

Conflicted Information – Research Coverage and Methodology Policy

1. Introduction

Euroz Hartleys Limited ABN 23 089 314 983 (“Euroz Hartleys” or “we” or “our”) is the holder of an Australian Financial Services License No. 230052 and as such has obligations under the Corporations Act 2001(Cth).

As part of these obligations, Euroz Hartleys is required to meet licensing and conduct standards. ASIC has released a number of regulatory guides for licensees who are research providers, to assist them in applying relevant standards in their research processes.

The guide focuses on key phases of the research process to improve the:

- quality, methodology and transparency of research report production and distribution;
- management of conflicts of interest by research report providers; and
- the ability of users of research reports to understand and compare the research services of different research providers.

Euroz Hartleys has a number of policies and procedures in place designed to maintain the integrity and independence of the research we provide. This Policy sets out a summary of these measures as well as clarification of the approach we take when producing research in our role as a research report provider.

2. Scope

This policy applies to research reports released by Euroz Hartleys for distribution in Australia. Euroz Hartleys produces research reports for the exclusive use by our clients (both retail and wholesale) and is not intended for the use or distribution to members of the general public. From time to time Euroz Hartleys may provide research services as part of the ASX Equity Research Scheme. Where this occurs, disclosure will be made within the research note.

3. Research quality, methodology and transparency

The following section sets out in broad terms, the scope and expertise of our research analysts and aspects of our research coverage, methodologies and ratings approach.

3.1 Scope and expertise of research service

Our analyst profiles detailing their experience, education and professional history can be found on our website.

3.2 Coverage, methodology and ratings

Clients of Euroz Hartleys can access the full research reports and publications via the research portal which can be found at the link. <https://www.eurozhartleys.com/research-internal/>

Requests for a username and password should be directed to info@eurozhartleys.com.

Euroz Hartleys is a research driven broking model, whereby new research coverage ideas must ultimately be endorsed by the Research Department. Coverage decisions are based on many factors, including market conditions, analyst availability and research client interest on a needs basis. Euroz Hartleys has a ‘Coverage Committee’ with delegated responsibility of the Board that is ultimately responsible for our research coverage decisions.

3.2.1 Equities reports and ratings

Euroz Hartleys employs a variety of methodologies to arrive at a valuation including discounted cash flow and other valuation multiples methodologies. A 12-month target price is generally presented in our research reports

for all companies under coverage (unless otherwise specified). Depending on the type and nature of any relevant research report, the target price methodology will commonly be stated on the front page of the report, with further analysis, metrics and our investment thesis (including the Company's outlook, valuation and relevant risks) set out in the body of the research report.

Euroz Hartleys may also release "Quick Comment" notes in response to released public information. The purpose of this publication is to disseminate new public information to the client base. Quick Comment notices may be followed by a full research report, particularly where the released information has a bearing upon Company financials and/or valuation and/or recommendation.

The following table sets out our equities rating scale:

Buy: where a total return of 10% and above is expected

Speculative Buy: high risk but expectation for positive total return should specified outcome be achieved.

Hold: where a total return between -10% to +10% is expected

Sell: where a total return of greater than -10% is expected

Research reports are current as at the date of publication and dissemination.

3.3 Preparation of research reports

On completion and prior to publication, the draft research reports are reviewed by a nominated member of the Supervisory Staff. The review ensures the reports meet the standards and regulatory requirements, including that they are clear, fair and not misleading and recommendations are based on reasonable grounds and the necessary disclosures have been provided.

Newly issued research recommendations and target prices always supersede previously published research. All reports show the release date on the front page. Research reports are current as at that date.

4. Avoiding, Controlling and Disclosing Conflicts of Interest

4.1 Types of conflicts

In the context of the provision of services to our clients, conflicts of interest may arise as a result of:

- The multi-faceted nature of the financial services we engage in;
- A relationship between us and our clients, including as a result of the provision of services to two or more clients;
- The activities of our employees and our clients; and/or
- The relationships we have with our service vendors and our clients.

4.2 Structure of our Research business and controls

To maintain the independence and integrity of our research, our Research, Corporate Finance, Institutional and Private Wealth business lines are distinct from one another. This means that our Research Department is not part of and does not report to our Corporate Finance Department or our Institutional and Private Wealth dealing teams. Our research team report to the Head of Research who in turn reports to the Board of Directors.

We employ a number of internal controls designed to manage conflicts of interest that may arise as a result of us engaging in Corporate Finance, Sales & Trading and Research activity. Some examples of these controls include:

- The use of information barriers and other information controls designed to ensure that confidential information is only shared on a "need to know" basis;
- The segregation of the Research Department with limited access by external staff;
- Compliance with our Chinese Wall policies and procedures; and
- Periodic implementation of restrictions on research report publication.

4.3 Conflict Disclosures

As indicated above, Euroz Hartleys discloses in its research reports any relevant disclosures. The “Quick Comment” research note has a dedicated “Disclosures page”.

These disclosures assist the users of our research to understand the conflicts of interest, or potential conflicts of interest, which could be considered to impact upon the independence of our research reports. These disclosures can be considered as either business related disclosures or research analysts’ personal disclosures.

4.3.1 Business Disclosures

Examples of business disclosures include (but are not limited to):

- The existence of any material holding we may have in any relevant financial product referred to in our research report;
- Whether within the past year, we have managed or co-managed a public offering for any issuer of a financial product referred to in our research report, for which we have received fees;
- Whether we have received compensation from the issuer for the provision of advisory services in the past year;
- Whether we act, or have acted in the previous 12 months, as a corporate broker or sponsor to the relevant issuer;
- If we are acting in the market for a company registered buy back;
- If the research note is being issued subject to an ASX Scheme or any other arrangement.

4.3.2 Personal Disclosures

Examples of personal disclosures include (but are not limited to):

- If our research analyst has a financial interest in an issuer of a financial product referred to in our research report; and/or
- If our research analyst is aware of any other fact or circumstance that may create a potential conflict (or the appearance of a potential conflict) relating to their work.

4.4 Conflict Avoidance

At times it may be necessary for us to suspend or restrict our research coverage in the course of meeting our legal and regulatory obligations. We may also consider it necessary to suspend or restrict our research coverage where we have, or potentially may have a material conflict of interest that we consider will be best managed by restricting or suspending our research coverage.

4.5 Examples of Controls and Requirements

The following paragraphs contain some other examples of the policies and procedures we have in place. These enable us to identify and manage possible conflicts of interest which might affect or bring into question the integrity and independence of our research.

4.5.1 Changes to Recommendations, Price Targets and Ratings

Our requirement is that any material change in research view as to ratings, price targets or forecasts needs first be communicated via the publication of a new research report and not as a result of private communications. Non-Research staff may not be made aware of an analyst’s intention to write a specific research report, the contents of any report, or the timing of the publication.

4.5.2 Research Analyst Compensation

Analyst compensation is designed to promote independence and high-quality content, with a significant portion of analyst compensation based on the quality and accuracy of their research work. Compensation is not based on any direct contribution to the corporate department activity or a specific transaction, or a specific view or recommendation expressed about a company Euroz Hartleys covers.

4.5.3 *Analyst Personal Account Dealing*

Euroz Hartleys has specific staff trading policies in operation for analysts and employees working in the Research Department. Any personal account investment transactions need to be approved as outlined within the Staff Trading Policy prior to any purchase or sale taking place. Specific blackout periods are imposed on research analysts buying or selling shares in a company they cover both pre and post the release of a research note. Analysts are prohibited from trading against their recommendations for stocks on the research coverage list, except in exceptional circumstances subject obtaining approval from the Head of Research in conjunction with approval from either Andrew McKenzie or Tim Bunney.

4.5.4 *Wall Crossings*

If a research analyst receives, or is to receive, material non-public information, the Euroz Hartleys Chinese Wall Policy will come into effect and the analyst will be 'wall-crossed'. They will then be precluded from:

- Providing further research on any relevant security/ies;
- Personal account dealing in any relevant security/ies;
- Inducing others to deal in any relevant security/ies; and
- Disclosing the information to anyone else.

4.5.5 *External Directorships*

Research analysts must not engage in any activities that would interfere with their duties, contractual or otherwise to Euroz Hartleys, or that involve or appear to involve a conflict of interest. Euroz Hartleys prohibits staff from taking external appointments without the prior approval of the Board of Directors.

4.5.6 *Gifts and Entertainment*

Staff may receive or give gifts, benefits or entertainment up to a specified value of \$300. The requirement is that any gifts/entertainment above this specified value must generally be pre-approved by senior management and Compliance. Any gifts/entertainment above the minimum threshold must also be recorded on the gifts register. Enquiries are made of all staff on a quarterly basis to assist with the identification of any gifts, benefits, or entertainment received over a value of \$300. Gifts, benefits or entertainment provided to public or government officials, or other sensitive parties always require Compliance pre-approval. All entitlements will be noted on the register.