

Disclosure Policy



Pro-Pac Packaging Limited
ABN: 36112971874

DISCLOSURE POLICY

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Disclosure Policy

Purpose and Application

Pro-Pac Packaging Limited (“PPG”) recognises that timely, accurate and consistent disclosure of public information regarding its operations and financial position will have a beneficial impact on the Company’s public profile and credibility. As well, the Company recognises its obligations under the Corporations Act and Australian Securities Exchange (ASX) Listing Rules which provide a legal framework for disseminating information to investors and the financial marketplace.

The purpose of this policy is to provide general guidelines to PPG board and management in disclosing Company-related information to external parties.

Disclosure Objectives

PPG’s objectives in its disclosure practices are as follows:

- To ensure compliance with the ASX Listing Rules and in general, with the letter and the spirit of securities laws in Australia where the Company’s securities are traded;
- To ensure that material public information is distributed based on the principle of continuous disclosure;
- To maintain a credible and consistent image with outside audiences;
- To ensure competitive information is not released unless required;
- To ensure officers, management and employees are aware of PPG’s continuous disclosure obligations.

Materiality Thresholds and Guidelines

In considering whether information is sufficiently material to require disclosure, it is important to bear in mind the test the ASX will apply when analysing the company’s actions after the disclosure might have otherwise been made.

In particular, if information is announced later than when the ASX thinks it should have been; and the trading in the lead up to, and shortly after, the announcement suggests that it has moved the market price of the company’s securities (relative to other securities in the same sector) by:

- 10% or more, ASX will generally regard that as confirmation that the information was market sensitive;
- 5% or less, ASX will generally regard that as confirmation that the information was not market sensitive.

With this in mind, the following thresholds are provided as a guide in considering whether particular information should be disclosed.

Thresholds

The thresholds are:

- a) qualitative; and

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- b) quantitative.

Qualitative test

By way of example, qualitative matters may include, but are not limited to, matters:

- a) That might affect PPG's ability to carry on business;
- b) That might have a material effect on future activity;
- c) That might have a material effect on income, cash flow or the ability to generate profits (including where there would be a long term effect even if the effect in any one year is not material);
- d) Involving any proposed change in regulation or law that could affect PPG's business;
- e) Involving a significant allegation of any breach of the law, whether civil or criminal, by PPG or any of its employees, contractors or associated parties;
- f) Involving a change in PPG's financial forecasts or expectations;
- g) Involving the appointment of a receiver, manager, liquidator or administrator to PPG or an event which could result in PPG or an affiliate entity becoming insolvent;
- h) Involving a declaration of a dividend or a decision that a dividend will not be declared;
- i) Involving an agreement between PPG (or a related party or affiliate entity) and a director (or a related party to a director);
- j) Involving a change in executive personnel and/ or structure;
- k) That may have an adverse effect on PPG's reputation; or
- l) That is in some other way onerous, unusual or so outside the ordinary course of business that it ought to be considered.

Quantitative test

ASX has emphasised that companies ask two questions set out below in determining whether particular information should be disclosed;

- i) Would this information influence my decision to buy or sell securities at their current market value?
- ii) Would I feel exposed to an action for insider trading if I were to buy or sell securities in the entity at their current market price, knowing this information had not been disclosed to the market?

The answer to the above two questions is critical. However, it may also assist to consider whether the matter:

- a) May potentially affect the PPG's group profit (loss) before tax in any one year by more than 5%;
- b) May potentially affect the assets or liabilities of the PPG group by more than 5%.

In each of the above situations, disclosure should be carefully considered.

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Specific examples of matters that may need to be disclosed under Listing Rule 3.1 include:

- a) Material change in PPG's financial results from market expectations or the previous corresponding period (generally, a variation in excess of 10% to 15% may be considered material or in certain circumstances a smaller variation may be disclosable);
- b) An expectation that earnings will differ materially from published earnings guidance, and, in that regard, ASX suggests that entities:
 - i) Treat an expected variation in earnings compared to published earnings guidance equal to or greater than 10% as material and presume that its guidance needs updating; and
 - ii) Treat an expected variation in earnings compared to its published earnings guidance equal to or less than 5% as not being material and presume that its guidance, therefore, does not need updating.

ASX further suggests that listed entities that normally have very stable or predictable earnings may consider that a materiality threshold that is closer to 5% than to 10% is appropriate.

- c) Any declaration in relation to a dividend;
- d) A transaction for which the consideration payable or receivable is a significant proportion of the written down value of PPG's consolidated assets (usually an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case);
- e) Giving or receiving a notice of intention to make a takeover;
- f) Any agreement between PPG (or a related party or subsidiary) and a director;
- g) where a company has in place or enters into new material financing arrangements or alters existing material financing arrangements which include terms that may be activated upon the occurrence of certain events (particularly those beyond the control of the entity, such as market events.), disclosure may be required under Listing Rule 3.1 at the time that any such term is activated or becomes likely to be activated; and
- h) Where a director has entered into a margin loan or similar funding arrangements for a material number of securities, Listing Rule 3.1 may operate to require disclosure by the company of the key terms of the arrangements, including the number of securities involved, the trigger points, the right of the lender to sell unilaterally and any other material details.

Disclosure Practices

Timing of announcements

The principle underlying continuous disclosure is that immediate disclosure must be made of information which may affect security values or influence investment decisions, and information in which security holders, investors and ASX have a legitimate interest.

Subject to certain specific and limited exceptions, listed companies are required to disclose "immediately" - promptly and without delay, to the ASX any information that a reasonable person would expect to have a material effect on the price or value of their securities.

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When is PPG aware of market sensitive information?

PPG will be deemed to be aware of information if, and as soon as, an officer of PPG has, or ought reasonably to have, come into possession of the information in the course of his/her duties as an officer of PPG. The term 'officer' includes directors, the company secretary and senior managers or executives of PPG.

When disclosure is not required

Confidentiality is justified where discussions or negotiations with respect to a potential material development or transaction are at a preliminary stage, or where premature release would be unduly detrimental to the interests of the Company.

Accordingly, no disclosure need be made if confidentiality can be maintained and the conditions required by Listing Rule 3.1A are otherwise satisfied.

Examples of situations where disclosure may not be required include the following, subject always to the proviso that the information is confidential (and the ASX has not formed the view that the information has ceased to be confidential) and that a reasonable person would not expect the information to be disclosed:

- Where disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations
- Where it would be a breach of a law to disclose the information
- Where the information comprises matters of supposition or is insufficiently definite to warrant disclosure
- Where the information is generated for the entity's internal managements' purposes
- Where the information is a trade secret

Insider information

Insider information is anything that is or could become material information, but which has not yet been disclosed. Any selective disclosure of material, non-public information could result in a breach of the Corporations Act and the ASX Listing Rules, as well as adverse publicity and loss of credibility within the investment community. PPG's Securities Trading Policy has further information.

Selective disclosure

Material information must not, under any circumstance, be disclosed in one-on-one discussions or meetings with outsiders or in group meetings, unless an appropriate public disclosure is made simultaneously.

There is a very limited exception to the above restriction under Listing Rule 3.1A, where for example, material information which is not public may be provided by the Company prior to general publication to its bankers, lawyers and other persons having a necessary and confidential business association as long as all the conditions outlined in Listing Rule 3.1A are satisfied

Maintaining confidentiality

A leak of undisclosed material information could require general disclosure of the information at an inopportune time and thereby jeopardise a Company strategy or destroy an important opportunity as well as possibly constitute a breach of the ASX Listing Rules and Corporations Act.

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All officers and employees must make every effort to maintain the confidentiality of PPG's internal information, including the secure handling and storing of sensitive documents. Access to information regarding sensitive projects should be restricted to individuals whose role provides them with a "need to know."

Types of Disclosure:

Formal Releases of Material Information

Formal release of information includes annual and half-yearly reports and media releases. The disclosure rules will be regularly monitored by PPG's Company Secretary and proposed disclosures will normally be handled by the Company Secretary.

Other examples of possible formal releases of material information include announcements concerning significant contracts or major projects which will have a material effect on the price or value of PPG's securities, joint ventures or changes in joint ventures, key management or Board changes, and acquisitions.

Informal Disclosure

Informal releases of information, excluding material information, include replies to enquires by telephone, fax, letter, email or in person from securities analysts, shareholders, the media or members of the public.

Examples of informal disclosure include commentary on industry developments, marketing articles, commentary on the impact of government actions and the development of new products and services. These communications, while more informal, still can have significant impact on the Company and its position in the marketplace. As such, they must be handled in accordance with this policy.

Guidelines

The following are some basic guidelines that are to be respected in making informal disclosures:

- The individuals who may speak on behalf of PPG are those indicated as Designated Spokespersons below. The objective of this guideline is to avoid leaks of sensitive material, and to avoid conflicting or contradictory statements.
- Designated Spokespersons must take care to avoid enmeshing the Company's view in analyst reports. The recommended approach is to review the facts and provide only general direction about underlying assumptions, without promoting a particular result. Commentary may be appropriate when all analysts are outside any guidance range or if there are some notable errors. Comfort or discomfort should not be expressed over a particular earnings estimate, nor should a prediction or speculation of any kind (e.g., financial, operational, etc.) be made.

If, as part of a communication with an outsider, a PPG spokesperson believes that some material, non-public information has been released, the spokesperson must notify PPG's Company Secretary immediately.

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Speeches and Public Presentations

All speeches and public presentations that contain references to financial or operating performances should first be cleared with the Chief Financial Officer. Those referring to corporate policies should be reviewed by the Company Secretary.

It is critical that presenters guard against unintended disclosure of material information.

Responses to Public Comment (Rumours)

A company is not normally obliged to correct or comment on every inaccurate statement made by a third party or to respond to every rumour in the marketplace. It is usually sufficient to state that it is PPG's policy not to comment on rumours and consistently deliver approved key messages. .

However, there may be occasions where the Company must act to prevent a false market. The relevant spokes-person will be those specified below.

Responsibilities - Designated Spokespersons

Only PPG's Chairman, Chief Executive Officer and Chief Financial Officer are authorised to provide comment on behalf of the PPG Group on market sensitive information.

Enquiries are to be referred as set out below:

- **Contacts with analysts and professional investors:** Securities analysts, professional investors and other members of the investment community wishing to discuss financial, operating and industry matters are to be referred to the Chief Financial Officer.
- **Contacts with individual investors and the ASX:** Requests for corporate reports or share or dividend information and general share related queries should be referred to the Company Secretary or the Company's share registry, Boardroom. All contacts with the ASX are to be referred to the Company Secretary.
- **Contacts with news media:** All enquiries from news media related to corporate issues, financial matters and policies are to be referred to the Chief Executive Officer.

Communication restriction periods to prevent inadvertent disclosure

To protect against the inadvertent disclosure of market sensitive information, PPG has adopted communication restriction periods in relation to financial information or information that may impact on financial information, from the end of PPG' financial reporting periods (being 1 July and 1 January) until the disclosure of its financial results for the relevant period to the ASX (communication restriction period). Unless the relevant briefing, meeting or interview is the subject of specific disclosure to the ASX, PPG will not hold briefings, meetings or interviews with the investment community, media or others during the communication restriction period to discuss financial information, or information that may impact on financial information.

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Making and Disseminating Announcements

All material information must be immediately disclosed to the ASX. Following confirmation by the ASX of lodgement the information will be published on the PPG website.

Disclosure Officer

The Board has appointed the Company Secretary as the disclosure officer. The disclosure officer is responsible for administering this policy and, in particular:

- (a) receiving and recording all potentially market sensitive information concerning PPG;
- (b) considering whether the information warrants referral to the disclosure committee and, if so, presenting the information to the disclosure committee for determination promptly and without delay, and maintaining a record of any decisions;
- (c) keeping the Board fully informed of the disclosure decisions made by the disclosure committee;
- (d) co-ordinating all communication with the ASX, including lodgement with the ASX of announcements that have been approved by the disclosure committee or the Board promptly and without delay;
- (e) overseeing that all announcements and trading halts have been approved in accordance with this policy prior to lodgement with the ASX,
- (f) overseeing the development and implementation of procedures for communications with investors, analysts, brokers, shareholder associations, the media and the public;
- (h) monitoring the effectiveness of PPG' disclosure practices, and making recommendations to the Board on updating this policy;
- (i) overseeing and co-ordinating the disclosure training and education of PPG employees in continuous disclosure risk areas to ensure that they understand PPG' disclosure obligations and what information may be market sensitive;
- (j) ensuring that the PPG website includes a copy of this policy, and copies of ASX releases;

Disclosure Committee

The Board has formed a disclosure committee comprised of PPG's Chairman, CEO & Managing Director, the Chief Financial Officer, and the General Counsel.

The disclosure committee will be responsible for:

- (a) making decisions as to whether potentially disclosable information presented to it by the disclosure officer should be disclosed to the ASX, pursuant to the Listing Rules of the ASX and the Corporations Act 2001 (Cth), or referred to the Board;
- (b) making determinations with respect to requests for trading halts;
- (c) liaising with the disclosure officer in relation to the disclosure of information which the disclosure committee or the Board determines is disclosable;
- (d) making determinations on any other matter referred to the disclosure committee.

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The Board has delegated to the disclosure committee the authority to make decisions with respect to all potential ASX announcements. Where the disclosure committee determines that a decision concerns a matter of high importance requiring full Board approval prior to release, it must refer the matter to the Board, and determine whether to request a trading halt in the meantime.

Disclosure committee decisions: (a) require a quorum of three members;

(b) may be made by way of phone conference, email or other written or electronic means without all members of the disclosure committee being present in one location; and

(c) may be approved by the Chairman if a quorum of the disclosure committee is not available (or, if the Chairman is not available, PPG's Managing Director).

Trading Halts

PPG may request a trading halt to maintain fair, orderly and informed trading in PPG securities, where:

(a) there are indications that market sensitive information may have leaked ahead of an announcement and it is having, or is likely to have when trading resumes, a material effect on the price or traded volumes of PPG' securities; or

(b) PPG has been asked by the ASX to provide information to correct or prevent a false market in accordance with section 6 below; or

(c) another circumstance has arisen that has been assessed as market sensitive,

and in each case, PPG requires more time to prepare, approve and issue an announcement, or where the market is not trading, PPG will not be in a position to give an announcement to the ASX prior to the resumption of trading.

Policy Review

This Policy can only be amended with the approval of the Board. Any amendments to this Policy shall be affected by the posting of an updated version of the document on PPG's website at www.ppgaust.com.au.