

## RELATED PARTY TRANSACTION POLICY

### 1. STATEMENT OF COMMITMENT

The Company recognises that Related Party (as defined below) transactions can present potential or actual conflicts of interest and may raise questions about whether they are in the best interests of the Company. The Company is committed to ensuring that all decisions are made in the best interests of the Company, as well as ensuring compliance with the law, and that all Directors understand their obligations when it comes to related party transactions.

### 2. INTRODUCTION

Directors have a duty to take all reasonable steps to manage actual, potential or perceived conflicts of interest. Furthermore, the law prohibits a public company from giving a financial benefit to a related party except in accordance with the requirements set out in the Corporations Act.

A part of the Board process is the confirmation by all Directors of their independence, which includes the consideration and notification (as required) of any potential or actual conflicts of interest and Related Party transactions.

The Company's Code of Conduct also imposes an obligation on all directors and members of the Company's Executive Leadership Team as well as all employees to declare actual and perceived conflicts of interests.

The purpose of this Policy is to provide the Company with the process of identification, review, approval and disclosure of Related Party transactions. All Related Party transactions, (unless a Pre-approved Transaction), are to be reviewed and approved or ratified, if applicable by the Company's Audit & Risk Committee (the **Committee**).

### 3. DEFINITION OF RELATED PARTY

A related party is defined under section 228 of the Corporations Act. Key Management Personnel (**KMP**) is defined under AASB 124.

For the purposes of this policy, the Company has adopted the following definition of a related party (which is derived from the meaning used in each of the Corporations Act and ASX Listing Rules):

- a) Any person or entity that controls the Company.
- b) A director of the Company.
- c) A director of an entity that controls the Company.
- d) The spouses, parents of children of the persons referred to in (a) (b) or (c) above.
- e) Any entity controlled by a person referred to in (a), (b) or (c) above.
- f) In which a person referred to in (a), (b) or (c) above has a material personal interest.

- g) Any other person or entity whose relationship with the Company or a member of the Company Group is, in the opinion of the Board, such that this policy should apply to that person or entity.

The rules regarding related party transactions also apply to:

- Any person who has been a Related Party (as defined above) at any time in the last six months (even if they are not a related party, as defined above, at the time of the relevant transaction); and
- Any person who the Board believes, or has reasonable grounds to believe, is likely to become a related party (as defined above) at any time in the future.

#### **4. DEFINITION OF FINANCIAL BENEFIT**

A financial benefit includes giving a financial benefit indirectly through an interposed entity, making an informal, oral or non-binding agreement to give the benefit, and giving a benefit that does not involve paying money. Examples (not limited) of “giving a financial benefit” to a Related Party include the following:

- a) Giving or providing the Related Party finance or property.
- b) Buying an asset from or selling an asset to the Related Party.
- c) Leasing an asset from or to the Related Party.
- d) Supplying services to or receiving services from the Related Party.
- e) Issuing securities or granting an option to the Related Party.
- f) Taking up or releasing an obligation of the Related Party.

#### **5. THE EXCEPTIONS IN THE CORPORATIONS ACT**

There are a number of exceptions to the requirement in the Corporations Act to obtain shareholder approval for the giving of a financial benefit to a related party. However, unless one of these exceptions applies, shareholder approval must be obtained in accordance with this Policy prior to the giving of a financial benefit to a related party.

##### **5.1. The ‘Arms’ Length’ Exception**

Shareholder approval is not required to be obtained for the giving of a financial benefit to a related party if the proposed transaction is on arm’s length terms, or on terms that are less favourable to the related party.

##### **5.2. In determining whether the arm’s length exception applies to a transaction, the Board will have regard to the following factors:**

- a) The terms of the transaction and in particular, how those terms compare with those of any comparable transaction the Company has entered into.

- b) The nature and content of the negotiations of the transaction, including whether any protocols adopted by the Company to ensure that conflicts of interest were appropriately managed.
- c) The impact of the proposed transaction on the Company and its shareholders.
- d) Any other options that may be available.
- e) Any expert advice received in relation to the proposed transaction.

**5.3. Other exceptions to the requirement in the Corporations Act to obtain shareholder approval for the giving of a financial benefit to a related party include:**

- 1. Where the financial benefit represents reasonable remuneration payable to the related party as an officer or employee, or the reimbursement of expenses.
- 2. The giving of an indemnity, exemption or insurance policy in respect of a liability incurred as an officer or employee.
- 3. Where the value of the financial benefit (together with all other financial benefits given to the related party in the relevant financial year without shareholder approval) is less than \$5,000.
- 4. Benefits given to a shareholder of the Company that do not discriminate unfairly against other shareholders of the Company.
- 5. Benefits given by the Company to a wholly owned subsidiary (or vice versa).

Where the Board is satisfied that one of the above exceptions applies, shareholder approval will not be required for the giving of the financial benefit, however, prior Board approval will nonetheless be required unless the transaction is designated by the Board as "routine".

## **6. IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

Potential Related Party transactions are to be brought to the attention of the Company in a number of ways.

- 1. Directors are to promptly notify the Company Secretary of any interests they have or may have, or immediate family member has or may have in a Related Party transaction. These details are recorded in a Declaration of Director's Interests Form.
- 2. In respect to Board members, at each Board meeting, all Directors are asked to disclose or confirm details of, amongst other things at each Board meeting, details of any Related Party transactions.
- 3. At each half year and full year reporting period, all KMP complete a questionnaire which is designed amongst other things, to disclose information about any Related Party transaction.

## **7. REVIEW, APPROVAL AND RATIFICATION OF RELATED PARTY TRANSACTION**

Other than those transactions set out below in the “Pre-approved Transactions” section, any Related Party transaction or proposed Related Party transaction is to be notified to the Company Secretary who shall then bring it to the attention and consideration of the Committee.

The Committee is to be provided with all material facts of the proposed or existing Related Party transaction including the terms of the transaction, whether those terms are on arm’s length and the business purpose of the transaction. (Refer to Annexure 2 – RPT Justification Form)

The Committee will consider the information provided to determine whether and how to proceed with the proposed transaction. In considering the information, the Committee may seek further advice from appropriately qualified advisers and professionals as required, with the assistance of the Company Secretary.

In addition, the Company’s financial approvals matrix will apply specifically on whether a tender is required to be undertaken if the value of the proposed transaction exceeds a certain value.

### **7.1. Factors for consideration in determining whether the transaction is ‘arm’s length’**

A checklist of factors to be taken into consideration (not exhaustive) is set out at Annexure 1 to this Policy.

### **7.2. Consideration of proposed Related Party transaction**

1. Any person with a material personal interest in the proposed transaction must not be present for discussion regarding the proposed transaction.
2. Any Director with a material person interest in the transaction must leave the room during voting on the transaction.

### **7.3. Independent experts**

- The Committee will determine if an independent expert’s report is required for any transaction requiring shareholders’ approval to provide an adequate valuation of a financial benefit. The independent expert will be selected and engaged by the Directors who do not have an interest in the Related Party transaction.
- The independent expert will be independent of the Company’s external auditor and Directors.

### **7.4. Form of Contract**

Where a Related Party Transaction has been approved by the Committee then formal engagement is to be as follows:

- Short Form Contract – required where no tender process has been undertaken.

- Long Form Contract – required where a tender process has been undertaken.

#### **7.5. Post Completion Evaluation**

Regardless of the type of contract document used to bind the Company and the Related Party, a post completion evaluation report is to be prepared by the Company Secretary and attached to the final invoice to be paid which is covered by the contract document.

### **8. PERSONS WITH A MATERIAL PERSONAL INTEREST ARE NOT TO PARTICIPATE**

Any officer or employee who has a material personal interest in the outcome of a proposed related party transaction or who becomes aware that a proposed transaction is a related party transaction as described in this policy must disclose that interest or transaction to the Chair of the Committee and the Company Secretary, who will notify the Board.

An officer or employee who has a material personal interest in a proposed related party transaction must not participate or be in any way involved in the decision-making process of the Board in relation to that proposed related party transaction, unless permitted by relevant laws and with the approval of the non-interested directors on the Board.

Where the interested person is a Director of the Company, he or she must not:

- a) Be present while the proposed transaction is being considered by the Board.
- b) Vote on the proposed transaction, unless permitted by relevant laws. unless permitted by relevant laws.

### **9. PRE-APPROVED TRANSACTIONS**

Transactions that do not require approval are pre-approved transactions, as follows:

- Director remuneration approved by the Board.
- Reimbursement of Director expenses incurred in performing Director duties.
- Payment of indemnities, exemptions, insurance premiums and legal expenses incurred in performing Director duties.
- Transactions in the ordinary course of business that do not exceed \$5,000.
- The benefit is given to the Director in their capacity as a shareholder of the Company and the benefit does not discriminate unfairly against other shareholders of the Company.
- The benefit is given as a result of a Court Order.

Any Pre-approved Transactions must be consistent with the exceptions set out in the Corporations Act.

## **10. DOCUMENTATION**

All related party transactions (including those that are determined by the Board to be on arm's length terms or otherwise subject to an exception) must be appropriately recorded and documented.

## **11. DISCLOSURE**

Subject to the Corporations Act and applicable accounting standards all Related Party transactions are to be disclosed in the Company's Annual Report and are subject to any ASX Listing Rule requirements concerning disclosure to ASX.

## **12. REGISTER**

The Company Secretary will keep and maintain a register of all related party transactions involving members of the Kingsrose Group regardless of whether or not the transaction requires shareholders' approval, including details of the transaction, the parties and whether shareholder approval was obtained or one of the exceptions applied.

## **13. CONTACT**

If you are in any doubt regarding any aspect of this Policy, you should contact the Company Secretary.

Compliance with the law and the requirements set out in this Policy is the responsibility of all Directors, officers, senior executives, employees and consultants of the Company. Any guidance provided in or under this Policy does not affect individual responsibility.

## **14. REVIEW**

The Committee will review this Policy annually.

**Annexure 1 – Factors for considering whether a transaction is “arm’s length”**

Questions and factors for consideration	Yes	No
1. Is the transaction a Pre-approved Transaction?		
2. How do the terms of the overall transaction compare with those of any comparable transactions on an arm’s length basis?  Note: If there is no comparable transaction available, this may be an indication that shareholders’ approval is required for the proposed transaction.		
3. Are there any other options available to the Company? (For example, has a process for tender occurred?)		
4. Has any expert advice been received by the Company (including any professional or expert advice from appropriately qualified advisers)?		
5. Are the terms of the proposed transaction fair to the Company and on the same basis that would apply if the transaction did not involve a related party?		
6. Are the terms of the proposed transaction on terms that are less favourable to the Related Party than arm’s length?		
7. Are there business reasons for the Company to enter into the proposed transaction?		
8. Will the proposed transaction impair the independence of the relevant director?		
9. What are the implications for the Company’s financial position and performance?		
10. What is/was the nature and content of the bargaining process (include reference to any unique or unusual terms/content)?		

**Appendix 2 – Related Party Transaction | Justification**

<b>Subject:</b>	
<b>Date:</b>	
<b>Annexures:</b>	

This justification form is to justify releasing of a Purchase Order / Contract to; **[SUPPLIER NAME]** for the supplying of **[PRODUCT/SERVICE]** for below reasons:

**Business purpose and justification**

- 1-
- 2-
- 3-

**Commercial terms and justification**

- 1-
- 2-
- 3-

Are the proposed commercial terms on an arm's length basis? YES / NO

**Approvals:**

	Requester	Managing Director / CEO
<b>Name</b>		
<b>Signature</b>		
<b>Date</b>		

Once signed by the Managing Director / CEO this form is to be forwarded to the Audit & Risk Committee via the Company Secretary.