



MARKET DISCLOSURE POLICY

INTRODUCTION

SDL is committed to providing timely, relevant, consistent and credible information, in compliance with legal and regulatory requirements, to promote investor confidence in the company's securities. SDL believes that disclosure should be evenly balanced during good times and bad and that all interested parties have fair and equal access to this information. This is a fundamental to building and maintaining shareholder value and the ongoing trust of interested stakeholders such as staff, suppliers, customers, debt finance providers and shareholders.

SDL is subject to continuous disclosure obligations under NZX's Listing Rules and the New Zealand Financial Markets Conduct Act 2013. This Market Disclosure Policy describes the internal processes designed to ensure that the Company complies with these disclosure obligations.

PURPOSE AND SCOPE

Any selective disclosure or non-disclosure of material, non-public information about SDL could undermine market integrity and investor confidence in the fairness of the disclosure process, and could lead to liability under insider trading legislation or breach NZX Listing Rules. Consequently, this Policy establishes and implements:

- procedures to prevent the selective disclosure or non-disclosure of material, non-public information about SDL in accordance with the Company's continuous disclosure obligations under the NZX Listing Rules;
- procedures to determine whether it may be necessary to issue a trading halt in the Company's listed securities while relevant information is assessed;
- ongoing monitoring and evaluation of relevant information and disclosure practices; and
- reporting and escalation processes to ensure that information which is potentially material or market sensitive is promptly identified and brought to the attention of senior management and directors.

This policy applies to all Directors on the Board and to all employees, contractors and other representatives of the Company and its affiliated entities and subsidiaries; all the foregoing called "staff". This Policy will be posted on the Company's website and communicated to relevant parties to ensure they are aware of it. All SDL staff globally will be made aware of this Policy. This Policy should be read in conjunction with the Company's Rules for Staff Trading in SDL Securities, which deals with buying and selling of the Company's securities by all SDL staff.

Failure to comply with this Policy may lead to a breach of applicable legislation, NZX Listing Rules or other regulations which may result in Directors or other officers of the Company incurring personal liability. Disciplinary action, including termination of employment in serious cases, may be taken against any person who fails to comply with this Policy.



POLICIES

These policies relate to the disclosure of Material Information about SDL. A more detailed description and examples of Material Information are provided in Appendix 1, but in brief, it is information specific to SDL that a reasonable person would expect, if it were generally available to the market, to have a “material effect” on the price of SDL’s shares. In practice, for a smaller market capitalisation company such as SDL, which is also illiquid in share trading volumes, a rule of thumb for having “material effect” on the share price is typically regarded as the possibility of the share price moving (up or down) by around 10% or greater (NZX states in a Guidance Note that in some circumstances, a price movement of 5-10% may be considered material).

RELEASE OF MATERIAL INFORMATION

The Company will release all Material Information concerning it to the NZX immediately upon the Company becoming aware of that information, unless an exemption to those disclosure obligations applies and the Company chooses not to disclose the information.

Material Information does not have to be disclosed (refer NZX Listing Rule 3.1.2) when ALL three following conditions are satisfied:

- one or more of the following conditions applies:
 - release of the information would be a breach of law;
 - the information concerns an incomplete proposal or negotiation;
 - the information contains matters of supposition or is insufficiently definite to warrant disclosure;
 - the information is generated for internal management purposes; or
 - the information is a trade secret.
- the information is confidential and its confidentiality is maintained; and
- a reasonable person would not expect the information to be disclosed.

Any staff who become aware of any information that is, or may be Material Information that is not generally available to the market, and which may require disclosure to the stock exchanges must:

- immediately discuss the issue with the CEO or CFO irrespective of the potential for an exception; and
- keep the information confidential, and not disclose it to other persons until it is released to the market and becomes publicly available.

Staff who become aware of information that has been made public, but which has not yet been notified to the stock exchanges, must immediately contact either the Chairperson, Chairperson of the Audit and Risk Committee, CEO or CFO. The Chairperson must be immediately informed of any inadvertent disclosure or suspected disclosure of Material Information.

Disclosure of Material Information is a standing agenda item at every Board meeting.

MEDIA RELEASES

No staff shall release Material Information to the media or any other third party until the Company has received confirmation from NZX that the Material Information has been disclosed to the market.

All information intended to be made public, whether or not it is believed to be Material Information, other than that which is purely promotional in nature, must be reviewed by the CEO prior to issue and in the case of information that may be Material Information by the Chairperson or Chairperson of the Audit and Risk Committee.

ANALYST, SHAREHOLDER AND MEDIA COMMUNICATION

Only the Chairperson or CEO may conduct discussions with analysts, investment professionals, media representatives, shareholders or other market participants. Legal enquiries or enquiries by regulators must be forwarded to the Company Secretary and CEO and Chairperson of the Audit and Risk Committee. All other enquiries from a member of the investment community must be referred to the Chairperson or CEO.

Either the Chairperson or CEO (and preferably both where practical) must be present at all meetings with the investment community.

Any presentations at, or other engagements by executives with the investment community must be authorised by the Chairperson or CEO and only contain publicly available information or non-Material Information. Contents of any written presentation material prepared for such meetings must be advised in advance to the Chairperson and CEO.

Information or presentations provided to, and discussions with, professional bodies or other external parties are also subject to this Policy. Only publicly available information can be used in these external communications.

AUTHORITY TO DISCLOSE

Only the Chairperson and CEO jointly have delegated authority to approve disclosures through NZX.

Prospective NZX disclosures relating to items containing Material Information will be circulated to all Board Directors with at least 24 hours available for comment and feedback. However, in the event an announcement would ordinarily be put to the Board for its consideration and approval prior to release, but the announcement must immediately be disclosed to the market in order for the Company to comply with its continuous disclosure obligations, and it is impractical to obtain timely Board approval, any two of the following individuals, acting jointly, may authorise the disclosure to ensure the Company's compliance with continuous disclosure laws:

- the Chairperson of the Board;
- in the absence of the Chairperson, the Chairperson of the Audit and Risk Committee;
- the CEO; and
- in the absence of the CEO, the CFO.

NZX announcements that are routine announcements of an administrative nature including, but not limited to, changes in Directors' interests and notifications of the issue of new securities may be approved by the CFO.

All NZX releases will be posted on the Company's website as soon as practicable following the announcement and will be maintained on the website for at least one year, with the exception that routine, non-material information provided to the NZX does not need to be posted on the Company's website.

RUMOURS AND MARKET SPECULATION

SDL will not respond to rumours or market speculation (to either confirm or deny) and this policy should be observed by staff at all times. However, the Company may issue a statement in relation to rumours or market speculation where:

- it considers it has an obligation at that time to make a statement to the market about a particular matter;
- it is required to make an announcement to prevent a “false market” in the Company’s securities; or
- it is required to respond to a formal or informal request from the NZX for information.

The Chairperson or CEO or Chair of the Audit and Risk Committee will decide whether it is appropriate to issue such a statement. No employee of the Company is authorised to respond to rumours or market speculation without the express prior written approval of the CEO or Chairperson.

MAINTAINING CONFIDENTIALITY

Where information is not disclosed to the NZX (under an exception in the Listing Rules) then confidentiality must be maintained. The CEO and CFO should ensure that any third parties are bound by obligations of confidentiality and that staff keep information confidential.

The number of people with access to confidential, material (or potentially material) information should be limited to the minimum number of people in the circumstances.

Consideration should be given to how the Company can limit access to information to only those people who absolutely require the information to undertake their business role.

Each employee owes obligations of confidentiality to the Company. This includes keeping confidential information about the Company, its related companies and its customers and information coming to the knowledge of an employee in the performance of their duties as an employee.

Where the Chairperson, Chairperson of the Audit and Risk Committee, CEO or CFO makes an assessment that confidentiality has been lost, the need for a trading halt should be considered, pending an NZX announcement.

SDL maintains a Policy and Procedures Manual that has been provided to all staff and is also available on request from the CFO. This contains additional and more detailed information that will help staff understand their requirements and responsibilities. It is the responsibility of each staff member to ensure they are also familiar with the Policy and Procedures Manual and to refer any queries or issues to their manager in the first instance, or alternatively to the CFO.

This policy will be reviewed at least every two years by the Board of Directors to ensure its continued effectiveness in meeting SDL’s disclosure obligations.

Approved by the Board on 2 May 2019.

APPENDIX 1: MATERIAL INFORMATION

NZX has issued a Guidance note on Continuous Disclosure (dated 1 January 2019) that assists in determining whether information may or may not be material. It notes:

“While there can be no definitive list of the type of information that is material, as it will depend on the particular circumstances of the Issuer, the following information may be material information under the rules:

- a change in the Issuer’s financial forecast or expectation.
- the appointment of a receiver, manager, liquidator in respect of any loan, trade credit, trade debt, borrowing or financial products held by the Issuer or any of its Subsidiaries.
- a transaction for which the consideration payable or receivable is a significant proportion of the written down value of the entity’s consolidated assets. Normally, an amount of 5% or more would be significant, but a smaller amount may be significant in a particular case.
- a change in the control of the manager of a managed investment scheme, or a change of trustee of a listed trust.
- a proposed change in the general character or nature of a listed trust.
- a recommendation or declaration of a dividend or distribution.
- a recommendation or decision that a dividend or distribution will not be declared.
- any undersubscription or oversubscription to an issue.
- a copy of a document containing market sensitive information that the entity lodges with an overseas stock exchange or other regulator which is available to the public. The copy must be in English giving or receiving a notice of intention to make a takeover
- any proposed change in the general nature of the business of an Issuer or its group.
- a disposal or acquisition (including entering into any agreement or option to do so) of quoted securities of another Issuer carrying 5% or more of the votes attaching to any class of securities of that issuer.
- the acquisition or disposition of securities in the Issuer carrying 5% or more of the votes attaching to any class of securities of that issuer.
- acquisition or disposition, by whatever means of, assets of any nature (including entering into any agreement or option to do so) where the gross value of those assets, or the consideration paid or received by the issuer, represents more than 10% of the average market capitalisation of the issuer.”

Note that NZX also does not provide any disclosure exemption when an issuer such as SDL is not actually aware of Material Information, but considers that the appropriate test is whether directors or senior managers “ought reasonably” to be aware of that Material Information in the normal course of their duties.