

# *Continuous Disclosure Policy*

Status:	<b>Final</b>
Policy Owner:	<b>General Manager – Strategy &amp; Corporate Affairs</b>
Policy Approver:	<b>PGG Wrightson Board of Directors</b>
Date of Last Approval:	<b>February 2018</b>

## ***Continuous Disclosure Policy***

<b>Purpose</b>	This Policy sets out principles and guidelines to be followed by PGG Wrightson Limited (PGW) to provide timely, non-selective advice to the market of material events and developments affecting PGW as they occur.
<b>Scope</b>	This policy applies to all PGW Directors, Group wide employees and independent contractors.
<b>Date of issue</b>	February 2018
<b>Review</b>	Every two years on anniversary. Outside of the review, minor changes to this policy can be approved by the Chief Executive Officer or General Manager Strategy & Corporate Affairs.

## ***Related Policies and Documents***

**PGW Securities Trading Policy**

**Financial Markets Conduct Act 2013**

## Policy Standards

### 1. Purpose

- 1.1 As PGW is listed on the Main Board of the New Zealand Stock Exchange (NZX), it must comply with the NZSX Listing Rules, and the Financial Markets Conduct Act 2013. This Policy aims to provide a clear framework to ensure PGW meets all statutory and Listing Rule obligations, complies with the NZX Corporate Governance Code recommendations and adopts "best practice" for identification of, timely and accurate disclosure of and fair access to Material Information to maintain market integrity and investor confidence so that investors can make informed investment decisions.
- 1.2 As recommended in Recommendation 4.1 of the NZX Corporate Governance Code 2017, PGW has adopted this written policy to explain how it complies with its continuous disclosure obligations to ensure all investors have access to relevant information.
- 1.3 As per Recommendation 4.2 of the NZX Corporate Governance Code 2017, this Continuous Disclosure Policy is available on PGW's website at [www.pggwrightson.co.nz](http://www.pggwrightson.co.nz).
- 1.4 This Policy has been developed following the guidelines in the NZX Guidance Note on Continuous Disclosure 2014 and the best practice guidance in the NZX Thematic Review on Continuous Disclosure 2017.
- 1.5 This Policy requires that PGW's announcements should reflect a factual and balanced representation about PGW, disclosing both positive and negative information.
- 1.6 This Policy also explains the respective roles of Directors, Executive Officers and employees in relation to:
  - complying with PGW's continuous disclosure obligations;
  - safeguarding the confidentiality of corporate information to avoid premature disclosure;
  - external communications such as analyst briefings and responses to investor queries; and
  - responding to or avoiding the emergence of a false market in PGW's securities.

### 2 Definitions

**Material Information**<sup>1</sup> in relation to a listed issuer, is information that:

- a. a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of quoted financial products of the listed issuer; and
- b. relates to particular financial products, a particular listed issuer, or particular listed issuers, rather than to financial products generally or listed issuers generally.

The information must relate to PGW, however, it does not necessarily have to emanate from PGW.

Information is **generally available to the market**<sup>2</sup>:

- a. if—
    - i. it is information that has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in relevant financial products;
- and

<sup>1</sup> section 231 FMCA 2013

<sup>2</sup> section 232 FMCA 2013

- ii. since it was made known, a reasonable period for it to be disseminated among those persons has expired; or
- b. if it is likely that persons who commonly invest in relevant financial products can readily obtain the information (whether by observation, use of expertise, purchase from other persons, or any other means); or
- c. if it is information that consists of deductions, conclusions, or inferences made or drawn from either or both of the kinds of information referred to in paragraphs (a) and (b).

Information that is notified in accordance with a continuous disclosure obligation is generally available to the market under (a) above immediately on it being made available to participants in a licensed market (without limiting how quickly the reasonable period of dissemination in subsection (a) (ii) may be satisfied in other cases).

### 3 Scope

- 3.1 This policy applies to all PGW Directors, Group wide employees and independent contractors.
- 3.2 Anyone (including a contractor) who becomes aware of information which may be Material must advise their manager following usual reporting lines or the Disclosure Officer as soon as possible. Each Executive Officer is responsible for ensuring they have appropriate reporting and escalation mechanisms within their teams to ensure any information which may be material is promptly brought to their attention and advised to the Disclosure Officer.

### 4 Continuous Disclosure Framework

- 4.1 PGW has created a framework to ensure compliance with its disclosure obligations under the NZX Listing Rules. The key elements of the framework are summarised as follows:
  - a. PGW has established a Disclosure Committee for determining what information will be disclosed to the market;
  - b. PGW has appointed a Disclosure Officer to administer this Policy;
  - c. All **Material Information** will be disclosed immediately to NZX, and published on PGW's website;
  - d. If there is an inadvertent disclosure of material information other than to the market, PGW will immediately release the information to NZX;
  - e. **Material Information** that has not been released to the market will not be discussed in briefings or one-on-one discussions with analysts and/or investors;
  - f. Earnings forecasts will only be discussed if previously issued by PGW;
  - g. PGW will not generally comment on or endorse analyst forecasts, but may respond to correct or prevent a false market;
  - h. PGW will maintain an insider list when conducting a confidential transaction if PGW considers appropriate;
  - i. PGW will require confidentiality agreements with advisors and service providers when providing confidential information.
  - j. There will be a regular review of internal and external matters to consider whether any matters need to be disclosed to the market.
  - k. Directors and management are encouraged to undertake training on continuous disclosure obligations.
- 4.2 This Policy will be posted on the PGW website and communicated to relevant parties to ensure they are aware of this Policy and the associated practices. The Board acknowledges its responsibility to comply with PGW's continuous disclosure obligations and is committed to establishing a culture of effective corporate disclosure. The Board has delegated its

responsibilities for the establishment, implementation and supervision of this Policy to the Disclosure Committee.

- 4.3 As the failure to disclose **Material Information** can attract substantial penalties for PGW **and for individuals** who contravene PGW's continuous disclosure obligations, all directors and employees of PGW and its subsidiaries have an obligation to:
- a. identify and report matters that require disclosure on a timely basis to the Disclosure Officer and consult with the Disclosure Officer if they become aware of any information that *may* require disclosure; and
  - b. take all steps that are reasonable in the circumstances to ensure that PGW complies with its continuous disclosure obligations.
- 4.4 The guidelines contained in this Policy are not exhaustive. If there is any doubt about whether information should be disclosed, the relevant information must be brought to the attention of the Disclosure Officer or Disclosure Committee.

**This Policy should be read in conjunction with the Securities Trading Policy.**

## **5 Continuous Disclosure Obligations**

### **What information must be disclosed;**

- 5.1 PGW is subject to the continuous disclosure rules contained in the NZSX Listing Rules and the Financial Markets Conduct Act (FMCA) 2013.
- 5.2 The NZSX Listing Rules<sup>3</sup> require PGW “once it becomes aware of any 'Material Information' concerning it, to immediately release that Material Information to NZX”, even if that is ahead of the event to which the information relates.
- 5.3 PGW is deemed to be aware of Material Information if an PGW Director or Executive Officer comes into possession of the information in the course of the performance of his or her duties as an PGW Director or Executive Officer. For the purpose of this Policy and PGW's Securities Trading Policy, an “Executive Officer” is any person who either (1) reports directly to the Board; or (2) reports to a person who reports directly to the Board.
- 5.4 Types of Material Information which will require disclosure, as per Listing Rule 10.1.1 include:
- a. changes in financial information or forecasts;
  - b. the appointment of a receiver, manager, liquidator in respect of any loan, trade credit, trade debt, borrowing or securities held by PGW or any of its subsidiaries;
  - c. transactions for which the consideration payable or receivable is a significant proportion (generally 5% or more) of the written down value of PGW's consolidated assets
  - d. a disposal or acquisition (including entering into any agreement or option to do so) of securities of either PGW or another issuer quoted on the NZSX Market carrying 5% or more of the votes attaching to any class of securities of that issuer;
  - e. a disposal or acquisition of assets (including entering into any agreement or option to do so) where the gross value of those assets, or the consideration paid or received by PGW, represents more than 10% of PGW's Average Market Capitalisation (as that term is defined in the NZSX Listing Rules);

<sup>3</sup> Also section 270 FMCA 2013

- f. events regarding PGW shares e.g. calls, repurchase plans, stock splits, declarations of dividends or distributions, and changes in dividend policy, including a recommendation or decision that a dividend or distribution will not be declared;
- g. under or over subscription to an issue of securities;
- h. giving or receiving a notice of intention to make a takeover;
- i. changes in the general nature of the business of PGW or the PGW Group
- j. changes in directors or executive officers of PGW, to the extent material to PGW's business;
- k. a change in control;
- l. mergers, joint ventures, or material changes in PGW's assets;
- m. major litigation;
- n. failure to comply with covenants in financing arrangements, including the consequences of non-compliance;
- o. details of arrangements between PGW and:
  - a PGW director or person associated with a director; or
  - a shareholder who holds, or is one of a group of associated persons who together hold, 10% or more of a class of PGW securities; or
  - a shareholder who has, or who is one of a group of associated persons who together have, the power (whether contingent or not) to appoint one or more directors of PGW; or
  - any other related party, where the arrangements might reasonably be considered to confer terms materially more favourable than would be conferred in an arm's length negotiation;
- p. a copy of a document containing market sensitive information that PGW lodges with a regulator (other than NZX) which is available to the public. The copy given to NZX must be in English;

5.5 Continuous disclosure is a standing item on each PGW Board meeting agenda. PGW will record in its Board meeting minutes the reasons for a decision to disclose or not disclose information when this issue is considered.

5.6 When in doubt as to whether information is **Material Information**, PGW will seek advice from its legal advisers. However, ultimately the decision on whether or not information must be released is one for PGW to make.

5.7 Where PGW is obliged to disclose a transaction as **Material Information**, PGW is required to disclose all material details of the transaction, including:

- a. a description of the assets or securities acquired or disposed of;
- b. the amount, composition, and method of payment of the consideration;
- c. where securities are acquired or disposed of, the percentage of the total issued securities of each class represented and the percentage of each class of security held following the acquisition or disposition; and
- d. the nature of any material conditions which may result in the transaction not proceeding and the dates on which the transactions are to become unconditional and/or are to be settled by payment.

## 6 Exceptions to Disclosure – the Safe Harbour Provisions

- 6.1 Information that would otherwise need to be disclosed can be withheld<sup>4</sup> when 6.1.1, 6.1.2 and one or more of 6.1.3 all apply:
- 6.1.1 A reasonable person would not expect the information to be disclosed, including where release of the information would unreasonably prejudice PGW or provide no benefit to an experienced investor; **and**
- 6.1.2 The information is confidential and its confidentiality is maintained; **and**
- 6.1.3 One or more of the following applies:
- a. The release of information would be a breach of law; or
  - b. The information concerns an incomplete proposal or negotiation; or
  - c. The information comprises matters of supposition or is insufficiently definite to warrant disclosure; or
  - d. The information is generated for internal management purposes; or
  - e. The information is a trade secret.
- 6.2 PGW's Executive Officers are each responsible for ensuring that there are robust and documented confidentiality agreements in place, using PGW's standard templates on Bushwire where possible, to ensure that:
- the information is limited to selected people on a need to know basis;
  - the people who know the information understand that it is to be treated in confidence and only to be used for the purposes permitted; and
  - those people abide by those protocols.

PGW's legal team is available to assist the confidentiality processes around potentially material transactions.

- 6.3 See Flowchart on the Continuous Disclosure process in section 16.

## 7 Disclosure of Material Information

- 7.1 The Disclosure Committee is responsible for determining what information will be disclosed to the market and for approving announcements.
- 7.2 Once a determination is made that information is Material Information and there is a duty to disclose that information, the Disclosure Officer will arrange for it to be disclosed immediately via NZX. Immediately means promptly and without delay. The obligation on PGW is to release Material Information as soon as it becomes aware of it. Generally this will be the same day that PGW becomes aware of the information. Where it is not possible to make immediate disclosure, the Disclosure Officer will consider whether a trading halt should be imposed.
- 7.3 Once PGW has received confirmation that the information has been received by NZX, further dissemination may occur through communications to shareholders and other key stakeholders, and release of information to the media. Material Information will then also be placed on PGW's website.
- 7.4 PGW will endeavour to manage its activities in a way that enables Material Information to be released outside trading hours, if possible. For example, PGW will actively manage the timing of Board meetings at which potential Material Information will be considered.
- 7.5 Where there is a need for PGW to make an announcement to the public or to another stock exchange outside of NZX's operating hours, PGW must provide the announcement to NZX via

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<sup>4</sup> Listing Rule 10.1

the market announcement platform at the same time as it is released publicly or, if that is not practicable in the circumstances, as soon as reasonably practicable after that time, provided that the announcement is provided for release prior to next market open.

- 7.6 it can be difficult for make a decision regarding materiality of information, particularly where a number of uncertain events or factors are involved. However, PGW should be guided by the principle that if in doubt it should disclose the information.
- 7.7 PGW will undertake on-going monitoring and assessment when a Material Information event is developing, including through discussions and meetings among senior managers. This includes:
- regularly considering disclosure issues during a material event and consulting to ensure PGW is meeting its disclosure requirements
  - reviewing potential material negotiations or projects/contracts or potentially price sensitive information and transactions to assess when a reasonable person would expect them to be announced to the market before signing.

## **8 Disclosure Committee and Urgent Disclosures**

- 8.1 PGW has established a Disclosure Committee that is responsible for setting PGW's Continuous Disclosure Policy and practices. The Disclosure Committee includes:
- a. the PGW Chairman;
  - b. the Chief Executive Officer and Chief Financial Officer; and
  - c. the Disclosure Officer.
- 8.2 The Disclosure Committee (or any person(s) authorised by the Disclosure Committee) is responsible for:
- a. Determining what is Material Information, and what information needs to be disclosed to the market;
  - b. Reviewing and approving announcements prior to release to the market;
  - c. Deciding if a trading halt should be sought; and
  - d. Reviewing information to be disclosed or provided at meetings/briefings with analysts and/or investors.
- 8.3 For urgent disclosures (for example unexpected resignation of a director, a misleading media article and decisions released by regulatory bodies) the Disclosure Committee can be consulted by email if it is not possible to convene a meeting. The Chairman/Deputy Chairman and/or Chief Executive Officer have the authority to approve and release urgent market announcements if it is not practicable or possible to obtain the approval of the full Disclosure Committee and still meet PGW's obligations to immediately disclose.
- 8.4 For urgent disclosures the Disclosure Officer may engage with NZX prior to release, as encouraged by NZX, to ensure PGW is following the correct process and that NZX is aware of the imminent announcement.
- 8.5 Where information is developing, PGW may not able to wait until scheduled meetings of the board to address those matters. PGW may have to call meetings early or hold special meetings in order to address such developing information. There may be instances where developing information crystallises to the extent that PGW will become aware that a future event will occur. Where that future event is Material Information, this must be disclosed at the time PGW knows it is going to happen, rather than at the time it occurs. This is distinguishable from events that are contingent on future actions, for example, where they rely on board approval. In the latter instance, PGW is only required to make a disclosure once the action is completed and the contingency removed.

## **9 Disclosure Officer**

- 9.1 The Disclosure Officer is the General Manager Strategy & Corporate Affairs.



- 9.2 The Disclosure Officer (or any person(s) authorised by the Disclosure Committee) is responsible for:
- a. Monitoring and ensuring compliance with this Policy, and regularly updating it in response to legislative, regulatory and “best practice” developments;
  - b. Educating relevant parties on the Policy and practices;
  - c. Immediately passing on any potentially Material Information received from a director or executive officer of PGW to the Disclosure Committee for consideration;
  - d. Drafting market announcements
  - e. Releasing market announcements once approved
  - f. Determining whether a market announcement contains Material Information
  - g. Ensuring that announcements and any comments to media by PGW are consistent with disclosure obligations
  - h. Liaising with the NZX on disclosure matters
  - i. Where possible, being present during meetings/calls with analysts and investors.
  - j. Retaining sufficient records of information brought to the attention of the Disclosure Committee for consideration so as to be able to establish a due diligence defence if required.

## 10 Discussing Public Information

- 10.1 Non-material information (whether it has been publicly released or not), and **Material Information** that has been publicly released, may be discussed on a selective basis.
- 10.2 Only information that has been released publicly through NZX will be clarified in any external discussions (including discussions with analysts and investors). No comment will be made on **Material Information** without having first advised the market via NZX.
- 10.3 Only an Authorised Spokesperson may speak with the media on matters subject to this Policy. In this Policy an "Authorised Spokesperson" is a member of the Disclosure Committee, a member of the PGW Board or such other persons approved by the PGW Chairman.

## 11 Media / Market Rumour

- 11.1 PGW monitors external sources of information about it. PGW does not have a general obligation to correct analyst reports or forecasts. However, a disclosure obligation can arise if there is a material deviation between market expectations and PGW's actual performance.
- 11.2 PGW is not required to respond to all false rumours that may be published about it and will not comment on media/market speculation and rumour unless:
- a. it is necessary to prevent the market for PGW's shares being materially influenced by false or misleading information emanating from:
    - i. PGW or persons associated with it; or
    - ii. other persons in circumstances where the information would appear to have substantial credibility, and the information is of a reasonably specific nature.
  - b. there are factual errors that could materially affect PGW; or
  - c. PGW is required to respond by NZX.
- 11.3 In these circumstances, the Disclosure Committee will decide on the appropriate response, which will be communicated via an Authorised Spokesperson.

- 11.4 PGW will not provide "exclusive" interviews or stories to the media that contain Material Information, nor will it provide "off the record" comment either containing or referring to Material Information that has not previously been released to the market.

## 12 Group Briefings

- 12.1 Audio or video conference calls and/or web conference calls will be used for group briefings with analysts and/or investors to provide the widest possible dissemination of information. Two senior PGW executives should attend analyst briefings, and information must be reviewed by the Disclosure Officer before it is used in any briefings.
- 12.2 Any **Material Information** to be disclosed at a group briefing must be disclosed to NZX prior to the group briefing taking place.
- 12.3 A record must be kept of discussions at group briefings with analysts and investors. The Disclosure Officer should be either present at, or fully briefed of discussions held during, group briefings.
- 12.4 The Disclosure Officer must ensure that no non-public **Material Information** is inadvertently disclosed during any communication, briefing or meeting. If **Material Information** is inadvertently disclosed, the Disclosure Officer must release the **Material Information** to NZX immediately.
- 12.5 The Board recognises that analysts and portfolio managers often require more detailed information to make their analyses and assessments regarding a company's performance and prospects. Therefore, an Authorised Spokesperson may provide detailed non-material and/or publicly available information to those who request it.

## 13 Release of information by Regulatory Authorities

- 13.1 Information relevant to an issuer is sometimes released by a regulatory body or the courts. This may trigger a disclosure obligation. Once released, the information will no longer be considered Material Information, if it is generally available to the public. However, issuers may need to consider whether further Material Information may arise, for example, if a court decision may have material financial implications.
- 13.2 PGW will manage its obligations to release information in response to announcements or decisions made by regulatory bodies or the courts which constitute Material Information. PGW can do this by engaging with these bodies on the timing of any release by them, and through the use of trading halts. Pre-emptive engagement with the NZX for guidance on disclosure obligations is encouraged where work is underway by a regulatory body, or court proceedings are in place.

## 14 Analyst Reports

- 14.1 **Material Information** that has not been released to the market will not be discussed in one-one-one discussions with analysts and/or investors.
- 14.2 PGW will not generally comment on analyst's reports or forecasts. However, an Authorised Spokesperson may comment on an analyst's report or earnings projections where:
- A projection differs significantly from any PGW released earnings projections;
  - The analyst has overlooked previously disclosed facts or other matters relating to PGW's historical performance or publicly available information; and/or

c. There is a factual error in a report or projection.

14.3 PGW comment on analyst reports will be restricted to:

- a. information PGW has publicly released; and
- b. information that is in the public domain.

14.4 PGW will not endorse analyst reports or the information contained within them.

## **15 Training**

15.1 It is essential that both directors and management understand the continuous disclosure rules and issuers' obligations under them. Continuous disclosure obligations are triggered when a director or executive officer has come into possession of Material Information. Directors and Executive Officers therefore need to know what Material Information is for the purposes of the Rules, and how to manage it effectively and demonstrate appropriate compliance behaviour.

15.2 PGW encourages all directors and management to actively engage in training on continuous disclosure, including refresher training when there are relevant market and regulatory developments.

## **16. Clarification and Breaches**

### **16.1 Clarification**

If you require any clarification in respect of this policy, contact the General Manager Strategy & Corporate Affairs.

### **16.2 Breaches of policy**

Compliance with this policy is monitored by the Disclosure Committee.

### **16.3 Exceptions**

Any exceptions to this policy must be approved by the Disclosure Committee.

## Flowchart of the Continuous Disclosure Process

– source NZX Guidance Note on Continuous Disclosure 2014

