Freshtel Holdings Ltd

Continuous Disclosure Policy

This Disclosure Policy comprises 3 parts:

Part 1: **The Legal Position.** This section describes Freshtel's principal disclosure obligations and the consequences of a failure to disclose information.

Part 2: **Materiality guidelines.** This section provides practical assistance in assessing when matters may require disclosure by using qualitative tests of materiality.

Part 3: **Reporting Processes**. This section describes the system to be followed in identifying potentially discloseable information, reporting it internally and, if required disclosing it to ASX.

Part 1 – The Legal Position

1 Introduction

a) As a listed public company Freshtel Holdings Ltd (**Freshtel**) is required to comply with the continuous disclosure obligations contained in the Listing Rules of Australian Stock Exchange Limited (**ASX)** and requirements under the Corporations Act 2001(Cth) (**Corporations Act**).

b) Freshtel is committed to complying with its continuous disclosure obligations in the spirit of the ASX Listing Rules.

2 ASX Disclosure

2.1 Obligation to disclose

Under Listing Rule 3.1, Freshtel is required to notify ASX immediately it is or becomes aware of:

> Any information concerning it that a reasonable person would expect to have a material effect on the price or values of Freshtel's securities.

Freshtel must not release this information to any other person (such as the media) until it has given the information to ASX and received an acknowledgement that ASX has released the information to the market (Listing Rule 15.7).

2.2 Exceptions to disclosure

Disclosure under Listing Rule 3.1 is not required where each of the following conditions is satisfied:

a) a reasonable person would not expect the information to be disclosed; and

b) the information is confidential, and ASX has not formed the view that the information has ceased to be confidential; and

c) one or more of the following applies:

   i. it would be a breach of a law to disclose the information

   ii. the information concerns an incomplete proposal or negotiation

   iii. the information comprises matters of supposition or is insufficiently definite to warrant disclosure

   iv. the information is generated for Freshtel's internal management purposes; or

   v. the information is a trade secret

Otherwise, Freshtel must meet its continuous disclosure obligation as soon as it becomes aware of the information.

2.3 Correcting a false market

Under Listing rule 3.1B, if ASX considers that there is likely to be a false market in Freshtel's securities and asks Freshtel to provide information to it to correct or prevent a false market, Freshtel must provide the information. Freshtel is required to give ASX this information even if the exceptions to disclosure (as set out in section 2.2 above) apply.

ASX is likely to consider that there is or is likely to be a false market in a company's securities if:

a) the company has information that has not been released to the market (eg, because the exceptions to disclosure as set in section 2.2 above) apply;

b) there is a reasonably specific rumour or media comment in relation to the company that has not been confirmed or clarified by an announcement to the market; and

c) there is evidence that the rumour or comment is having, or ASX forms a view that the rumour or comment is likely to have, an impact on the price of the company's securities.

2.4 Awareness of information

Under ASX Listing rule 19.12, Freshtel becomes aware of information if a director or executive officer of Freshtel has, or ought reasonably to have, come into possession of information in the course of the performance of their duties as a director or executive officer of Freshtel.

Accordingly, whenever a director or executive officer is in possession of information which may have a material effect on the price or value of Freshtel's shares, it is critical that the information is immediately communicated in accordance with this Disclosure Policy.

2.5 Materiality of information

For the purpose of Listing Rule 3.1, a reasonable person will be taken to expect particular information to have a material effect on the price or value of any of Freshtel's securities if the information would, or would be likely to, influence persons who commonly invest in such securities in deciding whether to acquire or dispose of the securities.

Materiality guidelines are set out in Part 2 of this Disclosure Policy

3 Appointment of an Authorised Officer

Appointment of Authorised Officer

Freshtel has appointed the Company Secretary as the officer who has primary responsibility for administration of Freshtel's Disclosure Policy. The Company Secretary's responsibilities include:

a) Making sure that Freshtel complies with its continuous disclosure obligation, and monitoring that compliance; and

b) Overseeing and co-ordinating disclosure of information to ASX, analysts, brokers, shareholders, the media and the public.

4 Contravention and Liability

4.1 Contravention

Freshtel will contravene its continuous disclosure obligation if it fails to notify ASX of information required by Listing Rule 3.1 to be disclosed.

4.2 Liability

If Freshtel contravenes its continuous disclosure obligations, it 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).

Freshtel's officers (including its directors and employees) and advisers who are involved in a contravention by Freshtel may also face criminal and civil liability.

Similarly, directors, officers and advisers may be criminally liable under the Criminal Code if they aid or abet, or are in any way knowingly concerned in, Freshtel's contravention.

4.3 Enforcement

The court has the power under the Corporations Act to order Freshtel and its directors to comply with the Listing Rules, on the application of ASX, ASIC or an aggrieved person (for example, a shareholder).

4.4 Roles and Responsibilities of ASX and ASIC

ASIC and ASX jointly administer the continuous disclosure regime for listed companies in Australia. ASX is responsible for administering the Listing Rules while ASIC is responsible for enforcing the Corporations Act.

ASX is required to notify ASIC where it believes that there is an actual or anticipated serious contravention of the Listing Rules.

4.5 Unwanted publicity

Contravention of its continuous disclosure obligation may lead to unwanted negative publicity for Freshtel, as well as enforcement action and possible legal liability.

5.1 Reasonable person's expectations for disclosure

The ASX Guidance Note relating to Listing Rule 3.1 states that a reasonable person would not expect information to be disclosed if it would result in unreasonable prejudice to Freshtel. In enforcing Listing Rule 3.1, ASX will balance the needs of the market and the interests of Freshtel, bearing in mind ASX's market information principle (i.e. that proper and timely disclosure of material information is essential to the integrity of the stock market).

5.2 Confidential Information

As noted above, any information which is not confidential does not qualify for the exceptions described in section 2.2 above. Information may also need to be disclosed if ASX has formed the view that confidentiality has been lost. ASX will normally consult first with Freshtel if it has concerns about loss of confidentiality, which may be prompted by otherwise unexplained share price movements or by reference to media or analyst reports with significant, credible and reasonably specific information.

If ASX requires disclosure, it will only do so to the extent that confidentiality has been lost, such as by requiring confirmation of negotiations for a proposed transaction but not the details of the deal. This is subject to the 'false market' rule, however (see section 2.3 above and section 5.3 below).

5.3 False Market

If ASX forms the view that there is a false market in Freshtel securities, it will tell Freshtel immediately so that Freshtel can disclose whatever information is necessary to correct that false market. ASX is more likely to take the view that a false market exists where public comment about Freshtel or its proposals is significant and credible, with reasonably specific details, or else the market moves in a way that appears to be referable to the comment.

A false market may arise in circumstances where Freshtel has withheld information from disclosure on the basis of the exceptions set out in section 2.2 above, and public comment is made about the information. Even if confidentiality has not been lost - for example, the comment made is only an accurate guess, or else it is inaccurate or only partly accurate – a false market may arise, requiring disclosure from Freshtel.

5.4 Insufficiently complete or definite proposal

Difficulties may arise in determining when an idea, exploratory meeting or proposal under development is sufficiently complete or definite to warrant disclosure.

The ASX states in the Guidance Note that it expects listed companies to consider making a holding announcement or requesting a trading halt or as suspension in trading of their securities if a proposal is insufficiently complete or definite to warrant disclosure. Trading halts, in particular, are viewed by ASX as a tool of good disclosure policy, ensuring trading in a company's securities is not occurring on an uninformed basis when an announcement is imminent.

Similarly, preliminary or holding announcements – such that a company is in negotiations, even if the details of the negotiations cannot be disclosed - may also be appropriate at the earlier stages of a proposal. Of course, such announcements themselves should not mislead the market.

5.4 Practice

Despite the fact that Listing Rule 3.1 is a benchmark for legal obligations and liability, ASX takes the view that listed companies should apply the principles of Listing Rule 3.1 in the 'spirit' of continuous disclosure, which is aimed at balancing the interests of the companies, the maintenance of investor protection and the protection of the reputation of the market.

6 Other Specific Disclosure Requirements

6.1 ASX Listing Rules

In addition to complying with Listing Rule 3.1, Freshtel also needs to comply with other disclosure requirements contained in the ASX Listing Rules.

For example, the Listing Rules require disclosure in relation to the following matter:

a) **General meeting dates** – the date of any general meeting of Freshtel at which directors may be elected (Listing rule 3.13.1);

b) **General meeting announcements** – the contents of any prepared announcement (such as the Chairman's address) that will be delivered at a general meeting of Freshtel (Listing Rule 3.13.3);

c) **General meeting resolutions** – the outcomes of all resolutions put to a general meeting of Freshtel (Listing Rule 3.13.2);

d) **Changes to issued securities** – any alteration to the issued securities of Freshtel (for example, a new share issue, a capital reduction or a capital reconstruction) (Listing Rules 3.10.1, 3.10.3 and 3.10.5);

e) **Changes to office bearers** – changes in directors, Chief Executive Officer, Chairman, Company Secretary or auditor (Listing Rule 3.16);

f) **Changes to offices** – any changes to a registered office or principal administrative office (Listing rule 3.14);

g) **Documents sent to security holders** – a copy of any document sent to a class of security holders (Listing Rule 3.17); and

h) **Disclosure documents, Product Disclosure Statements and information memoranda** - a copy of any disclosure document or PDS immediately after it is lodged with ASIC and a copy of any information memorandum before it is issued (Listing Rule 3.10.4).

6.2 Corporate Governance Best Practice Recommendations

Freshtel will have regard to the Corporate Governance Best Practice Recommendations of the ASX Corporate Governance Council. Those recommendations recommend the development and public disclosure of a number of documents relating to corporate governance.

Part 2 – Materiality Guidelines

1 Introduction

The following guidelines are provided to assist directors and employees in identifying matters that may require disclosure. The purpose of these guidelines is to identify matters which can then be considered more fully, with a view to determining whether disclosure is required.

All of the matters which will require consideration under these guidelines will not necessarily require disclosure. Conversely, it is important to remember that a matter may be disclosable, even if it does not come within any of the following categories.

Where a matter is potentially discloseable, the Company Secretary or the Chief Executive Officer should be informed as soon as possible.

2.1 Thresholds

The thresholds are:

a) qualitative; and

b) quantitative.

The only persons authorised to speak to analysts or the media are the Chief Executive Officer, or those who are authorised by him or the Chairman from time to time.

2.2 Qualitative Test

These matters (some of which are drawn from a note to Listing Rule 3.1) may include, but are not limited to, matters:

a) that might affect Freshtel's ability to carry on business

b) that night have a material effect on the future business activities of Freshtel

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 significant changes in technology or the application of technology which could affect Freshtel's business;

e) involving any proposed change in regulation or law that could materially affect Freshtel's business;

f) involving a significant allegation of any breach of the law, whether civil or criminal, by Freshtel or any of its employees

g) involving a material change in Freshtel's financial forecasts or expectations

h) involving a transaction for which the consideration payable or receivable is a significant proportion of the written down value of Freshtel's consolidated assets;

i) involving a material investment;

j) involving the appointment of a receiver, manager, liquidator or administrator to Freshtel or an event which could result in Freshtel or an affiliate entity becoming insolvent;

k) involving a declaration of a dividend or a decision that a dividend will not be declared;

l) involving an agreement between Freshtel (or a related party or affiliate entity) and a director (or a related party of a director);

m) involving a change in executive personnel or structure;

n) that may have a materially adverse effect on Freshtel's reputation;

o) concerning material information regarding the beneficial ownership of Freshtel's securities obtained under the Corporations Act;

p) relating to the giving or receiving of a notice of intention to make a takeover;

q) concerning any rating applied by a rating agency to Freshtel or any of its securities, and any change to such a rating;

r) involving a material change in accounting policy adopted by Freshtel;

s) involving a proposal to change Freshtel's auditor; and

t) that is in some way onerous, unusual or so outside the ordinary course of business that it ought to be considered.

Disclosure of any of these matters would be required if a reasonable person would expect it to have a material effect on the price or value of Freshtel's securities.

2.3 Quantitative test

The following matters will need to be considered to determine if disclosure is required:

a) Matters which potentially may affect the Freshtel group's profit (loss) before tax in any one year by more than 10% of the Freshtel group's profit (loss) before tax:

b) Matters which potentially may affect the assets or liabilities of Freshtel group by more than 10% of total assets or total liabilities; and

c) Matters involving any claim against Freshtel or a company controlled by Freshtel exceeding 10% of total assets or total liabilities.

It may be that matters that have an impact of less than those described above may also have to be disclosed. As a matter of course matters described in paragraph (a) – (c) above, which have an impact in excess of 5% of the thresholds should be reserved to determine if disclosure is required, but a smaller amount may be significant in a particular case.

Part 3 – Reporting Processes

1 Introduction

Freshtel's reporting system encompasses:

a) Regular internal reporting which may identify matters requiring disclosure.

b) Reporting of events occurring between regular reporting which may identify matters requiring disclosure; and

c) A process for regularly reviewing Freshtel's continuous disclosure compliance program.

2 Regular Reporting

The following regular reporting is provided by executives and other employees within the Freshtel group and is reviewed for a variety of functional reasons. These reports should assist in identifying the occurrence of any significant event;

a) monthly board reports

b) regular reporting between Freshtel entities

However, directors, executives and other employees should not wait for, or rely on, regular reporting to advise of an important event that may require disclosure under Freshtel's continuous disclosure obligation.

Each director is also required to consider whether they possess any information which may require disclosure by Freshtel under its continuous disclosure obligation. At each Board meeting the directors consider any information which potentially may require disclosure.

3 Events Occurring between Regular Reporting

3.1 On-going assessment of information

It is essential that there is ongoing monitoring and assessment by directors and employees within Freshtel of information for the purpose of disclosure. The aim is twofold – to identify new information that should be disclosed, and to ensure that information that has previously been withheld form disclosure on the basis of the exceptions is released immediately once the exceptions no longer apply.

3.2 Person to whom events should be reported

If a director, or any other employee or contractor within Freshtel becomes aware of information that may have a material effect on the price or value of Freshtel securities, they should immediately notify that information to the Chief Executive Officer or the Company Secretary.

It is critical to Freshtel's effective compliance with its continuous disclosure obligation that information is communicated by its directors, executives and other employees as soon as they become aware of that information.

In all circumstances, should a director, executive or other employee have any doubt as to whether the information requires disclosure, they should err on the side of caution and notify that information to the Chief Executive Officer or the Company Secretary.

3.3 Process to determine if disclosure required

When a matter is reported, the Company Secretary will discuss the significance of the matter and possible disclosure responses with the Chief Executive Officer, and if the matter is sufficiently significant, the Chairman. If the matter is required to be disclosed, the Company Secretary will:

- co-ordinate the preparation of a draft ASX announcement; and
- circulate the draft announcement to the relevant management and if appropriate to the Board and/or external advisers for review.

Once the review process has been completed, the Company Secretary will disclose the information to ASX and advise corporate affairs and investor relations personnel when an acknowledgement has been received form ASX that the information has been released to the market, to enable the information to be released to the media, analysts etc (as appropriate).

3.4 Protecting the confidentiality of information

Freshtel may choose not to disclose information about itself that may have a material effect on the price or value of its securities, in reliance on the exceptions from disclosure described in section 2.2 of Part 1 above. The exceptions only apply, however, if the information is kept confidential. Accordingly, each director, executive and other employee of Freshtel (as well as its advisers and consultants) who possesses price sensitive information about Freshtel that has not been disclosed to ASX must protect and preserve the confidential nature of that information, including by:

a) refraining from discussing that information with, or divulging that information to, any person who is not authorised to receive that information; and

b) ensuring that any documents or other written material in their possession in relation to that information are properly stored and are not disclosed to an unauthorised person.

If a director, executive or other employee has any doubt as any doubt as to whether information is price sensitive or who is authorised to receive that information, they should discuss the matter with the Company Secretary.

4 Routine Business Reporting

When an event occurs that is a matter of fact, such as a new executive appointment, the Company Secretary will disclose the information to ASX and advise the website administrator when an acknowledgement has been received form ASX that the information has been released to market, to enable the information to be posted on Freshtel's website (as appropriate).

4.1 Leaks, rumours and inadvertent disclosure

Freshtel's general policy is not to respond to reports or rumours about it published by analysts, fund managers or reporters. From time to time, however, it may be necessary to respond to the unauthorised or selective disclosure of information or market rumours concerning Freshtel, particularly where the information or rumour is having, or is likely to have, an impact on the price of Freshtel's securities.

To ensure a consistent response from Freshtel to such occurrences, all instances of unauthorised or selective disclosure or rumours should be reported to the Company Secretary as soon as they become known.

4.2 Assessment of Freshtel's response

When a matter is reported, the Company Secretary will discuss the significance of the matter and possible disclosure responses with the Chief Executive Officer, and if the matter is sufficiently significant, the Chairman.

4.3 Disclosure of information

If the information the subject of the unauthorised or selective disclosure is considered material, or there is significant market rumour concerning Freshtel that is having or is likely to have an impact on the price of Freshtel's securities, the Company Secretary will co-ordinate the development of a disclosure response to ASX.

The Company Secretary will circulate the draft announcement to the Governance committee, relevant management and external advisers and, if appropriate, the Board for review. Once the review process has been completed, the Company Secretary will disclose the information to ASX and advise the website administrator when Freshtel receives an acknowledgement from ASX that the information to be released to the market, to enable the information to be released to the media and posted on Freshtel's website (as appropriate).

4.4 Referral of enquiries

Any queries by the media, analysts, brokers, shareholders or the public about a market rumour concerning Freshtel or regarding information that is subject to this Disclosure Policy must be referred to the Chief Executive Officer or the Company Secretary.

The only persons authorised to speak to the media or any other person outside the company about market rumours concerning Freshtel or about information that is subject to this Disclosure Policy are the Chief Executive Officer or those who are authorised by the Chairman or the Chief Executive Officer from time to time. Communications with ASX are covered in section 6 below, and communications with analysts are covered in Part 1 section 6.3 of this Policy.

5 Release of Information from Freshtel

To ensure that Freshtel approaches its continuous disclosure obligation consistently, and information is not released publicly prior to its disclosure to ASX, it is important that:

a) no one other than the Company Secretary releases information to, or communicates with, ASX unless specifically authorised to do so

by the Chief Executive Officer. This includes responding to market rumours, leaks of sensitive information and inadvertent disclosure; and

b) any executive or other employee proposing to disclose information about Freshtel publicly, such as at private briefings, must

   i. inform the Company Secretary of the information to be disclosed, to ensure that Freshtel's disclosure obligation is not breached;

   ii. provide to the Company Secretary a copy of any presentation or slides or other documents to be used, for release to ASX and posting on the website (as appropriate).

   iii. only discuss information that has been released to ASX or is not of a material nature; and

   iv. decline to respond, or take on notice, any question the answer to which would require disclosure of material information until the information has been disclosed to ASX.

6 Regular review of this Disclosure Policy

The following process has been determined for the ongoing review of Freshtel's compliance with its continuous disclosure obligation:

a) conduct a regular annual review of the adequacy of this Disclosure Policy and the procedures established under it to ensure Freshtel identifies in a timely manner all material disclosure events, that the Company Secretary is promptly made aware of such events and that Freshtel's disclosure obligation is being met;

b) conduct a regular annual review of the adequacy of the materiality thresholds and, through the Chief Executive Officer, recommend changes to the Board;

c) ensure that all potential continuous disclosure matters are immediately identified and considered on a case by case basis as to whether disclosure is required under Freshtel's legal obligations; and

d) maintain a record of matters considered for disclosure and further develop policies that promote a considered and consistent approach to disclosure.

7 Raising Awareness of Continuous Disclosure Obligation

The Company Secretary will arrange for training/briefing sessions to be conducted or for information to be distributed to executives and other employees to provide information about Freshtel's continuous disclosure obligations, to describe the operation of this Disclosure Policy and to raise awareness of the principles underlying continuous disclosure.

8 Summary

In summary, it is the responsibility of each director, executive and other employee of Freshtel to communicate any information regarding Freshtel that may have a material effect on the price or the value of Freshtel's securities, as soon as that person becomes aware of the information.

If any director, executive or other employee is in any doubt as to whether the information should be disclosed, you must disclose that information to the Company Secretary.

A failure by Freshtel to make timely disclosure of information that may have a material effect on the price or value of Freshtel's securities may result in criminal or civil liability for Freshtel, its directors, executives and other employees.

9 Queries

If, at any time, directors, executives or other employees have any queries regarding their information reporting obligations, or Freshtel's continuous disclosure obligation, they should contact the Company Secretary.