

**SDI Limited**  
**ABN: 27 008 075 581**  
**Continuous Disclosure Policy**

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## **1 Purpose**

### **1.1 Why this Continuous Disclosure Policy (“Policy”) exists**

1.1.1 This Policy seeks:

- to ensure compliance with SDI’s continuous disclosure obligations under the ASX Listing Rules and the Corporations Act (the “Continuous Disclosure Obligations”), so all investors have equal and timely access to material information concerning SDI Limited (“SDI”) – including its financial position, performance, ownership and governance
- to help identify the types of information a reasonable person would expect to have a material effect on the price or value of SDI’s shares (in this Policy this information is referred to as “*Market Sensitive*”), which would trigger:
  - a disclosure to the Australian Securities Exchange (“ASX”) under the ASX Listing Rules, and
  - in most cases:
    - the release of information on SDI’s website (Sect. 3.2.4.2(c) below), and/or
    - the issuing of a media release (Sect. 3.2.5), and
- to ensure that:
  - *all employees and officers of SDI* immediately bring information that its Market Sensitive, or could potentially be Market Sensitive, to the attention of SDI’s Company Secretary (Sect. 3.2.1.2), and
  - the *Company Secretary*:
    - promptly assesses the information to determine if it requires disclosure under Listing Rule 3.1 or if an exception under Listing Rule 3.1A applies, and
    - if disclosure is required, promptly assesses what internal approvals are needed, whether information is uploaded to SDI’s website and whether a media release is issued.

1.1.2 Listing Rule 3.1 also has statutory force under *Sects. 674 & 674A* of the Corporations Act, so compliance with this Policy is critical. Non-compliance with the Listing Rules or Corporations Act would have serious consequences for SDI and any individuals involved (Sect. 3.2.6).

### **1.2 What this Policy covers**

- Broadly, this Policy sets out the following:

- who this Policy applies to (Sect. 2.1)
- what requirements need to be complied with (Sects. 3.2.1 to 3.2.7), including:
  - guidance and examples regarding information that might have a material effect on the price of SDI's shares (Sect. 3.2.3)
  - approval & lodgment of announcements, and communications (Sect. 3.2.4)
  - media, public comments and SDI's website (Sect. 3.2.5).

## **2 Applicability**

### **2.1 Who this Policy applies to**

- This Policy applies to *all* SDI's employees and officers.
- Employees includes employees who are permanent, part-time, fixed term or temporary, interns, secondees or managers.
- Officers includes directors and company secretaries.

## **3 Requirements**

### **3.1 When this Policy applies**

- This Policy applies at *all* times.

### **3.2 How to comply**

#### **3.2.1 All employees & officers**

##### **3.2.1.1 Background**

- Under Listing Rule 3.1, once SDI becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of SDI's shares (this information is referred to as "*Market Sensitive*" in this Policy), SDI must immediately tell the ASX that information.
- Disclosure to the ASX must be prompt and shouldn't be treated as a matter of convenience.

##### **3.2.1.2 Obligation to notify SDI's Company Secretary**

Should SDI's employees or officers:

- become aware of information that is *potentially* Market Sensitive (refer to Sect. 3.2.3 for guidance regarding information that could potentially have a material effect on SDI's share price)
- they *must* notify the Company Secretary *immediately* and *not* discuss the information with anyone else (except for their immediate manager).

If the information is *potentially* Market Sensitive, that is enough to justify the information being reported to the Company Secretary, even if the person reporting the information *does not* believe the information is Market Sensitive.

SDI's officers and managers must continually keep these obligations in mind, as they are more likely to become aware of information that is potentially Market Sensitive.

Employees and officers should not try to hide or delay the release of information that may negatively impact SDI's share price.

Department heads must ensure that their staff are away of the above obligation regarding potentially Market Sensitive information.

The Company Secretary's obligations upon receiving this notification are set out in Sect. 3.2.2.1. Details regarding those who are authorised to lodge and approve ASX announcements are set out in Sect. 3.2.4.

### 3.2.1.3 In the absence of the Company Secretary

If the Company Secretary is absent or uncontactable the responsibilities of the Company Secretary under this Policy will be carried out by the Managing Director and the Chairman of SDI's Audit Committee, acting jointly.

To facilitate the above, all references to "Company Secretary" in this Policy shall be deemed to refer to "Company Secretary, or if the Company Secretary is absent or uncontactable, the Managing Director and the Chairman of SDI's Audit Committee, acting jointly".

### 3.2.1.4 Safeguarding the confidentiality of corporate information

It is important for SDI's employees and officers to safeguard the confidentiality of SDI's corporate information, as premature disclosure may compel the release of the information to the ASX to satisfy Listing Rule 3.1. Refer Sect. 3.2.2.2 for additional details.

### 3.2.1.5 Dealings with brokers, analysts & investors

- Oversight & coordination: It is the Company Secretary who oversees and coordinates the disclosure of information to brokers, analysts and investors (including shareholders).
- Advanced notification to the Company Secretary: The Company Secretary *must* be advised in advance of information to be presented at general or one-on-one meetings with brokers, analysts or investors to ensure that:
  - Market Sensitive information is not disclosed externally prior to its disclosure to the ASX, and/or
  - SDI's confidential information is not disclosed externally.
- Closed period for meetings: From one month prior to the end of a financial reporting period until one hour after the announcement of SDI's half-yearly and yearly results, SDI will not allow one-on-one meetings with analysts, brokers or investors, unless an exemption is issued by the Company Secretary and appropriate safeguards are observed.

### 3.2.1.6 False market

- SDI's employees and officers *must*:
  - be alert to the emergence of a false market in SDI's shares, and
  - must ensure they do not themselves create a false market, for example via ASX announcements, media releases or other acts or omissions.
- A "'false market' refers to a situation where there is material misinformation or materially incomplete information in the market which is compromising proper price discovery. This may arise, for example, where:

- [SDI] has made a false or misleading announcement
  - there is other false or misleading information, including a false rumour, circulating in the market, or
  - a segment of the market is trading on the basis of Market Sensitive information that is not available to the market as a whole.”
- If SDI’s employees and officers suspect the emergence or existence of a false market in SDI’s shares, they *must* notify the Company Secretary immediately.

### 3.2.2 Company Secretary

#### 3.2.2.1 Receiving notification of information that is potential Marketing Sensitive

If the Company Secretary receives notification or becomes aware of information that is potentially Market Sensitive – whether under Sect. 3.2.1.2 or otherwise - the Company Secretary *must*:

##### a) Continuous disclosure compliance

Ensure that SDI complies with:

- its Continuous Disclosure Obligations
- this Policy, *and*
- SDI’s *Continuous Disclosure Process*.

##### b) Listing Rule exceptions

Assess whether any relevant exceptions apply i.e.:

- the information is generated for internal management purposes, *or*
- the information concerns an incomplete proposal or incomplete negotiations, *or*
- the information comprises matters of supposition or is insufficiently definite, *or*
- the information is a trade secret, *or*
- it would be a breach of the law to disclose the information, *and*
- the information is confidential (and remains so) and a reasonable person wouldn’t expect the information to be disclosed (refer Listing Rule 3.1A).

Continuous disclosure is of critical importance to the integrity and efficiency of the ASX – so much so, that Listing Rule 3.1 has statutory force under the *Corporations Act*.

#### 3.2.2.2 Confidentiality protocols

It is very important that SDI adhere to its confidentiality protocols. If SDI is relying on the confidentiality of information to fall within an exemption to Listing Rule 3.1 (Sect. 3.2.2.1(b) above), any leak of the information, wherever the leak comes from, would require SDI to make a “premature” announcement to the ASX.

#### 3.2.2.3 A system and procedures to help ensure compliance

Although ultimately the Board has overall responsibility for compliance with this Policy, the Company Secretary is responsible for introducing, actively implementing and maintaining a system and procedures to help ensure compliance with:

- SDI's Continuous Disclosure Obligations, including SDI's obligation to ensure that SDI doesn't create a false market in its shares
- this Policy, including protocols regarding:
  - the approval and lodgment of announcements, and communications (Sect. 3.2.4)
  - media releases, public comments and SDI's website (Sect 3.2.5)
  - dealings with brokers, analysts and investors (Sect. 3.2.1.5), and
- SDI's *Continuous Disclosure Process*.

#### 3.2.2.4 Education, training, monitoring, updating etc

The Company Secretary is also responsible for:

- educating and training SDI's officers, managers and other relevant staff regarding this Policy
- supervising, reviewing and monitoring SDI's continuous disclosure process to help ensure its effectiveness, and updating the process where necessary, and
- keeping this Policy up-to-date, having regard to guidance issued by the ASX, and submitting this Policy for periodic review by SDI's Board, to ensure the Policy is operating effectively and to assess whether any changes are needed.

#### 3.2.2.5 Copies to the Board

The Company Secretary will ensure that SDI's Board of Directors receive copies of *all* market announcements promptly after they have been made.

#### 3.2.2.6 Presentations to brokers, analysts & investors

- a) The Company Secretary will ensure that whenever SDI gives new and substantive broker, analyst or investor (including to shareholders) presentations\*, a copy of the presentation materials must be released to the ASX ahead of the presentation (which ensures equality of information among investors and applies whether the information within the presentation is Market Sensitive).

\* Substantive presentations include results presentation and the types of presentations typically given at annual general meetings, investor days and broker conferences.

- b) Paragraph (a) is not intended to apply to private meetings between SDI and a broker, analyst or investor. However, if SDI has such a meeting, it must be careful not to disclose in the meeting any information that a reasonable person would expect to have a material effect on the price or value of its securities that has not already been disclosed to the market.

- c) If answers to broker, analyst or investor questions during presentations or meetings include Market Sensitive information that hasn't been disclosed to the market, that information must be *immediately* disclosed to the market (those answering questions should seek to avoid this situation).

#### 3.2.2.7 Content requirements

a) *Must be accurate & not misleading*

- Announcements to the ASX must be accurate and not misleading.
- Misleading or deceptive announcements to the ASX under Listing Rule 3.1 could breach Sect. 1041H of the Corporations Act.
- SDI's announcements must be factual, complete, balanced and expressed in a clear and objective manner.

b) *Forward looking statements*

- SDI must have reasonable grounds for including forward looking statements within an ASX announcement. When a representation is made in respect of any future matter – including the doing of an act or refusing to do an act - the representation is taken to be misleading unless the person making it has reasonable grounds for making the representation (Sect. 769C, CA).
- Examples of forward-looking statements include announcements containing earnings guidance or production targets.

#### 3.2.2.8 Continuous Disclosure Process

To help ensure compliance with SDI's Continuous Disclosure Obligations, the Company Secretary must read and ensure compliance with SDI's *Continuous Disclosure Process* document, which includes information regarding the following areas:

- the importance of SDI having a proper information reporting system, to bolster its continuous disclosure process
- the Company Secretary's additional responsibilities
- the responsibilities of those authorised to issue ASX announcements
- rules of thumb and examples to help decide whether information should be disclosed to the ASX
- earnings guidance, including earnings surprises
- broker, analyst and investor briefings etc
- trading halts and voluntary suspensions, and their use in the management of continuous disclosure issues
- additional disclosure requirements, for example relating to:
  - false markets and measures to avoid them
  - immediate notification of certain matters
  - notification of certain matters within time limits, and
- other relevant requirements and listing rules.

### 3.2.3 **Guidance regarding information that could potentially have a material effect on SDI's share price**

#### 3.2.3.1 **Context**

The context is very important in deciding whether information could potentially have a material effect on SDI's share price. For example, regard should be had to all relevant background information, the extent of publicly information about the information being considered and any previous announcements made to market.

#### 3.2.3.2 **Persons who commonly invest in shares**

The Corporations Act defines having a material effect on price with regard to persons who commonly invest in shares. That is, information is taken to have a material effect on price or value if the information would, or would likely, influence persons who commonly invest in shares in deciding whether to acquire or dispose of the shares. (Sect. 677, CA).

#### 3.2.3.3 **Examples**

The following are *non-exhaustive* examples of the type of information that, depending on the circumstances, could require disclosure by SDI under Listing Rule 3.1:

- a transaction that will lead to a significant change in the nature or scale of SDI's activities
- a material acquisition or disposal
- the granting or withdrawal of a material licence
- the entry into, variation or termination of a material agreement
- becoming a plaintiff or defendant in a material lawsuit
- the fact that SDI's earnings will be materially different from market expectations
- the appointment of a liquidator, administrator or receiver
- triggering an event of default under, or another event entitling a financier to terminate, a material financing facility
- under subscriptions or over subscriptions to an issue of shares
- giving or receiving a notice of intention to make a takeover, and
- any rating applied by a rating agency to SDI or its shares and any change to such a rating, and
- incidents and circumstances that could materially affect SDI's financial performance.

### 3.2.4 **Approval & lodgment of announcements, and communications**

#### 3.2.4.1 **Lodging announcements with the ASX**

- The following executives are authorised to communicate with the ASX for the purposes of lodging announcements - or responding to ASX queries regarding such announcements - to comply with LR 3.1 or to prevent a false market:
  - Chief Operating Officer/Chief Financial Officer ("COO/CFO"), and
  - Global Financial Controller.



- The number of executives so authorised is kept to a minimum, to help ensure compliance with this Policy.

#### 3.2.4.2 Approval of announcements & communications etc

##### a) Drafting announcements

It is typically the Company Secretary who will draft an ASX announcement to comply with LR 3.1 or to prevent a false market.

##### b) Approval of announcements & communications

SDI's Continuous Disclosure Process includes additional details regarding:

- the prior approval of such announcements, and any related media release
- the type of announcements needing the prior approval of SDI's Board, and
- communicating with brokers, analysts and investors.

##### c) Disclosure on SDI's website

As soon as Market Sensitive information is disclosed to the ASX – for example, presentations to investors and information provided to analysts or the media during briefings – SDI must post the same information in the Investor Information section of its website.

#### 3.2.5 Media, public comments and SDI's website

3.2.5.1 To guard against SDI making inappropriate disclosures that bypass SDI's continuous disclosure process, SDI's Managing Director and COO/CFO are the only persons authorised to:

- contact the media or make comments to the media, whether in writing or orally and whether "on the record" or "off the record"
- issue media releases or make any other public comments e.g. via Facebook, LinkedIn etc, or
- permit an update to SDI's website

on *any* subject matter relating to the affairs of SDI.

3.2.5.2 Should media requests or enquiries be received by SDI, they should be immediately referred to SDI's Managing Director or, in their absence, SDI's COO/CFO.

3.2.5.3 During the closed period mentioned in Sect. 3.2.1.5 above:

- contacting the media, making comments to the media or issuing media releases are normally not permitted, unless the Company Secretary has approved such contact or release and appropriate safeguards are followed, and
- SDI's website cannot be updated unless the Company Secretary has approved the update.

#### 3.2.6 Consequences of breaching the Listing Rules or the Corporations Act

##### 3.2.6.1 Listing Rules

If SDI contravenes its continuous disclosure obligations under Listing Rule 3.1, the ASX:

- may suspend trading in SDI's shares, or

- in rare cases, may delist SDI.

### 3.2.6.2 Corporations Act

- A breach of Listing Rule 3.1 may also lead to a breach of the Corporations Act if there is no disclosure by SDI and:
  - “a reasonable person would expect the information, if it were generally available, to have a material effect on the price or value of” SDI’s shares – per Sect. 674(2), CA, *or*
  - SDI “knows, or is reckless or negligent with respect to whether, the information would, if it were generally available, have a material effect on the price or value of” SDI’s shares – per Sect. 674A(2), CA.
- Sect. 674(2) i.e. the reasonable person test  
Failure to comply constitutes a criminal offence punishable by up to 5 years imprisonment and/or:
  - in the case individuals, a fine of up to \$133,200 (as of 2 February 2022), and
  - in the case of corporations, a fine of up to \$1,332,000, as of 2 February 2022).
- Sect. 674A(2) i.e. knowing or being reckless or negligent  
Failure to comply could attract a financial services civil penalty equal to:
  - in the case of individuals, the greater of:
    - \$1,110,000 (as of 2 February 2022), and
    - three times the benefit derived and detriment avoided because of the contravention, and
  - in the case of corporations – i.e. SDI - the greater of:
    - \$11,100,000 (as of 2 February 2022)
    - three times the benefit derived and detriment avoided because of the contravention, and
    - 10% of SDI’s annual turnover, subject to a maximum of \$555,000,000.

Persons who suffer loss or damage as a result of SDI’s breach of Sect. 674A(2) may recover that amount from SDI (Sect. 1317HA).

- Class actions  
It would not be uncommon for persons who suffer loss or damage as a result of a breach to bring a class action against SDI. Class actions are common are often financed by litigation funders and have the potential to inflict significant monetary and reputational damage on SDI, even if the litigation against SDI fails.
- Consequences for officers, employees etc
  - A person “involved in” a contravention by SDI of Sect. 674A(2) may be liable for a financial services civil penalty equal to the greater of:
    - \$1,110,000 (as of 2 February 2022), and
    - three times the benefit derived and detriment avoided because of the contravention (Sect. 674A(3)).
  - *Due diligence defence*

An officer or employee may be protected from these civil penalties if they can prove they:

- took all steps (if any) that were reasonable in the circumstances to ensure the entity complied with its obligations under Sect. 674A(2); and
  - after doing so, believed on reasonable grounds that the entity was complying with those obligations (Sect 674A(4)).
- Persons who suffer loss or damage as a result of an officer's breach of Sect. 674A(3) may recover that amount from the officer in question (Sect. 1317HA).
  - *Criminal offence*: An officer or employee of SDI who gives, or authorises or permits the giving of, materially false or misleading information to the ASX under Listing Rule 3.1 (including in response to any enquiry the ASX may make of SDI under that rule) may commit a criminal offence under section 1309, CA.
- Misleading or deceptive announcements
    - A corporate or individual making misleading or deceptive announcements to the ASX under Listing Rule 3.1 could breach Sect. 1041H, CA.
    - A breach of Sect. 1041H could lead to civil liability under Sect. 1041I, CA.
  - Other consequences for SDI
    - Other possible consequences under the Corporations Act for SDI and officers and employees are summarised in SDI's Continuous Disclosure Process.

### 3.2.7 General

#### 3.2.7.1 Breaches of this Policy

Should you become aware of an actual, suspected or potential breach of this Policy, please notify (confidentially if you wish) SDI's:

- Company Secretary
- the Chairman of SDI's Board of Directors, or
- the Chairman of SDI's Audit Committee.

A breach of this Policy may result in disciplinary action up to and including dismissal.

## 4 Help

4.1 If you have any questions regarding the content or application of this Policy, please contact either:

- SDI's Company Secretary, or
- SDI's Group Financial Controller.

## 5 Authorisation

5.1 This Policy has been approved by SDI's Board and SDI's Board has authorised the release of this Policy to SDI's employees and officers by email and by including it on SDI's website.

5.2 Any amendments to this Policy must be authorised by SDI's Board.

## **6 Monitoring & review**

6.1 SDI will:

- periodically review the contents of this Policy and rectify any issues in a timely way, and
- monitor the effectiveness of this Policy and its Continuous Disclosure Process and implement improvements where appropriate.

March 2022