



# CODE OF BUSINESS CONDUCT AND ETHICS

FEBRUARY 2019

## MESSAGE FROM THE CHAIRPERSON AND CEO

Solution Dynamics' ("SDL" or "Company") mission is to deliver solutions that assist our customers with their communications activities. While the Company's roots are in mail house and digital print communications, our current solutions are truly omni-channel and cover all forms of physical and digital communications requirements. Our personal service, reliable products and pursuit of excellence aim to build SDL into a world-class company with a global customer base.

The conduct of every SDL employee influences the perception of our company by our stakeholders (including customers, suppliers, other employees, shareholders and regulators) and affects the Company's reputation. It is important that our values and our conduct reinforce our brand and demonstrate our honesty, integrity and commitment to excellence.

This Code of Business Conduct and Ethics sets out the core principles we will follow in carrying out our business. We all share the responsibility of observing this Code to help sustain and strengthen the values on which our company is built.

Business is not only about us doing things right, but also striving to do the right things. All our behaviour and activities should stand up to public scrutiny. The guidelines and values outlined in this Code are based on both generally accepted standards of ethical business conduct and applicable laws. The absence of a guideline covering a particular situation does not relieve any of us from the responsibility for applying common sense and meeting community standards in addition to acting ethically and within the law. As team members, we have an individual onus to report suspected and actual violations of this Code, company policy and the law.

We encourage all employees to read through this Code and apply its principles in all situations and work you do. Through our quality of work, our culture and values, and the contribution we individually make, we can all be proud to be part of Solution Dynamics.

Nelson Siva  
CEO

John McMahon  
Chairperson



*The basic building block of good communication is the feeling that every human is unique and of value.*



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## INTRODUCTION AND KEY RESPONSIBILITIES

### ALL SDL TEAM MEMBERS

SDL's Code of Business Conduct and Ethics ("Code") is the framework for the business conduct and ethical behaviour we expect from every person working for and with Solution Dynamics Limited and its subsidiaries ("SDL" or the "Company") globally.

SDL's people are committed to being ethically and socially responsible, and our actions and decisions should reflect our values, acting within the laws of the countries in which we operate. The Code provides a guide to these general principles of conduct and ethics. It brings together all our policy principles and provides a working guide for employees to do the right thing when taking actions and making decisions. The overarching principle is act ethically, safely and responsibly, which includes:

- acting in SDL's best interests at all times, to the extent that such action is consistent with this Code;
- maintaining and protect the confidentiality of SDL's business information and intellectual property;
- complying at all times with the principles in this Code, the legal and regulatory obligations in your country and the spirit of the law;
- holding colleagues accountable for behaving ethically and following this Code;
- not engaging in any activity whether within or outside the workplace that could bring SDL into disrepute;
- dealing honestly with SDL's people, customers, shareholders, suppliers and other stakeholders;
- not knowingly enter into transactions or make commitments on behalf of SDL that the Company cannot reasonably or does not intend to fully honour;
- undertaking duties with care and diligence;
- ensuring that where expressing any personal opinions, these are clearly identified as your own and are not represented to be the views of the Company;
- valuing individual and cultural differences, and treating people with respect;
- using reasonable endeavours, to the best of your ability, to ensure that SDL's records and documents, including financial reports, are true, correct and conform to SDL's reporting standards and internal controls;
- not accepting or offering bribes or improper inducements; and
- speaking up if you see unsafe or unethical behaviours.

SDL takes this Code seriously. It is the responsibility of all SDL people to promptly bring suspected violations of this Code to the attention of the Company.

The Code cannot cover every possible situation. If you have any questions or concerns about an ethical or safety matter, or wish to discuss an individual situation, or are unsure of the appropriateness of any activity, please speak to your manager, the CEO, the Chairperson of the Board or the Chairperson of the Audit and Risk Committee.

All directors and employees of SDL globally must comply with this Code – it forms an integral part of your contractual or employment relationship with the Company. Your compliance with the Code

and its principles will help assist in ensuring that SDL continues to maintain and grow its reputation as a respected company wherever it operates.

In addition, these are a number of governance charters and policies covering aspects of this Code in greater detail. These are available on the Company's website. Staff are required to acknowledge that they have read these and understand and will comply with them. The CEO and CFO will explain the policies during regular staff meetings and are also available to answer any issues or questions you may have in relation to them.

## **LEADERS**

In addition to the aforementioned responsibilities, SDL's managers (referred to as leaders) have responsibility to:

- be familiar with the Code and supporting procedures;
- demonstrate leadership by promoting and maintaining a climate in which honesty, ethics and legal business conduct is the norm;
- ensure that violations of the Code are appropriately addressed and that reports of violations of the Code are appropriately investigated and escalated to the CEO or Board;
- maintain a work environment that encourages open discussion and resolution of all ethical and conduct concerns without fear of retaliation;
- maintain, without compromise, our ethical and other conduct standards in achieving goals and objectives, no matter how important the goal or objective may be;
- evaluate team members not only on business objectives achieved, but also how they are achieved; and
- recognise team members whose behaviour and actions demonstrate strong ethical decision making and adherence to conduct standards.

We take responsibility for our actions as individuals, as team members, and as an organisation. We work together and support one another.

## **TEAM MEMBERS WITH INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROL ROLES**

In addition to the above responsibilities, team members who have roles regarding internal controls, financial reporting and disclosure controls have, as outlined in the section on Corporate Disclosure and Confidentiality of Information, the responsibility to make full, fair, accurate, timely and understandable disclosure in reports and documents that SDL files with, or submits to, regulatory or reporting bodies (e.g. NZX and Financial Markets Authority) and in other public communications made by SDL.

## **MEMBERS OF THE SDL BOARD OF DIRECTORS**

SDL's Board members have the responsibility to notify the Chairperson of the Board of any potential or perceived conflict of interest or other Code issues which arise during the course of their Board service. The Chairperson of the Board has the responsibility to notify the Chairperson of the Audit and Risk Committee of any potential or perceived conflict of interest that arises during the course of his or her Board service.

## **TEAM MEMBERS AND BOARD MEMBERS WHO REPRESENT SDL AS DIRECTORS ON OTHER BOARDS**

In addition to the above responsibilities, SDL team members and Board members who represent the Company on the boards of other organisations have the responsibility to notify the Chairperson of the SDL Board or the Chairperson of the Audit and Risk Committee of any potential perceived conflict of interest or other Code issues which arise during the course of their service on another organisations' board. In providing such notice, Board members and team members should exercise due care to ensure that they act in compliance with their fiduciary and other obligations to the other organisation and, for example, do not disclose that organisation's confidential information to SDL, without prior written approval of that organisation.

## **WAIVERS**

It is not intended that there be any waivers to this Code. In the unlikely event that a waiver is considered and granted for a member of the executive leadership team (classified as the CEO or any direct report to the CEO) or a member of the Board, it must receive prior written approval by the Board or its delegate. The delegate must be a Board member with appropriate delegated authority to make such approval. In such circumstances, any waivers granted must be disclosed to the Board of Directors as soon as practically possible, subject to SDL's Policy on Corporate Disclosure and Confidentiality of Information. In the unlikely event that a waiver is considered for team members, other than a member of the executive leadership team or the Board, prior written approval must be received from the Board of Directors and must be promptly reported to the Audit and Risk Committee of the Board.

## **HEALTH AND SAFETY**

SDL is committed to maintaining a safe and healthy environment at all our workplaces around the world. We place the health, safety and wellbeing of our employees, contractors and visitors first. We will operate our business to meet or exceed statutory health and safety requirements and relevant codes of practice, and we will establish additional standards where required and continually improve our systems. Regular staff briefings will include updates to health and safety matters. We believe:

- business objective do NOT take priority over health and safety;
- all accidents should be preventable; and
- while management and SDL's Board of Directors have ultimate legal accountability, all staff have responsibility for health and safety and are strongly encouraged to be proactive in health and safety matters.

All personnel have a direct responsibility to stop any task they believe is unsafe and to report health and safety incidents, no matter how minor and irrespective of whether or not the incident directly affects them.

SDL will not tolerate anyone being affected by alcohol or other drugs in the workplace or behaving in a manner that puts employees or company assets at risk. The Company accepts that substance abuse has many causes and will endeavour to support any employee in need of help.

The above principles and policies have been incorporated in the Company's Health & Safety Policy, which is available to all employees.

## **SDL'S ASSETS AND INFORMATION**

SDL people have a duty to protect the Company's assets from loss, damage, misuse, waste and theft. SDL's assets include property, equipment, systems, information, know-how and, intellectual property. SDL's people will:

- only use the Company's assets for lawful business purposes authorised by the Company, acting honestly and responsibly;
- only create, and only retain, information and communications that are required for business purposes or to meet legal obligations;
- understand the policies, processes and responsibilities relevant to their role;
- only committing to a contract (or incur an expense) when authorised to do so and within delegated limits;
- ensure they are familiar with the company's Delegated Authorities Manual, which describes the permissions available to employees in acquiring and disposing of assets, and incurring expenses. The manual is available through the CFO;
- reasonably endeavour to find the best value when spending Company money; and
- never use Company resources to achieve personal gain.

## **CONFIDENTIALITY**

SDL's people must protect the confidentiality of the Company's business information, which includes confidential information entrusted to the Company by our customers, suppliers, and other stakeholders. You must not discuss the Company's confidential information with others, or use that information for your own benefit or the benefit of others, whether during or after employment with SDL. Confidential information includes all information and data not in the public domain that has come into an SDL person's knowledge by virtue of working for the Company.

Your obligation to maintain confidentiality of the confidential information is a continuing obligation and extends even after your employment ceases with SDL.

## **INTELLECTUAL PROPERTY**

The Company's intellectual property, trade secrets and know-how are valuable assets. Our intellectual property rights enable SDL to be known and recognised in the market place, earn revenue and help differentiate the Company's products and services from our competitors.

Intellectual property rights also protect valuable intangible assets generated or acquired by SDL. At SDL we work to protect our intellectual property just as we respect the proprietary intellectual property rights of others. Intellectual property rights include trademarks, copyrights, patents, industrial designs, software, confidential information, process know-how and trade secrets.

Examples of materials involving intellectual property rights include, but are not limited to, branding, logos, creative suggestions and ideas, pictures, audio and video products, written materials,

production systems know-how, and computer software. When we create intellectual property, either individually or as part of a team, this property is owned by SDL and we work to document the ownership of such intellectual property. Intellectual property can be many things including marketing strategies, business plans and other items. If you are not certain about what constitutes intellectual property contact the CEO or CFO.

We respect the proprietary rights and assets of others. These include both tangible assets or properties and intangible assets such as those protected by intellectual property rights. We respect licenses and conditions of use that apply to the intellectual property of others. Copyright materials are not copied in whole or in part, or used in violation of any law or agreement with vendors, licensors or any other party.

## CONTINUOUS DISCLOSURE

SDL is subject to information disclosure obligations, which are designed to ensure that financial stakeholders and investors on NZX, on which SDL's shares are publicly traded, are fully and effectively informed about the Company's business and ongoing changes to the Company's business and outlook. SDL's Market Disclosure Policy, which is available to all employees, contains policies and procedures to ensure compliance with the Company's information disclosure obligations.

## USE OF INFORMATION SYSTEMS

The Company's information systems (intranet, internet, phone and email systems) are critical to our operations and jobs. SDL provides access to a range of IT resources to connect and collaborate with others. These systems and resources, such as data storage and Wi-Fi, are intended to be used for business purposes only. As a user of these resources, SDL people may have access to valuable information, sensitive data and internal and external networks that must be protected and used responsibly. This includes only using software that we have legal right to access, keeping passwords safe and secure and taking precautions to protect the security, integrity and confidentiality of the Company's systems and information.

SDL people will use the Company's information systems in a responsible, ethical and legal manner. They are not to be used for objectionable, unethical or illegal activities.

Incidental and reasonable personal use of our resources (e.g. email, internet browsing, social media) at work is acceptable within reasonable limits as long as it: does not affect your (or others') work performance or productivity; does not interfere with computer system performance or consume significant time or resources; and does not violate other Company policies.

Employees must take special care if posting any information about SDL or SDL employees or other stakeholders on the Company or their personal websites, blogs, in email or through social media. In our personal electronic communications using either SDL-provided devices or personal devices where we are identified as an SDL member, you should:

- remember that these communications provide a permanent record of any information posted;
- use common sense when offering personal opinions to avoid subjecting SDL to regulatory or legal action;

- not disclose information that is confidential to SDL or provided in confidence to SDL;
- show respect towards other persons and organisations and take care to avoid defamatory, discriminatory, harassing or sexual messages;
- avoid offensive content of any kind, including pornography and materials promoting violence, discrimination or hatred;
- not display the SDL logo or any of the Company's brand images in personal communications without written permission from the CEO or Board of Directors; and
- not disclose personal information about yourself that SDL does not want the public to be aware of, nor disclose similar personal information about others.

SDL people are forbidden, unless by explicit permission from the CEO, CFO or Board of Directors, to post company information or personal viewpoints about the Company on social media or websites. The company cannot control postings on personal websites, however, employees are reminded to adhere to this Code in the event that they do.

Release of company confidential information on personal social media sites is covered by the confidentiality obligation of all employees. Also note that the Company has specific legal reporting obligations and requirements in relation to being listed on NZX and these must not be breached; refer to SDL's Market Disclosure Policy.

## **RESPECTFUL WORKPLACE, DIVERSITY AND HUMAN RIGHTS**

SDL and its people are committed to treating all current, potential and past team members, as well as all partners, suppliers, shareholders, and customers (and others stakeholders) in a non-discriminatory and harassment free manner. In addition, we are committed to maintaining a respectful work environment that supports the contribution, worth and human rights of all team members. Every team member has the right to a workplace that is free of unacceptable behaviours and has the obligation to treat others in the same manner. Unacceptable behaviours include bullying and discrimination and harassment based on race, national or ethnic origin, colour, religion, age, sex, gender identity, sexual orientation, marital status, family status, disability and conviction for which a pardon has been granted or in respect of which a record suspension has been ordered. SDL's "work environment" and "workplace" is not limited to the Company's various business premises and is not limited to normal business hours. These terms also encompass any activities or events that happen outside of normal business hours or outside of SDL's business premises, but are linked to the SDL workplace and the person's employment with the Company.

Each SDL person is a valued member of the team. Harassment or discrimination of any kind will not be tolerated under any circumstances. Though the spirit of the law is the same, the human rights legislation that SDL companies are subject to may differ slightly, depending on which SDL or subsidiary company is involved and which jurisdiction it is operating in. For example, some of the grounds for discrimination and harassment may differ slightly between regions and countries. Any such behaviour that contravenes local or international Human Rights conventions can be unlawful, is destructive to the work environment and ultimately to work performance. SDL will treat all complaints regarding discrimination, bullying and harassment seriously and will attend to and investigate complaints promptly, confidentially and impartially.

## **HIRING PROCESS**

Our people are critical to our business. SDL is committed to attracting, developing and advancing the best person for each role. We ensure our selection processes for recruitment and employee development are unbiased and are based on merit. The Company values diversity and has a workforce consisting of many individuals with diverse skills, values, backgrounds, ethnicity and experience. We attract and retain a diverse workforce and this diversity brings a range of ideals, skills and innovation to SDL, which assists in achieving our objectives.

## **CONTRIBUTING TO OUR COMMUNITIES**

We are committed to supporting the communities where our team members live and work. While representing SDL and contributing to our communities, you must adhere to the following:

- adhere to the Code of Conduct values and uphold the standards in this Code to ensure you always represent SDL in an ethical manner;
- ensure that these outside activities where you are representing SDL or identified as an SDL team member do not interfere with your job performance or create a conflict of interest;
- obtain prior and proper approval through the CEO and CFO before donating SDL funds or making contributions in SDL's name; and
- make it clear that the views expressed through your participation in community activities are your personal views, not those of SDL.

## **OUTSIDE EMPLOYMENT AND OTHER NON-SDL ACTIVITIES**

SDL people are free to engage in outside business activities on their own time. However, these activities must not conflict, or have the potential to conflict, with SDL's best interests or with your ability to perform your job for the Company. As a general guideline, SDL people may not work for, or be engaged in business activities for, enterprises that are competitors of or suppliers to the Company. A conflict may also arise if, for example, assets such as a corporate phone or laptop, or tools, software, know-how or any other intellectual property paid for or developed by SDL, are used when engaged in such outside business activities. If you are considering starting your own business or accepting a second job, you are required to advise the CEO ahead of time to ensure there is no potential conflict of interest. Working for an independent SDL distributor or SDL customer and SDL at the same time is a conflict of interest and is not permitted. It is not possible to list every potential conflict of interest situation. If you are not sure, contact the CFO or CEO in the first instance. It is a conflict of interest to have an outside interest that demands so much time and energy that it interferes with the team member's ability to complete their SDL work. This could include any personal, community and charitable activities that require time and effort during normal working hours, except for situations where the individual is acting in a representative capacity at the request of SDL with the explicit written permission of the CEO or Board of Directors.

## **ENVIRONMENT AND SUSTAINABILITY**

We believe there is a harmonious relationship between our Company, our team and the health and prosperity of our communities. We are committed to environmental stewardship and responsible corporate citizenship. SDL's values are demonstrated by our compliance with applicable

environmental legal requirements and our actions to continually improve our environmental performance and build a sustainability culture.

SDL people are encouraged to consider economic, social and environmental factors in their day-to-day strategic planning, decision-making, product development and business operations.

SDL believes in supporting the environment and the conservation of natural resources.

## **COMPETITIVE PRACTICES**

SDL aims to be fair in what it says about others' products and services and is committed to lawful competition based upon the merits of our products and services. The Company does not support any agreements or actions that restrict or impede fair competition in contravention of applicable law.

Competition (anti-trust) law is complex, and global in nature, and its application depends on the facts of a particular case. SDL people with sales, marketing and pricing responsibilities, as well as senior leadership, function in areas that might involve risks for violating competition laws, particularly matters that include:

- establishing terms and conditions as well as pricing and promotional strategies for SDL products and services;
- developing advertising materials for SDL products and services;
- negotiating, communicating or interacting with competitors;
- handling or using data about competitors;
- participating in trade associations that include competitors as participants, and
- selecting or negotiating with vendors.

SDL is committed to comply with the law everywhere in the world that the Company operates.

SDL people performing the above functions should consult with the CEO or CFO to ensure they are appropriately educated and trained with respect to competition law, and that they receive appropriate advice and specific guidelines to address relevant competition law issues that are applicable to their situation. All final pricing quotes and service contracts with customers should be approved by the CFO or CEO or their formally delegated employee. SDL people are also required to report to the CEO any contravention or suspected breach of competition law requirements. In addition, it is often essential to involve legal counsel early in the process of developing new commercial initiatives given the many uncertainties that can arise in the application of this area of law.

## **DEALING WITH GOVERNMENTS AND GOVERNMENT DEPARTMENTS**

SDL values its relationships with governments at all levels and often works with New Zealand and other country government departments to ensure it complies with local regulations and to advance its business interests. SDL people dealing with governments or governmental organisations, either locally or internationally, must be aware of legal, regulatory and policy requirements in such areas as

lobbying, gifts and benefits, conflict of interest, bribery and corruption, hiring ex-government employees and procurement processes.

SDL people and board members actively and openly communicate with many levels of governments, expressing views that affect our business and our industry. SDL people or consultants or contractors acting on behalf of SDL will not engage in lobbying activity unless they are registered as lobbyists and authorised to do so by SDL's Board of Directors.

SDL people having contact with elected officials, their staff, and government employees (including those of Crown Corporations), Country Ambassadors and ambassadorial staff should consult with the CEO or CFO as required to ensure compliance with the appropriate lobbying regulations.

SDL people should be aware of laws and regulations restricting or prohibiting government officials from accepting gifts or entertainment or from placing those officials in an actual or perceived conflict of interest with regard to their employer. SDL people should be aware of restrictions placed by governments on their former employees from accepting employment or work, or advising or accepting appointment to a board of directors of entities with which they had significant official dealings for a specified period of time after leaving government employment.

## **POLITICAL ACTIVITIES**

As private citizens, we are free to engage in political activities and support causes, candidates or political parties of our choice. Unless expressly approved by SDL's Board of Directors, you will not, however, associate SDL with your personal political activities. The Company will not reimburse personal political donations in any form. As a responsible corporate citizen, SDL may choose occasionally make contributions to a political party, campaign or candidate in New Zealand, as a means of supporting the democratic process, but only where legally permitted and not to secure favours or preferential treatment. All political contributions, whether direct, sponsorship or in-kind, must be made by explicit Board approval. No political contributions are permitted in countries other than New Zealand. An employees' personal political contributions and activities must be kept separate from SDL.

## **INVOLVEMENT IN LEGAL MATTER**

If you are involved in a legal matter, whether of a civil, criminal or regulatory nature, that has the potential to affect your ability to perform your job or harm the reputation or interests of SDL, you must immediately inform the CFO or CEO. If an SDL person comes across a suspected illegal activity or material (e.g. child pornography) in the course of their work, they should report it immediately to the CEO who will determine the appropriate course of action such as reporting to the appropriate authorities.

## **IMPROPER INFLUENCE ON THE CONDUCT OF AUDITS**

Directors and SDL people, or any person acting under the direction of a Director or SDL person, are prohibited from directly or indirectly taking any action to improperly influence, coerce, manipulate or mislead the Company's external or internal auditors or their representatives.

## CONFLICTS OF INTEREST

A conflict of interest occurs when an individual's interests interfere, or have the potential to or appear to interfere, with SDL's interests. The Company expects its people to act in SDL's interests at all times, avoid conflicts of interest and to not:

- engage in any other business or commercial activities which conflicts with their ability to perform their responsibilities to SDL;
- be involved in any activity which puts the person in competition with SDL or benefits anyone who is in competition with SDL;
- be directly or indirectly interested or concerned in any capacity including as a shareholder or as a director, employee or contractor with any other business that directly or indirectly competes with SDL;
- take any opportunity discovered through the use of SDL property, information or position, for themselves;
- use SDL property (including the Company's name, brands or intellectual property), information or position for personal gain; or
- engage in any other activity that could conflict with SDL's interests.

Examples include accepting positions of work with other organisations while still employed by SDL, investment activities or acceptance of inappropriate gifts or favours. Before a conflict of interest arises employees should speak to their manager who will then discuss the matter with the appropriate SDL executive and if necessary with the Board of Directors. Employees must have the prior approval of the Company to engage in an activity that could present a conflict of interest.

## GIFTS AND BENEFITS

SDL's people must disclose to their manager all gifts or personal benefits of any value offered by or received from external parties to the Company and must not accept them if it could be perceived that such acceptance could compromise or influence any decision by the Company. Similarly, SDL people must not give or offer any gifts or personal benefits to third parties with whom the Company does business if it could be perceived that they are intended to influence decision-making by the third party. In any event, any such offer must be within clear guidelines set by the Company or otherwise approved by the employee's manager.

A gift can be anything of value. It may include tangible items, but not limited to, items such as cash, jewellery and art. A benefit includes intangible items such as discounts, services, loans, favours, special privileges, preferential treatment, advantages, and rights that are not available to the general public. This includes invitations to sports, cultural, charitable or social events, or access to discounts and loyalty programs. While their value may sometimes be difficult to quantify in dollars, they may be highly valued by the intended recipient and therefore used to take advantage or influence their behaviour. Accepting substantial gifts from contractors, suppliers, vendors, and other partners could be seen as "presumptively fraudulent" because of the potential to create undue influence. If ever unsure of receiving or offering a benefit or gift, please contact the CEO or CFO.

It is important to remember that “anything of value” can also include things that benefit the recipient’s family members or friends. SDL people will not authorise, offer or accept, directly or indirectly, gifts, or benefits to or from any organisation or person having business dealings with SDL other than as described below. These guidelines apply at all times and do not change during traditional giving events or seasons.

It is not a conflict of interest to authorise, offer or accept hospitality or entertainment or to offer a discount for SDL products and services, provided it is reasonable, and is within the limits of responsible and generally accepted business practices. However, SDL people should not authorise, offer or accept gifts or benefits that they believe are intended to influence, or appear to influence, a particular business decision. Gifts of cash or cash equivalent (such as a gift card) should not be authorised, offered or accepted, regardless of the amount.

Reasonable gifts and entertainment are courtesies intended to engender goodwill and positive working relationships among business partners. We do not, however, want to use improper means to obtain business or gain any special advantage in a business relationship or put ourselves in a situation where we feel a sense of obligation created by accepting a gift.

SDL employees are able to accept normal business related items from suppliers and customers, such as meals and drinks and if offered (but not solicited) corporate related items such as customer branded t-shirts, business card holders, pens and pencils, in the normal course of developing business relationships. Employees must use their judgment in determining the appropriateness of such offers, as an example recognising the difference between a normal business dinner (with a cost in the hundreds of dollars per person) paid for by a supplier or customer and something that could appear to be unusual (like a dinner at a higher end establishment with a cost in the thousands of dollars).

There may be circumstances in certain countries and cultures where not accepting a gift could result in an adverse reaction from the gift giver, and could be taken as affront and damage business relationships. A practical example here may be a Chinese supplier giving a Chinese New Year gift in the form of an office ornament. Employees are to use their judgment in these circumstances and should they decide to accept a gift in this circumstance they must report the acceptance of the gift and pass the gift over to the Senior Manager in their region or CFO if in New Zealand, at the earliest opportunity.

Employees are required to turn down such items if they feel uncomfortable accepting or believe the offer is intended to be more than normal business relationship development. Under no circumstances should an employee accept payment for major cost items such as hotels, flights, and extravagant gifts beyond corporate items. The basic rule for giving and receiving of gifts is “if in doubt, don’t”.

Gifts and benefits that are acceptable for SDL team members to authorise, offer or accept in the normal course of business are typically less than NZ\$500 or the close equivalent in other currencies and include:

- attendance at local sports or cultural events;

- business lunches or dinners;
- transportation to or from the customer's or supplier's place of business;
- hospitality suites at conferences or events; and
- small seasonal holiday gifts.

SDL people should not authorise, offer or accept gifts or benefits that are intended to influence or may appear to influence business decisions. Business meals and entertainment provided by external parties must be unsolicited, infrequent with any particular business or person, in good taste, and undertaken for legitimate business reasons, including engendering goodwill and developing business relationships. If the provider of the meal or entertainment is not in attendance, it is considered a gift and can only be of nominal value.

If you are not sure whether a gift or benefit is acceptable, ask yourself:

- would the gift be considered customary given the nature of your role with SDL?
- if the gift or benefit was reported in the media or to the CEO, would the perception be neutral or positive?
- would the gift complement or enhance a business relationship?
- for offers of hospitality or entertainment, is the person extending the offer attending with you?

If the answers to these questions are "yes," and based on your good faith assessment, you may accept the gift.

If the answers to these questions are "no", you should politely decline the gifts or entertainment. If that would be difficult or embarrassing to the provider, ask your manager or CFO or CEO for advice.

It is important to remember that while something less than NZ\$500 would typically be considered an acceptable value for a gift or benefit, in certain circumstances it may be considered a bribe (and therefore not permitted) since a bribe does not have a specific minimum value. A bribe is any payment; gift or benefit intended to influence the judgment or conduct of a person in a position of power, authority or trust to try to obtain a business advantage. It also includes a payment, gift or other benefit that is intended to reward a person for a business advantage that has already been given. As mentioned above in the context of facilitation payments, bribe amounts can often be relatively small. The determining element is the exchange of personal benefit for business advantage.

Reasonable hospitality conferred with a view to engendering goodwill and without an expectation of a specific business advantage in return is not a bribe.

SDL people should never use the giving of gifts, benefit or entertainment to place undue influence on the Company's business partners. It may be appropriate to attend third-party paid seminars, conferences or vendor-hosted events if there is a clear benefit to the Company for attending and the attendance is approved in advance by the Company's management. To avoid a real or perceived conflict of interest, team members should consider having SDL fund incremental expenses (e.g. airfare and hotel costs).

## **GIFTS AND BENEFITS WITHIN THE SUPPLIER MANAGEMENT TEAMS**

SDL people with supplier selection, negotiation, purchasing or contract management roles within the Company are subject to more stringent professional purchasing requirements regarding gifts and benefits and maintaining appropriate relationships with suppliers and should therefore not accept any gifts or benefits from suppliers or potential suppliers without the explicit and written permission of the CEO or CFO. Where the value of any gift or benefit is NZ\$500 or greater, the CEO or CFO must also provide a reason for acceptance of the gift or benefit to the Board of Directors including a description of the gift or benefit, approximate value, the name of the party conferring the gift or benefit and the reason.

SDL people with supplier selection, negotiation, purchasing or contract management roles include persons in any area of the Company that have the ability to either make or influence decisions around matters including:

- the selection of suppliers, including service providers such as law firms, accounting firms, IT professionals, consultants, and suppliers of any type of service, hardware, software, production or office equipment or other tangible items;
- the negotiation of contract terms with one or more suppliers;
- the volume of goods or services to be purchased or acquired from one or more suppliers; or
- the ongoing management of the relationship with one or more suppliers, including decisions around whether to renew or terminate any such relationship.

## **DEALING WITH SUPPLIERS**

We value our relationship with all suppliers (including contractors, distributors and consultants) and those acting on behalf of SDL because they contribute to our overall success. We strive to ensure our business dealings with them are ethical and that they understand our expectations of them as typically outlined in any Service Level Agreement.

### **SELECTING SUPPLIERS**

- we strive to award business to suppliers who are in compliance with applicable laws in their business operations, including in their relationships with their employees and their communities.
- we strive to select our suppliers based upon objective and fair criteria including, but not necessarily limited to, business need, price, service, quality, reputation for ethical conduct and health, safety, employee practices and environmental business considerations.

### **ADHERENCE TO APPLICABLE SDL POLICIES**

- we expect the suppliers with whom we do business to demonstrate values and standards similar to those in the applicable SDL policies.
- we strive to ensure that our suppliers are made aware of SDL supplier policies that are applicable to the work for which they are being engaged.

### **SUPPLIER-FUNDED INCENTIVE PROGRAMS AND REBATE SYSTEMS**

- supplier-funded incentive programs such as rebate systems, are often offered by suppliers seeking to sell their products and services. Any such programs must be approved in advance by the CEO.

## INSIDER TRADING

SDL is a publicly listed company. Our people must comply with laws relating to insider trading. Using “inside information” (i.e. information which has not yet been made public about SDL or SDL’s business) for personal gain by buying or selling shares in SDL, or by passing the information on to third parties, or encouraging third parties to trade or hold shares in SDL when you hold inside information, is illegal. To help you understand your obligations when you have “inside information” the Company has strict rules for staff trading in SDL shares that must be followed at all times. These rules, called “Rules for Staff Trading in SDL Securities” set out an approval process that you must follow before you may trade in SDL’s shares. Please contact the CFO for a copy of the Rules for Trading in SDL Securities. Should you have any queries in relation to trading in SDL shares then contact the CEO or Chair of the Board. Prior written approval is required in all instances before any SDL people may trade SDL shares and any share trades that subsequently do occur are to be reported immediately to the CFO.

## DOCUMENTATION AND FINANCIAL REPORTING

Complete and accurate recording and reporting of information is critical to protecting our reputation, credibility and meeting our legal obligations.

SDL people will at all times exhibit and promote the highest standards of professional, honest and ethical conduct that:

- ensures all business transactions are properly authorised and completely and accurately recorded in SDL’s books in accordance with Generally Accepted Accounting Principles and established Company policy;
- encourages and rewards professional integrity in all aspects of the financial organisation;
- ensures the retention or deletion of SDL’s records in accordance with established financial policies and applicable legal and regulatory requirements;
- ensures that SDL’s auditor is not improperly influenced for the purpose of rendering financial statements that are materially misleading;
- ensures all financial communications and reports are delivered in accordance with all legal and accounting requirements, and fairly and accurately state the results of SDL;
- promotes the continuing education of the Finance team in all matters affecting the operation of the Finance team and SDL generally;
- requires members of the Finance team to inform senior management, or, in appropriate circumstances the Audit Committee, of deviations from policies and procedures governing the operation of SDL’s financial systems and reporting; and
- reports and corrects in a prompt manner any detected deviations from accounting, legal or policy requirements.

## FRAUD

SDL has a zero tolerance attitude to instances of confirmed fraud. Fraud is simply defined as any intentional act, omission, deception, falsification or misrepresentation designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain. As SDL people we will

not engage directly or indirectly in fraud, including account falsification, expense fraud, time fraud, or any other fraudulent practices or reporting. If you are approached by anyone who you feel is or may be suggesting engagement in fraudulent activities, or if you are aware of situations that may involve fraud, you must report the incident immediately to the CEO, CFO or a board member.

## COMPLIANCE WITH THE LAW

SDL and SDL people must comply with all applicable laws of the countries where we conduct business. SDL people should understand and comply with the laws that relate to their work. It is the responsibility of managers within SDL to ensure that members of their team are aware of their responsibilities in this regard and to seek advice from the CFO or other resource as appropriate if they are unsure, especially for transactions that cross international borders or involve foreign laws.

SDL people should be aware that many countries have laws that regulate the import and export of goods, services, software and technology for a variety of reasons, including national security and foreign policy. SDL people will:

- familiarise themselves with and abide by the laws, rules and regulations of the countries in which they are operating;
- undertake training on legal obligations and policies as required by SDL; and
- comply with all statutory, regulatory, stock exchange and internal disclosure requirements on a timely basis.

## DELEGATED AUTHORITY

SDL's Board of Directors delegates the day-to-day responsibility for managing the business of the Company to the Chief Executive Officer. The Chief Executive Officer in turn delegates to other levels of management the authority to make operational and financial decisions within defined limits.

The rules that govern this system are called the Delegated Authority Framework. SDL people will:

- ensure they understand the Delegated Authority Framework that applies to their position in the Company;
- only act within the Delegated Authority Framework and any authority that may be specifically given to them as a Delegated Authority holder; and
- ask their manager if they are uncertain about their Delegated Authority level of authority.

If you suspect that a breach of the Delegated Authority Framework rules or limits has occurred (or is about to occur), you should advise your manager and the Delegated Authority holder who should have correctly approved the transaction as soon as possible. You may also use the compliance escalation procedures discussed below under "Reporting Concerns".

## PERSONAL INTEGRITY

Individually and collectively, our personal integrity supports the honest use of Company resources such as time, funds and property, in dealings with co-workers and others. Business needs take priority in the allocation of our time at work. Use of Company resources is for business purposes only unless otherwise authorised by the appropriate manager. We respect the privacy and

autonomy of SDL people in their personal lives, but note that their actions, both in the workplace and outside it, have the potential to negatively impact the reputation of our company.

### **QUESTIONS TO ASK YOURSELF IF FACED WITH A DIFFICULT SITUATION**

Use these questions to guide you to the best course of action when you are faced with a difficult decision. Gather information and then determine if the situation you face is an ethical issue. The questions below may help to clarify your situation and ethical action.

- What is my immediate feeling about this?
- Does this comply with our policies and procedures?
- Is this legal?
- Is this an expected part of my job?
- How would others perceive this action?
- Would I or SDL be embarrassed if this situation were disclosed in the media?
- Would I be putting myself or SDL at unnecessary risk?
- What impact would this have on my or the Company's reputation?
- Is this taking revenue or customers away from SDL or otherwise negatively impacting on SDL's interests?
- Does this affect my judgment to act in the best interests of SDL?

We rely on all SDL people to use good judgment to guide behaviour and to ask questions in situations where the proper course of action may be unclear. If there is any doubt or ambiguity, refer the matter immediately to your manager or the CFO or CEO.

### **REPORTING CONCERNS AND POTENTIAL ISSUES**

If you become aware of a breach or threatened breach of this Code or any breach or threatened breach of a legal obligation or SDL policy, you are responsible for reporting it to the Company. In the first instance, this should be to your manager. If this is not appropriate in the circumstances, you should report the breach to:

- your manager's manager; or
- the Chief Financial Officer; or
- the Chief Executive Officer; or
- the Chair of the Audit Committee; or
- the Board Chairperson.

The Directors and senior management will stand behind and support any employee who, acting in good faith, reports a breach, serious problem or wrongdoing.

Employees are not required to follow normal organisational chain of authority in reporting any matters and may without prejudice and if they feel the need due to potential conflict or fear of reprisal, report issues directly to the CEO or Board member or as outlined above.

The Company and those involved in receiving or investigating any report will take all reasonable steps to keep the identity of the person making the report confidential and will only disclose such identity to others on a “need to know” basis.

## **HOW MANAGEMENT AND DIRECTORS WILL HANDLE COMPLAINTS AND INQUIRIES**

### **ASSESSMENT OF COMPLAINT**

All complaints will be taken seriously and will be investigated in a timely manner. If substantiated, the complaint will be resolved through appropriate corrective action and/or discipline. If you make a complaint and choose to identify yourself, you will be notified when the review of your complaint is completed. Every effort will be made to maintain privacy and confidentiality for those who report or who are accused of a breach of this Code (although disclosure may be necessary in some cases to effectively conduct an investigation, take corrective action or support legal proceedings or otherwise as required by law).

It is expected that all reports to the Company will be made in good faith. Deliberately or recklessly making false complaints could result in disciplinary action.

### **PROTECTION FOR REPORTING**

We support and encourage our team members to come forward in order for the CEO, Board and other subject matter experts to investigate and allow for a proactive response to potential areas of concern. Retaliation or retribution against a team member for contacting the Company or for assisting or participating in an investigation of a complaint violates our ethical principles and will not be tolerated. If you feel you have been retaliated against, you should contact the CEO or a board member immediately. SDL will not tolerate retaliation against team members who report suspected misconduct or provide information as part of an investigation and any form of retaliation could result in disciplinary action.

### **OPPORTUNITY TO RESPOND**

If it has been found that a team member has breached or has likely breached this Code, the team member will be informed of the complaint in due course. He or she will be provided the opportunity to respond and, where or if appropriate, to contribute to the correction of the breach.

### **REPORTING OF BREACHES**

Any breach of the Code will be reported to senior management with recommendations for action. Ethical issues reported to the a Board Member, senior management team member or Board of Directors will be summarised quarterly and reported to the Board and the Audit Committee of the Board, together with results of investigations, recommendations and action. The Chief Financial Officer will report significant complaints regarding accounting, internal accounting controls or auditing matters directly to the Chair of the Audit and Risk Committee of the Board.

### **FILE DOCUMENTATION**

Records of the report and investigation, including contents of meetings, interviews, results of investigations and other relevant material, will be maintained by the Chief Financial Officer in a

separate file, and managed on a confidential basis. Disclosure of information internally will be strictly limited to a need-to-know basis.

## **BREACH OF THIS CODE OF CONDUCT**

The Company's Code represents a strong commitment to do the right thing in all business and personal interactions relating to SDL, including respecting the rights of others. As SDL team members, you agree to uphold this commitment. If you don't, you could put yourself, your colleagues and SDL at risk.

Failure to comply with this Code may amount to a serious breach of the terms of your employment with SDL. This could lead to disciplinary action against you, including immediate termination of your employment and without notice or any compensation. Breaches of law may also result in civil or criminal penalties.

## **FURTHER INFORMATION AND CONTACTS**

This Code does not prescribe an exhaustive list of acceptable and non-acceptable behaviours, and is in addition to Company policies and terms of employment (some of which expand on the content of this Code), including those, which are specific to each employee's country. This Code is also to be read subject to the laws in the employee's country. This Code will be reviewed annually by SDL's Board of Directors.

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.

If you have questions about this Code please contact the SDL Chief Financial Officer in the first instance.

This Code was approved by the Board of Directors on 2 May 2019.