

# Related Party and Conflicts Policy

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Prospa Group Limited

ACN 625 648 722

## Document Management

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## 1 OBJECTIVE, SCOPE AND PURPOSE

### 1.1 Objective

Prospa is committed to conducting business in a fair, transparent, accountable and impartial manner. This Policy sets out a framework for the management and monitoring of actual, apparent or potential conflicts of interest which may arise in relation to the activities of the Group. Related Party Transactions are a particular circumstance where a conflict of interest may be present.

Being cognisant of conflicts of interest and Related Party Transactions within the Group is important for the purposes of legal compliance and maintaining investor confidence and reputation.

### 1.2 Scope

This Policy applies to each member of the Group.

## 2 TERMS & DEFINITIONS

### 2.1 What is a Related Party

For the purposes of this policy, a Related Party includes

- (a) any person or entity that controls a member of the Group;
- (b) an Officer or Executive of a member of the Group;
- (c) the spouses, parents or children of the persons referred to in (b) above;
- (d) any entity:
  - (i) controlled by a person referred to in (a), (b) or (c) above; or
  - (ii) in which a person referred to in (a), (b) or (c) above has a material personal interest; and
- (e) any other person or entity whose relationship with a member of the Group is, in the opinion of the Board, such that this policy should apply to that person or entity.

For the purposes of this Policy, a Related Party will also include:

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

### 2.2 What is a Financial Benefit?

For the purposes of this policy, a financial benefit is to be interpreted broadly and 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.

The *Corporations Act 2001* (Cth) (section 209) provides the following examples of giving a financial benefit:

- giving or providing the Related Party finance or property
- buying an asset from or selling an asset to the Related Party
- leasing an asset from or to the Related Party
- supplying services to or receiving services from the Related Party
- issuing securities or granting an option to the Related Part
- taking up or releasing an obligation of the Related Party

## 2.3 Other Definitions

**Board** means the board of directors of the relevant Group member (as the context requires)

**Executive** means any individual who is employed in an executive role

**Group** means Prospa and each of its Related Bodies Corporate

**Officer** means any director or secretary

**Prospa** means Prospa Group Ltd

**Related Body Corporate** has the meaning given in the Corporations Act 2001 (Cth)

**Related Party Transaction** means a potential transaction under which a Related Party will obtain a Financial Benefit from dealings with a member of the Group

**Stakeholders** include each:

- (a) Officer;
- (b) Executive;
- (c) Employee; and
- (d) Shareholder,

of a Group member.

## 3 GUIDELINES & PROCESS

### 3.1 Identifying a conflict of interest

All Stakeholders of the Group are required to identify where there is an actual, apparent or potential conflict of interest between the interests of the Group and a Related Party in any transactions of a Group member.

Conflicts of interest may arise where:

- (a) a Stakeholder or Related Party has a material personal interest in a proposed transaction or decision of a Group member;
- (b) a transaction constitutes a Related Party Transaction; or
- (c) a transaction may favour some shareholders over others

### 3.2 Report any conflict of interest

If a Stakeholder identifies or suspects there is a conflict of interest in an actual or proposed dealing of the Group, the relevant Stakeholder should report the matter to the Company Secretary or CFO, including details of the following information:

- (a) a Stakeholder or Related Party has a material personal interest in a proposed transaction or decision of a Group member;
- (b) a transaction constitutes a Related Party Transaction; or
- (c) a transaction may favour some shareholders over others.

### 3.3 Report to Audit and Risk Committee (ARC)

All conflicts of interest that are notified to the Company Secretary or CFO in accordance with this policy will be reported to the ARC at the next scheduled meeting including:

- (a) details of the conflict;
- (b) any resolution of the conflict (if relevant); and
- (c) whether the conflict requires Board (or shareholder) consideration and resolution.

All conflicts will be recorded in the Register of Interests where they will be noted as a conflict and accompanied with any other relevant details pertaining to that conflict.

In addition to any conflicts of interests, all interests that are held by Directors are also to be recorded in the Register of Interests when they are advised to the Board or Company Secretary by the relevant Director. This Register of Interest will be maintained by the Company Secretary and will be periodically reported to the ARC (even in the event that there are no new interests that are considered to be potential conflicts).

### **3.4 Scope**

Any person who has a material personal interest in a transaction must disclose that interest to the Company Secretary, who will notify the Board. The interested person must not participate or otherwise be involved in the decision-making process of the relevant Group member or the Board in relation to the proposed transaction.

## **4 RELATED PARTY TRANSACTIONS**

### **4.1 Limitations on Related Party Transactions**

Members of the Group are prohibited from entering into Related Party Transactions unless:

- (a) shareholders have approved the Related Party Transaction; or
- (b) an exception (under the terms of this policy) applies to that transaction.

### **4.2 What is the process for assessing Related Party Transactions?**

#### **4.2.1 Board Consideration**

Related Party Transactions will be reported to the Board for consideration. The Board must determine whether an exception applies to the proposed Related Party Transaction or whether shareholder approval will be required.

#### **4.2.2 Exception applies**

Where the Board determines that the proposed Related Party Transaction is on arm's length terms or subject to any other exception such that shareholder approval is not required, it may resolve to proceed with the proposed Related Party Transaction on terms it considers appropriate.

#### **4.2.3 Shareholder approval required**

Where the Board determines, based on the information available to it, that the proposed Related Party Transaction is:

- (a) not on arm's length terms;
- (b) not subject to any other exception; or
- (c) such that shareholder approval should nevertheless be obtained,

then the Board must seek shareholder approval.

### **4.3 What exceptions may apply?**

Shareholder approval will not be required for a Related Party Transaction where the Board is satisfied that one of the following exceptions applies:

- (a) the Financial Benefit given to the Related Party represents reasonable remuneration payable to the Related Party as an officer or employee, or the reimbursement of expenses;
- (b) the Financial Benefit is an indemnity, exemption or insurance policy in respect of a liability incurred as an officer or employee;
- (c) 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;

- (d) the Financial Benefits is given to the Related Party in its capacity as a shareholder of the Group, and such Financial Benefit does not discriminate unfairly against other shareholders of Prospa or the relevant Related Body Corporate; and
- (e) benefits given by Prospa or its Related Bodies Corporate are to a wholly-owned subsidiary (or vice versa); or
- (f) the transaction is conducted on 'arm's length' terms (see section **Error! Reference source not found.**)

#### **4.4 What constitutes "arm's length terms"?**

Group members are not required to obtain shareholder approval for a Related Party Transaction if the proposed transaction is:

- (a) on terms that would be reasonable if the Group member and the Related Party were dealing at arm's length; or
- (b) on terms that are less favourable to the Related Party than if they were dealing at arm's length

In determining whether the arm's length exception applies to a Related Party Transaction, the Board will have regard to the following factors:

- the terms of the transaction;
- any protocols adopted by Prospa (or its Related Body Corporate) to ensure that conflicts of interest were appropriately managed;
- the impact of the proposed transaction on Prospa (or its Related Body Corporate) and its shareholders; and
- any other options that may be available.