



SDI LIMITED
ACN 008 075 581

WHISTLE-BLOWER PROTECTION POLICY

WHISTLE-BLOWER PROTECTION POLICY OF SDI LIMITED (“the Company”)

1. The Company is committed to a culture of corporate compliance and ethical behaviour. In particular, the Company is committed to the effective reporting of corrupt and illegal practices, and all behaviour that is contrary to the Code of Conduct, by people at all levels within the Company, starting with the Board of Directors, the Managing Director and Senior Management.
2. The Company is committed to compliance with all applicable laws and practices including AS 8004-2003.
3. The purpose of this policy is to encourage the reporting of Reportable Conduct.
4. Some of the benefits of this policy are:
 - (a) More effective compliance with relevant laws;
 - (b) More efficient fiscal management of the Company through, for example, the reporting of waste and improper tendering practices;
 - (c) A healthier and safer work environment through the reporting of unsafe practices;
 - (d) More effective management;
 - (e) Working with the knowledge that a fellow employee has engaged in Reportable Conduct may lead to personal stress among employees and therefore low morale and inefficiency in the workplace. A Whistle-blowing mechanism provides a channel for the release of that stress and improved morale and efficiency within the Company; and
 - (f) An enhanced perception and the reality that the Company is taking its governance obligations seriously.
5. Whistle-blowing concerns should be directed to the Whistle-blower Investigations Officer who at this point in time is the Company Secretary. This person should not be the same person as the Whistle-blower Protection Officer.
6. As a guide, the types of concerns where it is appropriate to use the Whistle-blowing mechanism set out in this policy are those described in the definition of Reportable Conduct at clause 17.
7. The Whistle-blowing mechanism may be invoked by employees, contractors, and shareholders.
8. In establishing his or her concerns, a whistle-blower must clearly inform the Whistle-blower Investigations Officer of all sources of knowledge in relation to the reportable conduct in order to allow verification of the truth of the concerns.

9. Within the limits of the law a whistle-blower shall have a guarantee of anonymity and all written material, which results from any investigation, shall be kept secure.
10. The Company, through the Whistle-blower Investigations Officer guarantees that whistle-blowers will receive feedback in relation to the concerns reported.
11. The Company is committed to protecting and respecting whistle-blowers and to protecting a whistle-blower's identity to the extent permitted by the law.
12. A whistle-blower has the right to request positive action by the Company to protect himself or herself. For example, relocation or leave of absence during the investigation where it will not be possible to maintain the anonymity of the whistle-blower.
13. The Company is committed to appointing and maintaining an appropriately qualified Whistle-blower Protection Officer who shall be accessible to all staff. The Whistle-blower Protection Officer at this point in time is the Chairman of the Audit Committee.
14.
 - (a) All reports of Reportable Conduct should be the subject of a thorough investigation with the objective of locating evidence that either substantiates or refutes the claims made by the whistle-blower.
 - (b) Such investigations should be conducted by the Whistle-blower Investigations Officer. They should follow best practice in investigation and be fair and independent of either the business unit concerned, the whistle-blower or any person being the subject of Reportable Conduct.
 - (c) The rules of natural justice should be observed in any investigation arising out of a Whistle-blower report. For example, the investigation should be conducted without bias and the person against whom the allegation is made should be given the right to respond.
 - (d) In the interests of both the perception and reality of objectivity, consideration may be given to employing outside investigators at arms length from the Company, particularly where the allegation is serious.

(e) Professional investigation management includes the following principles:

- Investigations are subject to the realities of resource allocations, and so project management techniques need to be applied over a number of phases, each having clear statements of their objectives in terms of quality, time, and cost.
- The investigation process should be open to administrative, operational, and judicial review. An audit trail must be maintained linking investigation activities back to approved plans, and documenting critical decisions made during the course of the investigation.

15. The Company is committed to reviewing the Whistle-blowing Program regularly for effectiveness.

16. Where a whistle-blower acts in good faith and has not engaged in serious misconduct or illegal conduct, he or she may be provided with immunity from disciplinary proceedings. A whistle-blower who reports Reportable Conduct must not be personally disadvantaged by having made the report by:

- (a) Dismissal;
- (b) Demotion;
- (c) Any form of harassment;
- (d) Any form of discrimination;
- (e) Current or future bias;
- (f) Reprisals; or
- (g) Victimisation.

17. DEFINITIONS

Corruption or corrupt: Dishonest activity in which a director, executive, manager, employee or contractor of any company acts contrary to the interests of the Company and abuses his/her position of trust in order to achieve some personal gain or advantage for himself or herself for another person or company.

Fraud or fraudulent: Dishonest activity causing actual or potential financial loss to any person or company including theft or moneys or other property by employees or persons external to the company and whether

or not deception is used at the time, immediately before or immediately following the activity. It also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use for a normal business purpose or the improper use of information or position.

Immunity: An undertaking given by the Company to a whistle-blower in relation to action it intends not to take against the whistle-blower as a result of receiving a report of Reportable Conduct from the whistle-blower.

Investigation: Evidence connecting or tending to connect a person (either a natural person or a body corporate) with conduct that infringes the criminal law or the policies and standards set by the company concerned.

Reportable Conduct: Conduct by a person or persons connected with a company which, in the view of a whistle-blower acting in good faith, is –

- (a) Dishonest,
- (b) Fraudulent;
- (c) Corrupt;
- (d) Illegal (including theft, drug sale/use, violence or threatened violence and criminal damage against property);
- (e) In breach of Commonwealth or State legislation or local authority by-laws (eg. Trade Practices Act or Income Tax Assessment Act);
- (f) Unethical (either representing a breach of the company's code of conduct or generally);
- (g) Other serious improper conduct;
- (h) An unsafe work-practice; or
- (i) Any other conduct which may cause financial or non-financial loss to the company or be otherwise detrimental to the interests of the company.

Whistle-blower: A person being a director, manager, employee or contractor of the Company who, whether anonymously or not, makes, attempts to make or wishes to make a report in connection with Reportable Conduct and where the whistle-blower wishes to avail himself or herself of protection against reprisal for having made the report.

Whistle-blower Investigation Officer: A person or persons being a director, manager, employee or contractor of the Company who has responsibility for conducting preliminary investigations into reports received from a whistle-blower.

Whistle-blower Protection Officer: A person or persons being a director, manager, employee or contractor of the Company who has responsibility for protecting whistle-blowers within the meaning of this Standard.