announcements - the procedures

- 26 The management of the Company's external announcements depends on an effective system of internal reporting and announcement preparation.
- 27 The following procedures will apply in relation to all external announcements:
- (a) **Identification and notification of material price sensitive information:** As soon as an officer becomes aware of material price sensitive information which has not been previously released by the Company, he or she should immediately notify the Company Secretary.
  - (b) **Continuous disclosure issues** will be considered (as necessary) by the Board at each meeting.
  - (c) **Review of price sensitive information:** The Company Secretary will review any price sensitive information (in consultation with senior executives and/or external advisers if necessary), to determine whether the information is required to be disclosed.
  - (d) **Prepare external announcement:** If the information is required to be disclosed, the Company Secretary will prepare a draft announcement. Such announcements should be factual, relevant, and expressed in an objective and clear manner. The use of emotive or intemperate or defamatory language should be avoided. So too should the use of vague or imprecise

terms.

- (e) **Obtain sign off:** The draft company announcement must be signed off by the Chief Executive or Company Secretary.
- (f) **Board approval:** Any announcement relating to a matter which would be considered price sensitive information (as detailed in clause 7) should be approved by the Board; however, if the Board is not able to consider the announcement in time to allow the Company to comply with its continuous disclosure obligations, the Chairperson or the Chief Executive (if the Chairperson is not available) may approve the announcement.
- (g) **Lodge announcement:** The Company Secretary (only) to lodge the announcement with ASX electronically.
- (h) **Post announcement on Company website:** After receiving an acknowledgement from ASX that the announcement has been released to the market, post the announcement onto the Company's website (under the section "Investor Relations") as soon as possible after receiving ASX's acknowledgement.

28 In light of the Company's obligation to disclose any material price sensitive information immediately after it becomes aware of the information, the above steps, where required, should be taken promptly and without delay.

#### **Joint announcements**

29 In situations where the Company needs to issue a joint announcement with a joint venture or project partner, the Company will seek to give the partner the opportunity to review the announcement prior to its release, provided that it does not compromise the Company's ability to comply with its disclosure obligation.

#### **Timing**

- 30 The Company must not release price sensitive information publicly until it has disclosed it to ASX and received confirmation of its release by ASX.
- 31 If information is to be released by the Company's Head Office and simultaneously in another geographical location (for example, by a foreign joint venture partner), the Company Secretary will consult with the relevant parties to determine how the requirements of the Listing Rules will impact on the timing of the disclosure.

#### **Disseminating announcements**

- 32 After receiving ASX's confirmation that an announcement has been released to the market, the Company will disseminate the information as soon as possible by posting the announcement on the Company's website (within 24 hours after receiving ASX's confirmation), and broadcasting via email and/or fax to major stakeholders.
- 33 The Company's website (under the "Investor Relations" section) will contain relevant information on the Company such as:
  - (a) ASX announcements;
  - (b) annual reports and other financial results; and
  - (c) speeches and other information provided to analysts and investor groups.

- 34 The Company Secretary must review the relevant information prior to it being posted on the website. The "Investor Relations" section of the website will be reviewed regularly to ensure that it is up-to-date, complete and accurate.

#### **Pre-result periods**

- 35 To prevent inadvertent disclosure of price sensitive information, during the periods between the date commencing one month before the end of the half-year and full-year financial reporting periods and the actual results release, the Company will not discuss any financial information, broker estimates and forecasts, with institutional investors, individual investors, stockbroking analysts, or the media unless the information being discussed has previously been disclosed to the ASX.

#### **Media and market speculation**

- 36 The Company has a general "no comments" policy in relation to market speculation and rumours, which must be observed by employees at all times. However, the Company will issue an announcement in response to a market speculation or rumour where it is necessary to comply with the continuous disclosure obligations, for example, for the purpose of correcting factual errors or responding to a formal request from the ASX for information. If speculation or rumour appears to be based on credible information and there is a material change in the Company's share price or trading volume that is not readily explicable by any other event, ASX considers that the Company has a responsibility to the market to respond to the speculation or rumour in a timely manner. If it does not do so voluntarily, ASX will consider exercising its power to require the Company to do so.
- 37 The Company will not provide the media with exclusive interviews or information that potentially contains any price sensitive information prior to disclosing that information to the ASX. It will also not provide any information "off the record".
- 38 Employees who are approached by the media or any external parties for information should observe the "no comments" policy and notify the Company Secretary as soon as possible.

#### **Briefings/meetings/conference calls with analysts or investors**

- 39 As part of the Company's management of investor relations and to enhance stockbroking analysts' understanding of its background and technical information, it conducts briefings with analysts or investors from time to time, including:
- (a) one-on-one discussions (for the purpose of this Policy, this includes any communications between the Company and an analyst/investor);
  - (b) group briefings; and
  - (c) conference calls, (collectively referred to as **briefings**).
- 40 The Company's policy for conducting these briefings is not to disclose any information which is, or potentially is, price sensitive information, that has not been announced to the ASX and the market generally.
- 41 In addition, the following protocols will be followed in relation to such briefings:
- (a) any written material to be used at a briefing must be provided in advance to

the Company Secretary to determine whether it contains any information that has not previously been undisclosed;

- (b) if possible, the Chief Executive or a director should be present at the briefing;
- (c) if a question raised during the briefing can only be answered by disclosing price sensitive information which was not previously disclosed to ASX, the employee should decline to answer the question, but take the question on notice;
- (d) employee(s) participating at a briefing should conduct a post-briefing review with the Chief Executive to identify whether any price sensitive information was disclosed (and, if it was, the Company Secretary should be immediately notified); and
- (e) before any formal presentation to analysts or at a seminar, the Company Secretary will post the presentation on the Company's website and release it to the ASX.

#### **Responding to analyst reports and forecasts**

- 42 Stockbroking analysts frequently prepare reports on securities of listed entities, including the Company, which contain performance and financial forecasts. The Company acknowledges the importance of analyst reports in facilitating the operation of the market in an informed and efficient manner.
- 43 However, the Company is independent, and will do all things necessary to be seen as independent, of analysts. The Company will not endorse any such reports, and will restrict its comments to factual matters and information which has been previously disclosed to ASX and the market generally.
- 44 In particular, the Company:
  - (a) will not generally comment on analyst forecasts or disclose its own earnings projections, however, it may comment on analyst reports by correcting factual errors or assumptions where the relevant information has already been disclosed;
  - (b) will not include any analyst reports in its own corporate information, or post any analyst reports (including hyperlinks) on its website, but may use the reports internally;
  - (c) will include a disclaimer that the Company is not responsible for, and does not endorse, the analyst report, in any response made to an analyst; and
  - (d) will consider issuing an announcement if it becomes apparent that in general the market's earnings projections on it materially differ (upwards or downwards) from its own estimates prepared on the basis of verifiable information.
- 45 If a draft report has been sent to the Company for comments, it should be forwarded immediately to the Company Secretary.

#### **Responding to unexpected questions**

- 46 Employees and executives are often faced with unexpected questions from



external parties - for example, pre-arranged briefings sometimes move outside the scope of intended discussion, or executives may be asked for information in situations other than formal briefings.

- 47 When faced with an unexpected question, respond only with information which has previously been disclosed to the market. If answering the question requires the disclosure of information that has not been disclosed, or if in doubt as to whether or not certain information has already been disclosed, decline to answer the question. Take the question on notice so that the formal process of releasing information can operate.

### **Trading halts and voluntary suspension**

- 48 In certain circumstances, the Company may need to request a trading halt from ASX or voluntary suspension of its securities to maintain the efficient trading of its securities. The Chairperson, Chief Executive and the Company Secretary will make all decisions in relation to trading halts or voluntary suspension and are the only persons authorised to request a trading halt or voluntary suspension on behalf of the Company.
- 49 It may be necessary to request a trading halt in respect of the Company's shares in the following situations:
- (a) to manage unexplained material price and/or volume changes;
  - (b) if confidential information about the Company is inadvertently disclosed;
  - (c) before a press conference or briefing being held in advance of a formal announcement; or
  - (d) to prevent an uninformed market pending a major announcement, e.g., a capital raising or a merger or acquisition.
- 50 The longest period a trading halt can last is two full trading days. If the Company has been in a trading halt but the relevant disclosure issue has not been resolved in time, or the Company does not believe that it would be possible to resolve the issue within the maximum trading halt period, then it may need to request a voluntary suspension of trading.

### **Breach of Policy**

- 51 The Company takes continuous disclosure very seriously. Non-compliance with continuous disclosure obligations may constitute a breach of the Corporations Act or the Listing Rules. This may result in fines for the Company, liability for the Company to civil damages, personal liabilities for directors and other officers, and damage to the Company's reputation.
- 52 A breach of this Policy may result in disciplinary action against the relevant officer or employee, including dismissal in serious or persistent cases.

### **Questions / further information**

- 53 The Company will review this Policy regularly as legislative requirements or regulatory policy change. The Company Secretary will communicate any amendments to the relevant officers.
- 54 Any questions or requests for further information on how to comply with this policy should be directed to the Company Secretary.