

**Australian  
Ethical**



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# AUSTRALIAN ETHICAL

# CONTINUOUS DISCLOSURE POLICY

**Document Owner**

**Company Secretary**

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|--------------------------------|-------------------|
| <b>Document Author</b>         | Company Secretary |
| <b>Approver</b>                | AEI Board         |
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# 1. Context

Australian Ethical Investment Ltd (AEI) is committed to ensuring all market participants have equal and timely access to information which is presented in a clear, balanced<sup>1</sup> and factual manner and in line with guidance included in:

- ASX Listing Rules Chapter 3 – Continuous Disclosure;
- ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1;
- ASX Corporate Governance Principles and Recommendations 4<sup>th</sup> Edition, Principle 5: Make Timely and Balanced Disclosure (February 2019); and
- ASIC Regulatory Guide 62 – Better Disclosure for Investors (August 2000).

# 2. Application

The Policy applies to all AEI Group staff, including Directors, secondees, contractors, service providers and former employees.

# 3. Information Required to be Disclosed

## a. Continuous Disclosure Obligation

In accordance with ASX Listing Rule 3.1, once AEI is, or becomes, aware of any information<sup>2</sup> concerning it<sup>3</sup> that a reasonable person would expect to have a material effect<sup>4</sup> on the price or value<sup>5</sup> of AEI's securities, AEI must immediately<sup>6</sup> inform the ASX of that information in the form of a written announcement<sup>7</sup> that can be released to the market<sup>8</sup>.

<sup>1</sup> In this context, 'balanced' means disclosing both positive and negative information. See **ASX Corporate Governance Principles and Recommendations, Principle 5**.

<sup>2</sup> Information may include information necessary to prevent or correct a false market – see **ASX Listing Rule 3.1B**. It may also include matters of supposition and other matters that are insufficiently definite to warrant disclosure to the market, and matters relating to the intentions, or likely intentions, of a person – see **ASX Listing Rule 19.12**.

<sup>3</sup> AEI is not expected under Listing Rule 3.1 to disclose publicly available information about external events or circumstances that affect all entities in the market, or in a particular sector, in the same way. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1**.

<sup>4</sup> **Section 677 of the Corporations Act** defines 'material effect' with respect to price or value. 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 or not to subscribe for, or buy or sell, the first mentioned securities.

<sup>5</sup> Where securities are traded on a licensed market, it is generally expected that information that will have a material effect on the value of an entity's securities will also have a material effect on their price, through the ordinary forces of supply and demand. There could be circumstances, however, where information has a material effect on the market's assessment of the value of a security without that translating into a material change in the price of the security. This might occur, for example, if security prices in the market generally or in a particular sector are moving materially in one direction and the information causes the market to assess the value of the security differently and to hold its price at or about the current level. In these circumstances, the ASX considers that the information is still having a material effect on the price of the security in question, in the sense that it is maintaining the price at a level that would not otherwise be the case, but the reference to "value" in Listing Rule 3.1 puts this issue beyond any doubt. It also caters for the situation where there is no market price for an entity's securities, such as might be the case if its securities are in a trading halt or suspension. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1**.

<sup>6</sup> Judicial authority in analogous situations confirms that the word "immediately" should not be read as meaning "instantaneously", but rather as meaning "promptly and without delay". Doing something "promptly and without delay" means doing it as quickly as it can be done in the circumstances (acting promptly) and not deferring, postponing or putting it off to a later time (acting without delay). See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1 (Section 4.5)**.

<sup>7</sup> If a Listing Rule requires an entity to tell ASX something, the entity must tell ASX in writing. See **ASX Listing Rule 19.10**.

<sup>8</sup> The announcement must be in final form. ASX cannot and will not accept a draft announcement under Listing Rule 3.1 for comment or pre-vetting, since that would be inconsistent with the need for disclosure to be made immediately under that rule. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1 (Section 4.13)**.

The timeliness of an announcement of particular information to the ASX will be dictated by the circumstances confronting it at the time. Relevant factors may include:

- a. Where and when the information originated;
- b. The forewarning (if any) AEI had of the information;
- c. The amount and complexity of the information concerned;
- d. The need in some cases to verify the accuracy or bona fides of the information;
- e. The need for an announcement to be carefully drafted so that it is accurate, complete and not misleading;
- f. The need in some cases for an announcement to comply with specific legal or Listing Rule requirements; and
- g. The need in some cases for an announcement to be approved by the AEI Board.

The following is a non-exhaustive list of examples of the types of information that, depending on the circumstances, could require disclosure under Listing Rule 3.1:

- a. A transaction that will lead to a significant change in the nature or scale of AEI's activities;
- b. Changes to the Board, the Managing Director, a Company Secretary or key management personnel;
- c. Significant developments with regard to new projects or ventures;
- d. Mergers, material acquisitions or disposals, joint ventures or material changes in assets;
- e. The granting or withdrawal of a material licence;
- f. The entry into, variation or termination of a material supplier agreement;
- g. Becoming a plaintiff or a defendant in a material law suit;
- h. The fact that AEI's earnings will be materially different from market expectations;
- i. The appointment of a liquidator, administrator or receiver;
- j. The commission of an event of default under, or other event entitling a financier to terminate, a material financing facility;
- k. Under subscription or over subscription to an issue of securities;
- l. Giving or receiving a notice of intention to make a takeover;
- m. Any rating applied by a rating agency to AEI or its securities and any change to such a rating;
- n. Significant analyst or media reports based on incorrect or out of date information; and
- o. Decisions on significant issues affecting AEI by regulatory bodies.

## b. Exception to the Continuous Disclosure Obligation

Under ASX Listing Rule 3.1A, the continuous disclosure obligation does not apply to particular information while **each** of the following is satisfied in relation to the information:

- a. One or more of the following five situations apply:
  - It would be a breach of law to disclose the information;<sup>9</sup>
  - The information concerns an incomplete proposal or negotiation;<sup>10</sup>

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<sup>9</sup> To fall within this category, the disclosure of the relevant information must breach a specific statute, regulation, rule, administrative order or court order binding on AEI. The fact that information may be subject to a confidentiality agreement or to duties of confidentiality under the general law, such that its disclosure might give rise to a legal action for damages or for injunctive or other relief, is not sufficient to attract this category. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 5.3)**.

<sup>10</sup> A proposal involving AEI is incomplete unless and until AEI has adopted it and is committed to proceeding with it. Negotiations are incomplete unless and until they result in a legally binding agreement or AEI is otherwise committed to proceeding with the transaction being negotiated. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 5.4)**.

- The information comprises matters of supposition<sup>11</sup> or is insufficiently definite to warrant disclosure;
  - The information is generated for internal management purposes;<sup>12</sup>
  - The information is a trade secret<sup>13</sup>; and
- b. The information is confidential and the ASX has not formed the view that the information has ceased to be confidential<sup>14</sup>; and
- c. A reasonable person would not expect the information to be disclosed.<sup>15</sup>

## c. Material Transactions

A material transaction is a transaction which would have a material effect on the price or value of AEI's securities. What is considered material depends on AEI's business activities, size and place in the market. A matter may be material even if there is little impact on AEI's financial position and/or financial prospects.

Whilst there is no specific guidance on when a transaction is material, *ASX Listings Rules Guidance Note 8 – Continuous Disclosure: Listing Rules 3.1 – 3.1B* states that when determining whether a transaction has had a material effect on the price or value of an entity's securities, the ASX would consider that a material effect has occurred if the market price of an entity's securities moves by 10% or more. As such, if the AEI Board reasonably believes that a transaction could move the price of AEI's securities by 5% or more, serious consideration will be given as to whether that transaction should be disclosed pursuant to Listing Rule 3.1.

## d. Market Sensitive Information

AEI applies the reasonable person test for determining whether information is market sensitive and therefore needs to be disclosed under Listing Rule 3.1.<sup>16</sup>

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<sup>11</sup> The term "supposition" refers to something which is assumed or believed without knowledge or proof. Information about a matter will be "insufficiently definite to warrant disclosure" if:

- The information is so vague, embryonic or imprecise;
- The veracity of the information is so open to doubt; or
- The likelihood of the matter occurring, or its impact if it does occur, is so uncertain, that a reasonable person would not expect it to be disclosed to the market. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 5.5)**.

<sup>12</sup> It includes not only information generated for the internal management purposes of AEI itself, but also for the internal management purposes of any child entity or other entity in which AEI may have an economic interest. Information does not have to be generated internally to fall within this category. Information generated externally (e.g. by an adviser or consultant) may fall within this category provided it is going to be used for the internal management purposes of AEI (e.g. to help inform a management decision). Management documents such as budgets, forecasts, management accounts, business plans, strategic plans, contingency plans, decision papers, minutes of management meetings and the like clearly fall within this category, as do board papers and board minutes. Professional advice (e.g. from lawyers, accountants and financial advisers) will also usually fall within this category. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 5.6)**.

<sup>13</sup> The term "trade secret" refers to something which has economic value to AEI because it is not generally known or easily discoverable by observation and for which efforts have been made to maintain secrecy. This may include a formula, recipe, device, program, method, technique or process. It may also include a compilation of information, such as a client list or database. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1 (Section 5.7)**.

<sup>14</sup> Information will be confidential for the purposes of this rule if:

- It is known to only a limited number of people;
- The people who know the information understand that it is to be treated in confidence and only to be used for permitted purposes; and
- Those people abide by that understanding by refraining from discussing that information with, or divulging that information to, any person who is not authorised to receive that information and ensuring that any documents or other written material in relation to that information are properly and securely stored. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 5.8)**.

<sup>15</sup> The reasonable person test is an objective one. It is to be judged from the perspective of an independent and judicious bystander and not from the perspective of someone whose interests are aligned with AEI or with the investment community. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 5.9)**.

<sup>16</sup> See s.677 of the Corporations Act 2001.

A reasonable person is taken to expect information to have a material effect on the price or value of AEI's 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.<sup>17</sup>

In applying this test, AEI 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.<sup>18</sup>

An Officer<sup>19</sup> of AEI who is faced with a decision on whether information needs to be disclosed must therefore ask two questions:

- a. Would this information influence my decision to buy or sell securities in AEI at their current market price?
- b. Would I feel exposed to an action for insider trading if I were to buy or sell securities in AEI at their current market price, knowing this information had not been disclosed to the market?<sup>20</sup>

If the answer to either question is 'yes', then it will be taken as a cautionary indication that the information may well be market sensitive and, if it does not fall within the carve-outs to immediate disclosure in Listing Rule 3.1A, it may need to be disclosed to the ASX under Listing Rule 3.1.

If AEI decides not to disclose particular information because in its opinion it is not market sensitive, and there is a sudden and unexplained movement in the market price or traded volumes of its securities, AEI will immediately revisit its decision about whether the information ought to be disclosed, on the basis that such a movement could indicate that the information has leaked and that the initial decision about the market sensitivity of the information was incorrect.

## e. When Does AEI Become Aware of the Information?

AEI becomes aware of information if, and as soon as, an Officer of AEI has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties.

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<sup>17</sup> The test in section 677 is an objective one and the fact that AEI's officers may honestly believe that information is not market sensitive and therefore does not need to be disclosed will not avoid a breach of Listing Rule 3.1, if that view is ultimately found to be incorrect. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 4.2)**.

<sup>18</sup> In the ASX's view, it therefore does not include traders who seek to take advantage of very short term (usually intraday) price fluctuations and who trade into and out of securities without reference to their inherent value and without any intention to hold them for any meaningful period of time. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 4.2)**.

<sup>19</sup> The term "officer" has the same meaning as in the Corporations Act and includes a director, secretary or senior manager of a listed entity. See **ASX Listing Rules Guidance Note 8**.

<sup>20</sup> This question recognises that the test for whether information is material for the purposes of continuous disclosure laws (section 677) is similar to the test for whether it is material for the purposes of insider trading laws (section 1042D). Hence, any officer who is aware of information concerning a listed entity that a reasonable person would expect to have a material effect on the price or value of its securities (as that phrase is defined in section 677), and who trades in the entity's securities before that information is generally available to the market, is likely to breach the prohibition against insider trading in section 1043A. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 4.2)**.

The extension of AEI's awareness beyond the information its Officers actually know to information that its Officers "ought reasonably have come into possession of" means that AEI is aware of information if it:

- (a) is known by anyone within AEI; and
- (b) is of such significance that it ought reasonably to have been brought to the attention of an Officer of AEI in the normal course of performing their duties as an Officer.<sup>21</sup>

## f. Assessing the Information in Context

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

- (a) The circumstances affecting AEI at the time;
- (b) Any external information that is publicly available at the time; and
- (c) Any previous information AEI has provided to the market.<sup>22</sup>

The need to assess information in context also means that new information may need to be disclosed because of its impact on information previously disclosed.<sup>23</sup>

## g. Correcting a False Market

Under ASX Listing Rule 3.1B, if the ASX considers that there is, or is likely to be, a false market in AEI's securities, and asks AEI to give it information to correct or prevent a false market, AEI must immediately give the ASX that information.

The ASX considers that an entity (such as AEI) should make a clarifying statement to the ASX in circumstances where AEI becomes aware that speculation or comment is, or is likely to, create a false market in AEI securities<sup>24</sup>.

The ASX does not expect AEI to respond to all media comment and speculation; however if media comment or speculation becomes reasonably specific, or there is a material impact, or the ASX forms the view that the rumour or comment is likely to have a material impact, on the price or volume traded of AEI securities, then AEI has a positive obligation to make a disclosure to prevent a false market being formed.

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<sup>21</sup> In applying the definition of "aware", it must be remembered that the information which has to be disclosed under Listing Rule 3.1 is market sensitive information, that is, information that a reasonable person would expect to have a material effect on the price or value of an entity's securities. AEI may receive information about a particular event or circumstance in instalments over time. Sometimes the initial information about the event or circumstance is such that AEI cannot reasonably form a view on whether or not it is market sensitive and AEI may need to await further, more complete, information, or to make further enquiries or obtain expert advice, in order to be able to make that determination. In such a case, AEI will only become aware of information that needs to be disclosed under Listing Rule 3.1 when an Officer has, or ought reasonably to have, come into possession of sufficient information about the event or circumstance in order to be able to appreciate its market sensitivity. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 4.4)**.

<sup>22</sup> For example, a small drop in earnings, by itself, may not be considered market sensitive. However, if that small drop in earnings results in AEI breaching a financial covenant, the situation is quite different. Conversely, information that AEI has received a formal offer from someone interested in purchasing a major asset at a premium price would usually be considered market sensitive. However, if at the time it receives the offer, AEI has no intention of selling, or no capacity to sell, the asset, or the prospective purchaser does not have the wherewithal to complete the transaction, the information may not be market sensitive. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 4.4)**.

<sup>23</sup> For example, information that AEI has investigated and decided not to pursue a particular material business opportunity may not be market sensitive, if the market has no knowledge or expectation that AEI has been considering the opportunity. However, if AEI has previously announced that it was intending to pursue the opportunity, the fact that it has changed its mind may well be market sensitive and therefore need to be disclosed under Listing Rule 3.1. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 4.4)**.

<sup>24</sup> To prevent a false market, ASX may require AEI to disclose market sensitive information, even if AEI considers that the information falls within Listing Rule 3.1A and therefore does not require immediate disclosure under Listing Rule 3.1. ASX may also require AEI to disclose information that of itself is not market sensitive and therefore not required to be disclosed under Listing Rule 3.1 (eg. to correct a false rumour that the entity is about to enter into a market sensitive transaction when it is not). See **ASX Listing Rule – Guidance Note 8 (Section 6.2)**.

## h. Earnings Guidance

An earnings guidance statement is a forward looking statement and must have a reasonable basis for being made and be signed off by the AEI Board.

AEI is required to keep the market updated on deviations from what the market itself expects AEI's earnings to be. If a reasonable person would expect a change in expected earnings to have a material effect (see the guidance on materiality below) on the price or value of AEI's securities, then AEI has an obligation to disclose the expected change in earnings – this is known as a “market sensitive earnings surprise”.

AEI is required to disclose relevant information as soon as there is sufficient certainty that there is going to be a material difference in earnings guidance at the end of the relevant reporting period.

AEI abides by the ASX's guidance on the thresholds for materiality in changes to earnings guidance, being (in all cases compared to the prior corresponding period<sup>25</sup>):

- a. A variation of 10% or more should be regarded as material;
- b. The materiality of a variation between 5-10% will depend on the circumstances. Where there are stable or predictable earnings by AEI, a materiality threshold closer to 5% may be a more appropriate trigger for disclosure; and
- c. A variation of 5% or less may be considered non-material.

## 4. Continuous Disclosure Stakeholders

### a. Managing Director and Company Secretaries

The Managing Director and the Company Secretaries are appointed jointly by the AEI Board as Disclosure Officers.

They are responsible for:

- a. Ensuring that AEI complies with its continuous disclosure requirements. Market sensitive information should be released after the AEI Board has been consulted. If it is not possible to consult the full Board, the Disclosure Officers should try to consult available Directors in relation to the release of market sensitive information. However, at all times the Disclosure Officers must balance the need to consult the Board with the need to act promptly and without delay in releasing market sensitive information;
- b. Overseeing and coordinating disclosure of information to the ASX, analysts, brokers, shareholders, the media and the public;
- c. Overseeing and maintaining records of all information disclosed under this policy;
- d. Reporting and making recommendations to the AEI Board or its committees on disclosure issues; and
- e. Educating Directors and employees about AEI's disclosure policies and procedures and raising awareness of the principles underlying continuous disclosure.

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<sup>25</sup> See ASX Listing Rules Guidance Note 8 Section 7.3.

## b. Directors and Officers<sup>26</sup>

The appointment of Disclosure Officers does not remove the responsibility for appropriate disclosure which rests on Directors and Officers. In addition, liability for failure to comply with the continuous disclosure rules does not shift to or rest solely with the Disclosure Officers.

Directors and Officers must:

- a. Immediately and accurately respond to questions asked by a Disclosure Officer relating to a disclosure issue;
- b. Immediately communicate to a Disclosure Officer any market sensitive information that they become aware of and that they reasonably believe or know that a Disclosure Officer is not aware of; and
- c. Immediately inform a Disclosure Officer of any disclosure of information by AEI which they know or reasonably believe the Disclosure Officer may not be aware.

At each meeting of the AEI Board and the Board meetings of its subsidiaries, Directors will consider whether any issues have arisen that may require disclosure to the market.

If an employee is in any doubt as to whether information is market sensitive they must communicate the matter to a Disclosure Officer.

## c. Matters Reserved for the Board

Board approval is required for the release of material information relating to AEI's:

- a. Annual Report;
- b. Half-year and full-year results announcements;
- c. Notice of annual general meeting of shareholders;
- d. Earnings Guidance (see section 3(h) above);
- e. Announcements which disclose market sensitive information with the exception of scheduled routine announcements (for example, quarterly funds under management announcements); and
- f. Other significant communications with shareholders, including in relation to corporate transactions.

Announcements of a regulatory nature that are required due to decisions made and announced with Board approval or that arise due to trading by the Group's product offerings, can be authorised by a Company Secretary. This includes announcements relating to the:

- issue or placement of shares (Appendix 3B);
- details of an announced dividend (Notification of dividend/distribution);
- a director's initial interests notice (Appendix 3X);
- a change in a director's interests notice (Appendix 3Y);
- a director's final interests notice (Appendix 3Z); and
- substantial shareholder notices.

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<sup>26</sup> The term "officer" has the same meaning as in the Corporations Act and includes a director, secretary or senior manager of a listed entity. See **ASX Listing Rules Guidance Note 8**.

## 5. Process for Disclosing Information

### a. Steps in Relation to Disclosure of Market Sensitive Information

Neither AEI nor any Director or Officer of AEI can release information that is required to be disclosed to the ASX under the continuous disclosure rules to any person before:

- a. The information has been given to a Disclosure Officer;
- b. The information has been given to the ASX; and
- c. An acknowledgment of the receipt of that information has been received from the ASX.

If the circumstances permit, the Board will approve the release of announcements including market sensitive information. In the event that circumstances do not permit an announcement including market sensitive information to be approved by the Board, Directors will be advised by a Company Secretary or Managing Director of any non-procedural lodgement with the ASX immediately following the release of the information to the market.

Prior to release, all lodgements must undergo due diligence and review to the satisfaction of a Disclosure Officer. Whenever possible market sensitive announcements should be released to ASX prior to market open.

All market sensitive announcements will be provided to the Board and Senior Management Team for their information immediately following their release to ASX. The Company Secretary will provide a report to each AEI Board meeting listing all releases that have been made to the market since the last Board meeting.

As soon as practicable, all announcements will be posted on the Australian Ethical website following release to the market.

The Board will specifically delegate people with authority to speak on AEI's behalf in relation to market sensitive matters. No person may speak on AEI's behalf unless they are authorised to do so. Disclosing Officers or otherwise authorised Directors, Officers and employees may clarify information that has been released through the ASX, but should avoid commenting on other market sensitive matters.

### b. Content of an Announcement

Wherever possible, AEI will ensure that an announcement under Listing Rule 3.1 will contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of AEI's securities.

An announcement under Listing Rule 3.1 must be accurate, complete and not misleading. In order for AEI to meet these requirements:

- Opinions expressed in an announcement must be honestly held and balanced and must be clearly identified as a statement of opinion rather than a statement of fact;
- Any forward looking statements in an announcement, such as earnings guidance, must have a reasonable basis in fact or else by law they will be deemed to be misleading; and
- All material assumptions or qualifications that underpin forward looking statements in an announcement must be stated in the announcement.

AEI will not use an announcement under Listing Rule 3.1 as a guise to publish material that is really promotional, political or tendentious in nature rather than being information that a reasonable person would expect to have a material effect on the price or value of AEI's securities.

In addition, all announcements will be couched in language that is appropriate for release to the market. The announcement will be factual, relevant and expressed in a clear and objective manner. Emotive, intemperate or defamatory language will not be used, nor will vague or imprecise terms which do not allow investors to assess the value of the information for the purpose of making an investment decision.

## c. Information to be provided for Specific Disclosures

AEI is aware of, and will abide by, the Listing Rules' specific requirements (Chapter 3 – Continuous Disclosure) for disclosures relating to:

- a. Takeover bids;
- b. Buy-backs;
- c. Matters affecting AEI's capital structure, such as:
  - A reorganisation of capital, a call on shares, or a proposed issue of securities;
  - The lodging of a disclosure document or PDS or the issuing of an Information Memorandum;
  - An issue of securities that has been made;
  - An issue of equity securities;
  - The exercise by an underwriter of a right to avoid or change the underwriter's obligations;
  - In the case of convertible securities, an event has occurred that gives security holders a right of conversion or exercise, and details of the conversion or exercise period; and
  - If a dividend or distribution plan is established, amended, deactivated or reactivated;
- d. Forthcoming release of restricted securities and securities subject to voluntary escrow;
- e. Changes in the exercise of, or the entry of underwriting agreements for, the exercise of options;
- f. Auctions of forfeited shares in No Liability companies;
- g. Security holder meetings;
- h. Changes to AEI's registered and principal offices;
- i. Changes to the location or the closing of any register of securities;
- j. Changes in chairperson, directors, chief executive officer, company secretary, responsible entity, auditors, etc;
- k. The material terms of employment, service or consultancy agreements entered into with the CEO or a director of AEI or AEI's related parties;
- l. Documents sent to security holders;
- m. Requisitions received from security holders;
- n. Substantial Holdings;
- o. Financial documentation given to an overseas stock exchange;
- p. Ownership limits;
- q. Disclosure of directors' interests;
- r. Record date, compliance with timetable and information requirements; and
- s. Dividends or distributions.

## 6. External Communications

### a. Authorised Spokespersons and Media Speculation

AEI has a 'no comment' policy on media speculation and rumours relating to market sensitive information, which must be observed by all Directors, Officers and employees. However, where necessary to comply

with AEI's continuous disclosure obligations, the Managing Director and/or a Company Secretary may authorise a statement to be made in relation to market speculation or rumour or where a response is required to a formal request from the ASX or another regulator. Such disclosure will be made in accordance with this policy.

AEI will not provide the media with exclusive interviews, stories or information that contains material price sensitive information before disclosing that information to the market.

AEI keeps the number of people authorised to be Company spokespersons in relation to providing market sensitive information to the media (Authorised Spokespersons) to a minimum in order to avoid inconsistent communications and to reduce the risk of information being selectively released that may have an impact on the price and value of AEI's securities.

AEI's Authorised Spokespersons are the AEI Chair, the Managing Director, the Chief Investment Officer and the Head of Ethics Research.

Authorised spokespersons must:

- Restrict comment to information already disclosed to the ASX; and
- Avoid commenting on price sensitive matters not disclosed to the ASX.

No Director, Officer or employee or associated party (such as consultants, advisers, lawyers, accountants, auditors, investment bankers etc.) is permitted to comment publicly on matters confidential to AEI.

## **b. Communication during Blackout Periods**

Between the end of a reporting period and the announcement of financial results, AEI imposes a communication blackout period to avoid the risk of inadvertent disclosure of price sensitive information.

AEI's policy is that during this time, it will not hold one-on-one briefings with institutional investors, individual investors or stockbroking analysts to discuss financial information concerning AEI and will not hold any open briefings to discuss anything other than information which has been announced to the ASX.

Any proposal to contravene this policy is subject to prior approval from the Managing Director and, if any briefings or meetings are held during the blackout period, there must be no discussion of financial or other information in breach of AEI's continuous disclosure obligation.

## **c. Web-based Communications**

All ASX announcements and non-price sensitive information can be accessed by all interested parties on the Australian Ethical website.

## **d. Discussions with Analysts and Institutional Investors**

AEI may from time to time engage in discussions with analysts and institutional investors. It is important that any such discussions are carried out in accordance with this policy. In particular:

- a. Directors, Officers and employees will be careful when dealing with analysts' questions that raise issues outside the intended scope of discussion. When answering such questions, only publicly available information will be discussed. If a question can only be answered by disclosing market

sensitive information, the Director, Officer or employee will decline to answer or take it on notice. This information will then be announced through the ASX before a response is given.

- b. Directors, Officers and employees will confine comments on market projections or other market information to the correction of errors in factual information and underlying assumptions.
- c. If Directors, Officers or employees are asked to comment on market rumours with potential to affect the share price, the request will be immediately forwarded to a Disclosure Officer who will assess the need for a public announcement.
- d. Where possible, two representatives of AEI will be present at meetings with analysts, brokers or institutional investors to enable one person to take notes or record the meeting.
- e. Under no circumstances will information be given to analysts or journalists on the condition that they do not use it until it is publicly released.
- f. Copies of the presentation materials used for all substantive investor or analyst presentations will be released to ASX ahead of the presentation commencing.

## e. Discussions with Shareholders

Shareholders are encouraged to actively participate at the Annual General Meeting. In accordance with the Corporations Act and ASX Listing Rules, all shareholders will be notified of any General Meeting and all relevant details via a Notice of Meeting, and may attend such meetings in person or view such meetings via a recording, when available (AEI's practice is to provide either an audio or audio visual recording).

AEI also encourages shareholders to ask questions of its external auditors via the Notice of Meeting documentation or in person at the AGM.

Additionally, AEI encourages direct and active participation from shareholders. Queries received will be dealt with by the most appropriate persons.

If a question is taken on notice and the answer would involve the release of price sensitive information, the information must be released through the ASX before responding to the shareholder.

# 7. Use of Trading Halts and Voluntary Suspensions to Manage Disclosure

## a. When to Request a Trading Halt or Voluntary Suspension

If the market is or will be trading at any time after AEI first becomes obliged to give market sensitive information to the ASX under Listing Rule 3.1 and before it can give an announcement with that information to the ASX for release to the market, AEI will consider carefully whether it is appropriate to request a trading halt (under Listing Rule 17.1) or, in an exceptional case, a voluntary suspension (under Listing Rule 17.2).

The application of a trading halt or voluntary suspension in an appropriate case can often be beneficial for both the market and AEI. It will ensure that AEI's securities are not trading on the ASX on an uninformed basis. It will also signal to investors that market sensitive information may be about to be released and that they should be wary of trading in, or entering into derivative transactions over, AEI's securities off-market or on other trading venues. Both of these things may help to reduce AEI's exposure, and the exposure of its Officers, to the legal and financial consequences that could follow if AEI is ultimately found to have breached its obligation to disclose information in accordance with Listing Rule 3.1.

A trading halt or voluntary suspension will not be suitable in every case. In particular, since a trading halt can only last for a maximum of two trading days, a trading halt will not be appropriate or of assistance for those more complex or protracted disclosure issues which are unlikely to be resolved within two trading days.

A trading halt may be necessary in the following scenarios:

- a. There are indications that the information may have leaked ahead of the announcement and it is having, or (where the market is not trading) is likely when the market resumes trading to have, a material effect on the market price or traded volumes of AEI's securities;
- b. AEI has been asked by the ASX to provide information to correct or prevent a false market;
- c. The information is especially damaging and likely to cause a significant movement in the market price of AEI's securities (eg. information that the AEI board has resolved to appoint an administrator or that a lender has declared an event of default and appointed a receiver);

And in each such scenario:

- a. Where the market is trading, AEI is not in a position to give an announcement to the ASX straight away; or
- b. Where the market is not trading, AEI will not be in a position to give an announcement to the ASX before trading next resumes.

These are situations where the ASX will expect AEI to act particularly quickly and, if it is not in a position to issue an announcement to the market straight away, to request a trading halt. A trading halt or voluntary suspension will also be necessary if for any reason there is going to be a delay<sup>27</sup> in the release of an announcement under Listing Rule 3.1 and the market is trading during any part of the delay. Examples include:

- a. Where AEI considers the announcement to be so significant that it ought to be approved by the Board before it is released to the market but, due to the unavailability of directors, the Board meeting is not able to be held promptly and without delay; and
- b. Where the situation is uncertain or evolving but is likely to resolve itself within a relatively short period (in the case of a trading halt, within two trading days) and AEI considers that it would be better for the announcement to be delayed until there is greater certainty or clarity around the outcome.<sup>28</sup>

A voluntary suspension is generally only appropriate where:

- a. AEI has been in a trading halt but the relevant disclosure issue has not been resolved within the maximum period permitted for a trading halt;
- b. The situation would warrant the granting of a trading halt but AEI does not believe that the relevant disclosure issue will be resolved within the maximum period permitted for a trading halt; or
- c. AEI is in serious financial difficulties and it is reasonably of the view that continued trading in its securities is likely to be materially prejudicial to its ability to successfully complete a complex transaction that is, or a series of interdependent transactions that are, critical to its continued financial viability.

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<sup>27</sup> The word "delay" here is not intended to capture a mere passing of time between when AEI first becomes obliged to give information to the ASX and when it gives an announcement to the ASX but rather a deferring, postponing or putting off of the announcement to a later time. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 4.6)**.

<sup>28</sup> A case in point would be where the announcement is required because of a leak of information about a transaction under negotiation, where the entity reasonably expects to conclude the negotiations within a short period and it considers that it would be better to delay its announcement until after the negotiations have concluded and it can give a more definitive and informative announcement about the transaction, rather than to make an immediate announcement about the current state of the negotiations. See **ASX Guidance Note 8 – Continuous Disclosure: Listing Rule 3.1(Section 4.6)**.

## 8. Contravention and Liability

Breaches of this Policy are serious and may lead to disciplinary action being taken against the relevant Director, Officer or employee. In serious cases, such action may include dismissal or removal from office.

Any Director, Officer or employee who becomes aware of a violation of this Policy must immediately report the violation to at least one of the Managing Director and the Company Secretary.

If AEI contravenes its continuous disclosure obligation by failing to notify the ASX of information required by Listing Rule 3.1 to be disclosed, individual Directors, Officers and/or employees may face criminal and civil liability under the Corporations Act.

The Australian Securities and Investments Commission (**ASIC**) can also institute proceedings under the *Australian Securities and Investments Commission Act 2001 (Cth)*.