

# SDI Limited

ABN : 27 008 075 581

## Code of Conduct

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### 1 Introduction

- **WHY do you do what you do for SDI?**

One good answer is *to help SDI achieve its mission & goals.*

SDI's *Mission Statement* is set out in Sect. 4.1.3. SDI seeks to achieve its Mission Statement by setting *strategic and operational goals.*

- **HOW can you help SDI achieve its mission and goals?**

Another good answer is *by always reflecting SDI's values and standards of behaviour in doing what you do for SDI.*

SDI's values are set out in Sect. 4.1.4. Briefly, they include passion, accountability, respect, teamwork & innovation.

SDI's *standards of behaviour* are set out in Sect. 4.2.

SDI's Board has approved the values and standards of behaviour set out in this Code.

- **A critical link**

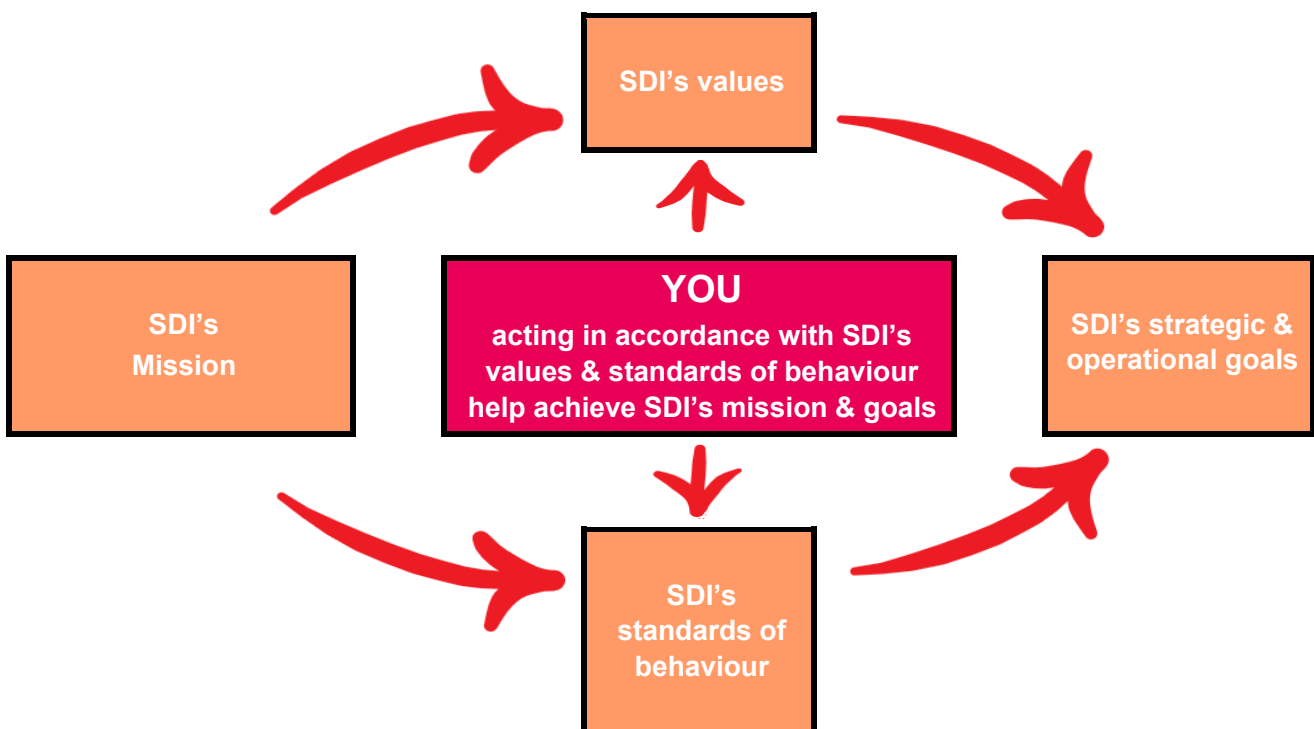
SDI's values & standards of behaviour create a critical link between:

- SDI's *mission, AND*
- SDI *achieving its goals.*

You acting in accordance with SDI's values and standards of behaviour creates *the path* from

- SDI's *mission, TO*
- SDI *achieving its goals.*

These elements – depicted below – are critical to SDI instilling a culture that will help achieve SDI's mission and goals.



- **Employee Handbooks**

SDI's Employee Handbook contains additional detailed requirements regarding *many* areas covered in this Code. *All* SDI's managers, employees and contractors *must* read and comply with the Employee Handbook.

## **Contents**

1	Introduction	1
2	Purpose	3
2.1	Why this Code of Conduct (“Code”) exists?	3
3	Applicability	3
4	Requirements	4
4.1	SDI’s mission and values	4
4.2	SDI’s standards of behaviour	4
4.2.3	Health and safety	4
4.2.4	Compliance	5
4.2.5	Risk	5
4.2.6	Treating everyone with honesty, respect & dignity	5
4.2.7	Treating customers, suppliers, shareholders & the community appropriately	6
4.2.8	Upholding SDI’s values, standards & reputation	7
4.2.9	Avoiding conflicts & corruption	7
4.2.10	Competitors	7
4.2.11	Not abusing your position	7
4.2.12	Using property, assets, and information properly	8
4.2.13	Honesty and integrity	8
4.2.14	Cooperation	9
4.2.15	Doing your best, being accountable & acting within authority	9
4.2.16	Calling things out that are not right	9
4.2.17	Issues, breaches, reporting & complaints	9
4.3	Setting the tone & enforcement	10
4.4	Disclosure & training	10
4.5	Breaches of this Code of Conduct	10
5	Help	11
6	Authorisation	11
7	Monitoring & review	11

## 2 Purpose

### 2.1 Why this Code of Conduct (“Code”) exists?

2.1.1 As mentioned above, this Code sets out:

- SDI’s values and standards of behaviour
- which are expected of you to help SDI achieve its mission and goals.

2.1.2 This Code helps SDI Limited and its worldwide subsidiaries (collectively “SDI”) achieve the following objectives:

- instilling, and continually reinforcing, across its operations in Australia and overseas a culture of acting:
  - lawfully, ethically, and responsibly, and
  - in accordance with SDI’s stated values and standards of behaviour
- articulating the values (Sect. 4.1) and standards of behaviour (Sect. 4.2) expected of SDI’s directors, managers, employees, and contractors, which values and standards of behaviour:
  - define how SDI does business, and
  - guide SDI’s staff to do the right thing, and
- mitigating a multiplicity of risks, ranging from:
  - strategic risks – e.g. risks relating to stakeholder expectations and trust, social responsibility, governance, conflicts of interest etc
  - compliance risks – e.g. risks relating to regulatory, contractual, ASX and intellectual property compliance etc
  - financial risks – e.g. risks relating to financial reporting, taxation, fraud etc, and
  - operational risks – e.g. risks relating to customers, product safety, reputation, supply chain, IT, staff etc.

2.1.3 Values and standards of behaviour also help SDI’s staff to decide not just:

- whether a particular action is allowed by law or SDI’s contractual obligations, or
- whether the action will help achieve a goal of SDI – e.g. a particular profit target

but whether that action “should” be taken. Values and standards of behaviour help you decide what direction to take when there is a fork in the road.

## 3 Applicability

3.1 This Code applies to SDI’s *worldwide* businesses and all of SDI’s:

- directors
- managers
- employees, and
- contractors,

who *must* act in accordance with the values and standards of behaviour set out in this Code and in the best interests of SDI.

3.2 All of SDI’s directors, managers, employees, and contractors *must* ensure:

- they act, and
- they use their best endeavours to ensure others acting on behalf of SDI act in accordance with the values and the standards of behaviour set out in this Code.

## 4 Requirements

### 4.1 SDI's mission and values

4.1.1 The values mentioned in Sect. 4.1.3 below:

- help define what type of organisation SDI aspires to be and what SDI expects of its staff to achieve this aspiration, and
- create a link – a path – between:
  - SDI's mission – why it exists (Sect. 4.1.2), and
  - SDI's strategic and operational goals – what SDI hopes to achieve.

#### 4.1.2 **Mission**

SDI's Mission Statement:

- To manufacture and market innovative top-quality dental consumables for the world market in a working environment that attracts competent, committed and highly motivated employees in order to achieve maximum sustainable returns to the shareholders.

#### 4.1.3 **Values**

- SDI's values:
  - *Passion* - We show pride, enthusiasm and dedication in everything that we do.
  - *Accountability* – We accept our individual and team responsibilities and we meet our commitments. We take responsibility for our performance in all of our decisions and actions.
  - *Respect* – We treat everyone with respect and dignity. We build trusted relationships with our colleagues, customers and suppliers.
  - *Teamwork* – We recognize that the best solutions come from working together with colleagues, customers and suppliers.
  - *Innovation* – We are committed to innovation in every area of our work – from products to processes. We never give up on looking for ways to improve. We strive to be the best.

### 4.2 SDI's standards of behaviour

#### 4.2.1 **“Must” and “should” standards of behaviour**

- Various standards of behaviour set out below are obligatory, as they often stem from underlying legislative and regulatory requirements and provide a foundation for appropriate behaviour. These obligatory standards of behaviour use the word “*must*”.
- SDI expects more than just compliance with legislative and regulatory requirements. SDI also expects various other standards of behaviour to be followed – these other standards of behaviour use the word “*should*”.
- Useful tests for the “*should*” standards of behaviour:
  - whether you would be comfortable having the details of your conduct covered in a daily, high-circulation, newspaper, or
  - if your conduct impacted customers, whether you would act in the same way if a loved one was a customer.

#### 4.2.2 **Disclosure**

- This Code will be disclosed to SDI's directors, managers, employees, and contractors:
  - via email, and
  - by placing a copy of this Code on SDI's public internet.

#### 4.2.3 **Health and safety**

While performing your role and before taking any action, you *must*:

- consider and protect your health and safety and that of SDI's employees, contractors, customers, and the communities in which SDI operate, including taking into account product safety, product recall requirements and SDI's quality assurance processes etc

- be aware of and comply with workplace health and safety laws and SDI's workplace health and safety policies and procedures, and
- do what you can to prevent risks, accidents, and illnesses, including complying with SDI's policies regarding drugs, alcohol, and smoking.

#### 4.2.4 **Compliance**

You *must*:

- comply with all Federal, State, and local laws and regulations that apply to SDI and its operations in Australia and overseas – including:
  - competition and cartel laws - e.g. laws prohibiting pricing fixing, dividing up markets or clients, collusive bidding, anti-competitive agreements – and laws prohibiting conduct that is misleading or deceptive, or likely to mislead or deceive
  - taxation laws
  - environmental protection laws
  - intellectual property laws
  - insider trading laws - refer to SDI's Share Trading Policy for additional details
  - data protection and privacy laws – refer to SDI's Privacy Policy
- understand all relevant laws and regulations before SDI commences a new business or activity
- comply with all requirements and obligations that SDI commits to e.g. contractual obligations SDI owes to others (including paying its suppliers on time), ASX Listing Rules etc, and
- comply with SDI's policies and procedures that are brought to your attention, which you *must* read and understand, including the policies and procedures in SDI's Employee Handbook. As mentioned in the Introduction, the Employee Handbook contains additional detailed requirements regarding *many* areas covered in this Code, which *all* SDI managers, employees and contractors *must* read and comply with.

Be aware that no-one at SDI is authorised to direct you to carry out an illegal act.

Poor conduct that complies with the law *should* still be avoided, as such conduct may still have adverse consequences for SDI e.g. reputational damage.

#### 4.2.5 **Risk**

You *must*:

- act in accordance with SDI's risk appetite and risk tolerances
- implement and monitor any risk mitigations adopted by SDI, and
- be risk aware i.e. vigilant regarding SDI's existing risks and any emerging risks.

#### 4.2.6 **Treating everyone with honesty, respect & dignity**

You *must* treat everyone – e.g. employees, contractors, customers, and suppliers - with honesty, respect, and dignity, including:

- not discriminate on the basis of race, disability, age, gender, sexual orientation, pregnancy, religious or political beliefs, medical record, criminal record, trade union activity or any other protected classification or characteristic prohibited by applicable law – refer to SDI's Diversity Policy, which you *must* read
- not make sexual advances or comments, racial or religious jokes or slurs or engage in conduct or language, whether written or oral, that is offensive - whether you are using SDI's, or your own personal, social media account or other means of communication
- not act in a manner contrary to SDI's commitment to prevent:
  - slavery, including where:
    - another person exercises any powers or rights of ownership over another person
    - workers are held in servitude, forced labour or debt bondage

- workers are victims of human trafficking, deceptive recruitment practices or the worst forms of child labour e.g. the sale and trafficking of children or work likely to harm the health or safety of children
- o human rights abuses
- o abuses in employment, for example where:
  - employment is involuntary
  - the worker's dignity and personality are not respected
  - workers are not paid reasonable compensation and minimum legal rates of pay
  - workers are under the legal age for working, they haven't reached the end of compulsory schooling, or they are under 18 and perform hazardous work
  - workers don't have the right to assemble peacefully or associate freely as permitted by law
  - a worker's passport is withheld, or workers are charged usurious fees or interest, or
  - the following rights are not respected:
    - the right not to be treated or punished in a cruel, inhuman, or degrading way
    - the right not to be subject to behaviour that is sexual, threatening, abusive, exploitative or puts them under duress, or
    - the right not to work longer hours than legally prescribed
- o unsafe work practices
- o animal cruelty, for example:
  - not treating animals with respect nor minimizing any pain or stress to animals
  - conducting animal testing only if:
    - other methods of testing are not available, or
    - other testing methods have been tested and rejected, and

SDI's commitment to prevent the above in SDI's supply chains.

#### 4.2.7 **Treating customers, suppliers, shareholders & the community appropriately**

You **must**:

- ensure SDI's products and services suit the needs of SDI's customers and always work as they should, and
- conduct SDI's business in a manner that does not involve threats to public health or safety.

You *should* conduct SDI's business in an environmentally responsible manner and minimise SDI's impact on the environment.

You *should*:

- deal with SDI's customers, suppliers, shareholders, and the community fairly, honestly, ethically, and professionally, especially when things go wrong
- uphold SDI's commitment to being socially responsible and a good corporate citizen, and
- conduct yourself and SDI's operations in a manner that doesn't fall short of community standards or expectations.

#### 4.2.8 **Upholding SDI's values, standards & reputation**

In carrying out your role for SDI and when communicating with SDI's stakeholders - including when using social media platforms - you **must** at all times:

- uphold SDI's values and standards of behaviour - refer Sects. 4.1 and 4.2, which can only enhance customer satisfaction and loyalty

- uphold and protect SDI's reputation and standing in the community and with its key stakeholders, including customers, employees, suppliers, creditors, regulators etc, and
- ensure SDI's products continue to be of a high standard and quality, which will also enhance customer satisfaction and loyalty.

#### 4.2.9 **Avoiding conflicts & corruption**

- You **must** act in accordance with the best interests of SDI and make decisions objectively.
- Where there is a conflict, whether actual or perceived, between your personal interests - or a relative's or associate's personal interests - and SDI's interests:
  - that conflict **must** be disclosed to SDI's Company Secretary. For example:
    - having a financial interest or personal involvement in a competitor, supplier, or customer of SDI
    - having an outside employment, role, business, or activity that may, or may appear to, conflict with your work for SDI, and
  - the Company Secretary **must** ensure the conflict is dealt with appropriately.
- You **must** not:
  - be involved, directly or indirectly, with:
    - any corruption – including bribery, facilitation payments, inducements, commissions, or extortion, or
    - providing benefits to government officials or private sector counterparts
  - accept any attempt to influence your judgement or decision-making, or make such an attempt to influence others e.g. via gifts, expensive hospitality, or unethical conduct, or
  - involve SDI in the use of raw materials or minerals that directly or indirectly finance armed groups.

#### 4.2.10 **Competitors**

- You **must** not enter into agreements or discussions with competitors regarding:
  - pricing, margins, production, or sales volumes
  - customers
  - sales territories, or
  - other matters that lessen competition.
- You **should** treat competitors fairly and with respect.

#### 4.2.11 **Not abusing your position**

You **must** not:

- take advantage of your position within SDI, or the opportunities or information arising from your position, for your – or another person's – gain, benefit, or advantage without the approval of both SDI's CEO and COO/CFO
- trade, or facilitate others to trade, in SDI's securities, or take other action for your, or an associated person's, personal gain, using undisclosed, inside information.

#### 4.2.12 **Using property, assets, and information properly**

- **Property & assets of SDI or its customers**

You **must**:

- not use SDI's or its customer's property, assets, or information in an improper way, for an improper purpose, for personal gain or if it causes detriment to SDI or its customers e.g. in relation to product inventories, office suppliers or other assets, or being careless with property or assets

- not use SDI's electronic communication services, including email, the internet, social media platforms, phone services, document applications:
  - in an illegal, improper, or offensive way
  - to send or create racist, sexist, sexual, defamatory, threatening, or obscene messages or material
  - to download sexually explicit, racist, or offensive material
  - in a manner that increases the risk of loss or damage to SDI – for example, avoiding and not distributing junk or chain emails, remaining vigilant to online scams etc
  - for personal, non-business use, except for incidental or occasional use.
- **Confidential information**  
You *must*:
  - protect the confidentiality of SDI's confidential information – e.g. business plans & strategies, client lists, product information, computer models, financial information, information of commercial value to SDI etc - recognising that a careless mistake resulting in a loss or disclosure of confidential information can have a significant impact on SDI's business
  - follow SDI's established procedures before disclosing SDI's confidential information to anyone outside SDI, including, for example, in social media, on internet forums etc, and
  - not use a customer's confidential information other than in accordance with the customer's consent or agreement.
- **Intellectual property**  
You:
  - *must* protect SDI's intellectual property - for example, patents, trademarks, designs, inventions etc, and
  - *must* not use SDI's intellectual property for personal gain or to the detriment of SDI.
- **Personal information**  
You *must* comply with SDI's policies regarding the collection, holding, use and disclosure of personal information, including sensitive information.
- **Data security**  
You *must* not risk the security of SDI's data or the data of its customers.

#### 4.2.13 Honesty and integrity

- You *should* act:
  - honestly
  - transparently
  - responsibly, and
  - with high standards of personal and corporate integrity
 when dealing with SDI's stakeholders, both internal & external – e.g. SDI's customers, suppliers, employees, shareholders, and regulators. SDI is trusted by those who deal with it. That trust can be easily lost because of misconduct. Trust is difficult to restore.
- If you are involved with SDI's financial processes, you *must* apply the same standards of confidentiality, honesty and integrity and not be involved with any fraud, inaccurate accounting systems, financial misstatements, or inaccuracies.

#### 4.2.14 Cooperation

If you are an employee of SDI, you *must* comply with any lawful and reasonable direction given by someone at SDI who has authority to give the direction.

#### 4.2.15 Doing your best, being accountable & acting within authority

You *should*:



- do the best you can, and have the skills and competence you need, in carrying out your duties and responsibilities
- act with care and diligence
- be accountable for your conduct, decisions, and responsibilities, and ensure clarity regarding who is accountable for other decisions.

You *must*:

- only act within the authority that you have, and
- ensure clarity regarding the authority of those who report to you.

#### 4.2.16 **Calling things out that are not right**

- Employees, contractors, and managers of SDI are often in the best position to assess whether SDI is living up to its values and standards of behaviour.
- You *should* speak up to your manager or SDI's Company Secretary if:
  - you notice anything that is contrary to this Code, or
  - something doesn't feel right,
 to allow SDI to investigate promptly and take appropriate action.
- The risks for SDI of not speaking up are very high. Sect. 4.2.17 deals with the reporting of issues and breaches.

#### 4.2.17 **Issues, breaches, reporting & complaints**

- As SDI strives for compliance with this Code and self-improvement:
  - where the content of this Code is relevant to any issue that may arise, that issue *must* be reported immediately to your manager
  - any actual or potential breach of this Code *must* be reported to the Company Secretary
  - any actual or potential breach of SDI's policies or procedures *must* be reported to the relevant manager
  - any complaints received by SDI from its customers *must* be dealt with in accordance with SDI's Customer Complaints Policy & Procedure, and
  - any other complaints *should* be reported to your manager.
- If, for whatever reason, reporting issues or breaches, or making complaints, to those mentioned above is not appropriate:
  - a report can be made to SDI's Company Secretary, or the Chairman of SDI's Audit Committee, for prompt investigation, or
  - an anonymous report can be made to:
    - Human Resources, for prompt investigation, or
    - in accordance with SDI's Whistleblower Policy (if applicable).
- Any report of an issue or breach needs to be based on reasonable grounds. You *must* not make a report containing details you know to be untrue, misleading or lacking in factual content.
- You *must* not, or *must* not permit others to, act or omit to act in retaliation against someone who has reported an issue or an actual or potential breach of this Code or SDI's policies and procedures.
- Any material breaches of, or any material incidents in relation to, this Code will be reported in writing to SDI's Audit Committee by the Company Secretary – refer to Sects. 4.3.3 and 4.3.4.

### 4.3 **Setting the tone & enforcement**

4.3.1 To help ensure the effectiveness of this Code:

- it is important that the tone is set at the top of SDI's organisation – i.e. by SDI's Directors and its Senior Management Team – and that SDI's Directors, Senior Management team and other managers speak and act consistently with this Code
- the Senior Management Team *must* show leadership by reinforcing and taking the Code into account in their day-to-day management decisions

- the Senior Management Team, particularly Human Resources, *should* ensure that:
    - conduct that is contrary to SDI's values, this Code or other SDI policies is not rewarded
    - appropriate and proportionate disciplinary action is taken against those who breach this Code, and
    - performance management and remuneration targets are aligned with SDI's values and standards of behaviour.
- 4.3.2 SDI's Board and Senior Management Team need to act when there is the slightest suggestion of a breach of SDI's values or standards of behaviour. Hindsight is a harsh judge.
- 4.3.3 SDI's Company Secretary will ensure SDI's Audit Committee is promptly informed of any material breaches of, or material incidents in relation to, this Code of Conduct, which may be indicative of cultural or other issues that need addressing.
- 4.3.4 When informing the Audit Committee of material breaches or incidents the Company Secretary will also advise the Committee of actions SDI has taken, or proposes to take, to:
- reduce the likelihood of further breaches or incidents, and/or
  - address any issues or concerns SDI may have with its culture.
- 4.3.5 Should the Audit Committee have any suggestions on any additional steps SDI should take, the Company Secretary is responsible for implementing those suggestions.

#### **4.4 Disclosure & training**

- 4.4.1 A copy of this Code is readily available on SDI's website.
- 4.4.2 To help ensure the effectiveness of this Code, all of SDI's directors, managers, employees, and contractors receive appropriate training regarding their obligations under this Code of Conduct.

#### **4.5 Breaches of this Code of Conduct**

- 4.5.1 A breach of this Code of Conduct may result in disciplinary action up to and including dismissal.
- 4.5.2 This Code of Conduct can't anticipate all situations that may arise. Nevertheless, you have a general duty to act ethically and legally at all times.
- 4.5.3 SDI reserves the right to inform the appropriate authorities where there is a possibility that a breach of the law has occurred.

### **5 Help**

- 5.1 If you have any questions regarding the content or application of this Code, please contact either:
- Human Resources, or
  - SDI's Company Secretary.

### **6 Authorisation**

- 6.1 This Policy has been approved by SDI's Board and SDI's Board has authorised the release of this Code to SDI's managers, employees, and contractors by email and by including it on SDI's website.
- 6.2 Any amendments to this Policy *must* be authorised by SDI's Board.

### **7 Monitoring & review**

The Company Secretary will periodically review the contents of this Code to:

- help ensure the Code is operating effectively
- rectify any issues in a timely way, and
- implement improvements where appropriate.