

## CONTINUOUS DISCLOSURE POLICY OF SLI SYSTEMS LIMITED

1. **Purpose of Policy:** The purpose of SLI Systems Limited's and its subsidiaries' ("SLI") policy on continuous disclosure is to ensure SLI follows best practice in complying with its continuous disclosure obligations under the Financial Markets Conduct Act 2013 ("Act") and the NZX Main Board Listing Rules ("Listing Rules").
2. **Organisational Scope of Policy:** This policy applies to all SLI staff members, officers, directors, consultants and service providers of SLI.
3. **Policy Goals:**
  - a. SLI is committed to providing all SLI shareholders with the same access to material information about its business in a timely manner (through full, fair and balanced disclosure to NZX) unless an announcement is not required under exclusions provided under applicable Listing Rules and SLI chooses not to disclose the information (see section 9 which details the exclusions).
  - b. SLI will implement procedures for identifying, reporting and disclosing material information to ensure that it does not contravene the Act or the Listing Rules.
  - c. SLI is committed to preventing a false market for the trading of its shares and recognises that full and timely disclosure of material information by public issuers promotes efficiency, growth and integrity of the capital markets in New Zealand.
4. **Material Information:**
  - a. Definition of Material Information for this policy: Information in relation to SLI that a reasonable person would expect, if such information were generally available to the market, to have a material effect on the price of SLI's shares. Materiality is assessed using measures appropriate to SLI and having regard to the examples given by NZX in Listing Rule 10.1.1 and the separate NZX guidance note on continuous disclosure.
  - b. The Act and the Listing Rules require SLI to disclose Material Information to the NZX immediately upon SLI becoming aware of the Material Information.
  - c. Material Information must not be released to third parties until the information has been disclosed on the NZX.
5. **Examples of Material Information:** There is no definitive list of all matters that may constitute Material Information. Set out below is a list of a number of matters which, if they occurred, would likely require consideration as to whether they constitute Material Information:
  - Change in SLI's financial forecast or expectation;
  - Material legal proceedings;
  - Loss/gain of a materially significant customer. The Listing Rules do not define "materially significant" but for these purposes SLI's starting position is that anything that will impact on recurring revenues by more than 5% is material;
  - Material downturn in Site Champion/material change in retention rate (again definition of material is not specific but for the purposes of this

- SLI's starting position is that this means anything that will impact on recurring revenue by more than 5% is material); and
- Mergers or acquisitions.

## 6. Responsibilities:

- a. Board: The Board of directors of SLI are responsible for approving this policy and any amendments.
- b. Chair and CEO: The Chair and the CEO have both been separately appointed by the Board as responsible for determining whether or not information is considered to be "Material Information", and if so, whether disclosure is required under the Act and/or the Listing Rules and the form of disclosure if determined that disclosure is required. The Chair and CEO may each carry out their obligations under this policy individually.
- c. Directors: Directors are responsible for immediately reporting to the Chair and CEO any information he/she may hold that may require disclosure under this policy.
- d. Senior Managers/officers/employees/consultants: Senior Managers/officers/employees and consultants of SLI are responsible for immediately advising the CEO or a member of the senior management team if he/she believes they hold Material Information. In addition to this the Senior Management team will also be asked to confirm at their weekly team meetings that they have made all necessary disclosures under this policy.
- e. CFO: The CFO is accountable for drafting and maintaining this policy, and submitting this policy, and any amendments to this policy, to the Board for approval from time to time. The CFO is also responsible for providing guidance and recommendations to the Chair and CEO to assess what is Material Information under this policy and for keeping appropriate records of disclosure decisions made under this policy.

## 7. Process for Reporting Possible Material Information:

- a. If any employee becomes aware of any information that may be considered to be Material Information, that employee must alert the CEO, or a member of the senior management team as soon as practicable, and provide them with the following details (to the extent known):
  - General description of the matter;
  - Parties involved;
  - Date of the event or transaction;
  - Status of the event or transaction;
  - Potential consequences;
  - Names of those involved with the event or transaction; and
  - Potential value implications and impact on SLI.

**Note:** If a person is unsure whether information is Material Information, that person must disclose the information in accordance with this policy in order for the Chair and CEO to make this determination.

The person to whom the information has been disclosed will then alert the CFO. If the CFO considers that Material Information has been presented, the CFO will immediately advise the CEO and the Chair that he/she recommends this information be disclosed to NZX immediately.

- b. Even if an employee becomes aware of information through rumours or speculation, the employee should still disclose the details of the

speculation, the source of the information and the consequence on SLI if the information is true. **All directors, employees and consultants are responsible for reporting Material Information under this policy.** Members of Senior Management must ensure that employees under their control are aware of their obligations under this policy.

- c. Directors must advise the Chair and CEO of all pertinent information as soon as they become aware that they may hold Material Information. The Chair and the CEO will then consult to determine whether disclosure needs to be made.

#### **8. Process for Disclosing Material Information:**

- a. If it is determined that Material Information needs to be disclosed, the CFO will arrange for an announcement to be drafted and then approved by the CEO and Chair. Once an announcement is approved by the CEO and Chair, the CFO will disclose the approved announcement to NZX.
- b. Immediately following disclosure to NZX, the CFO will then send a copy of the announcement to all directors.
- c. If necessary, the CEO and CFO will discuss whether a trading halt is required to ensure orderly trading and/or manage disclosure issues.

#### **9. Exclusions to Disclosure Requirements:** The Listing Rules provide for exceptions to the requirement to disclose Material Information. Material Information will not need to be released under the Listing Rules when **all** 3 of the following requirements are met:

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

#### **10. Analysts/Shareholder Communications:**

- a. All communications with analysts and shareholders must be conducted by either the CEO, CFO, or elevated to the Chair where appropriate, unless delegated by the CEO or CFO to a specific employee.
- b. Only publicly available information or non-material information may be disclosed to analysts and shareholders as all Material Information must be disclosed to NZX first.
- c. Records must be kept of all discussions, meetings and briefings with analysts and shareholders and provided to the CFO.

#### **11. Social Media/Media Monitoring:** No employee or director may communicate any information about SLI to the media including social media, chat rooms and blogs unless the release has been approved by the CFO.

**12. Monitoring of Compliance:**

- a. The CFO will periodically monitor company compliance with this policy and provide training to Senior Management and staff when appropriate.
- b. The CFO will review monthly financial accounts to consider if they show any material changes that should be disclosed to the market.
- c. The Audit and Risk Management Committee will review this policy annually. The policy will then be distributed company wide and to the Board after approval by the Audit and Risk Management Committee.
- d. Any known or suspected instances of non-compliance must immediately be made known to the CFO who will then investigate the matter.
- e. Employees and directors are to be aware that breaches of this policy will be treated seriously by SLI and may constitute "serious misconduct", resulting in disciplinary action being taken and may also result in NZX Regulation referring breaches of the Listing Rules to the NZ Markets Disciplinary Tribunal or to an action being brought by the Financial Markets Authority.

**13. External Advice**

If any of the Chair, CEO, and/or CFO deems it necessary to do so, he/she may seek external advice as to whether a communication might materially affect the price of SLI's securities.