

Related Party Transactions Policy

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Status: Final

1. Purpose

This Policy outlines the processes adopted by Seven Group Holdings Limited (SGH) to identify and appropriately manage related party transactions.

2. Scope

Related Party transactions

SGH and members of the SGH Group are prohibited from giving a financial benefit to a related party unless:

- SGH's shareholders have approved the giving of the financial benefit; or
- an exception applies.

As a listed entity, SGH is also prohibited from entering into certain transactions with related parties without shareholder approval.

Who is a Related Party?

For the purposes of this policy, SGH has adopted the following definition of a related party:

- a) any person or entity that controls SGH;
- b) a director of SGH, or of a SGH Group member, or of an entity that controls SGH;
- 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
 - iii) any other person or entity whose relationship with SGH or a member of the SGH 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:

- a) 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
- b) 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.

Note: If there is any doubt as to whether a particular person or entity is a related party of the SGH Group for the purposes of this policy, the matter should be referred to the Independent & Related Party Committee and a decision will be made by the independent members of the Board.

What is a financial benefit?

The term 'financial benefit' is to be interpreted broadly. When applying this policy, the Board will have regard to the commercial nature of the transaction, and any consideration given for the benefit will be disregarded (even if the consideration is considered to be adequate).

Some examples of financial benefits include:

- a) giving or providing finance or property (including buying, selling or leasing an asset);
- b) supplying or receiving services; or
- c) issuing securities or granting options.

The exceptions

There are a number of exceptions to the requirement 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.

The "arm's length" exception

SGH is not required to obtain shareholder approval 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.

In determining whether the arm's length exception applies to a transaction, the SGH Group CFO will have regard to the following factors:

- a) the terms of the transaction;
- b) any protocols adopted by SGH to ensure that conflicts of interest were appropriately managed;
- c) the impact of the proposed transaction on SGH and its shareholders;
- d) any other options that may be available; and
- e) any expert advice received in relation to the proposed transaction.

SGH will only rely on the arm's length exception in circumstances where the Group CFO is confident that the exception applies. If there is any doubt, the transaction will be referred by the Group CFO to the Independent & Related Party Committee for consideration and approval. A summary of key transactions will be provided annually to the Independent & Related Party Committee as part of the SGH Annual Report disclosures.

If the Independent & Related Party Committee is in any doubt, it will refer the transaction for shareholder approval in accordance with this policy.

The provider of the transaction needs to retain sufficient documentation to support the arm's length terms, i.e. examples of comparative transactions or pricing with unrelated parties.

Other exceptions

Other exceptions to the requirement to obtain shareholder approval for the giving of a financial benefit to a related party include:

- a) where the financial benefit represents reasonable remuneration payable to the related party as an officer or employee, or the reimbursement of expenses;
- b) the giving of an indemnity, exemption or insurance policy in respect of a liability incurred as an officer or employee;
- c) 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;
- d) benefits given to a shareholder of SGH that do not discriminate unfairly against other shareholders of SGH; and
- e) benefits given by SGH to a wholly-owned subsidiary (or vice versa).

Where the Independent & Related Party Committee is satisfied that one of the above exceptions applies, shareholder approval will not be required for the giving of the financial benefit.

3. Dealing with Related Party transactions

Protocols for negotiations with Related Parties

In respect of negotiations with Related Parties, the Independent & Related Party Committee should consider putting in place protocols to ensure that the related party does not influence SGH's decisions. For example, it may be appropriate to put in place 'Chinese Walls' in relation to the proposed transaction and seek independent advice.

All related party transactions to be referred to the Independent & Related Party Committee

Where a member of the SGH Group proposes to enter into a transaction with a related party the following procedure must be followed.

- a) Full and appropriate disclosure about the proposed transaction is to be made to the Company Secretary prior to any transactions being entered into. Such disclosure should include the following information:
 - i) full details of the proposed transaction, including the parties and the nature of their relationship (that is, why they are or might be considered to be related parties);
 - ii) whether an exception to the requirement to obtain shareholder approval applies or may apply;
 - iii) why the exception (if any) applies to the proposed transaction; and
 - iv) any other information appropriate or necessary in the circumstances for the Board to determine whether the arm's length or any other exception applies.
- b) The Company Secretary will compile the information provided, and include an item in the agenda for the Independent & Related Party Committee to consider the proposed transaction at the next Independent & Related Party Committee meeting.
- c) Where appropriate, the Independent & Related Party Committee may refer to any internal or external advice or recommendations on the proposed transaction.
- d) Where the Independent & Related Party Committee determines that the proposed 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 transaction on terms it considers appropriate.
- e) Where the Independent & Related Party Committee determines, based on the information available to it, that the proposed transaction is:
 - i) not on arm's length terms;
 - ii) not subject to any other exception; or
 - iii) such that shareholder approval should nevertheless be obtained,

and resolves that the proposed transaction should nevertheless proceed (subject to the required shareholder approval), the Independent & Related Party Committee must call a meeting of shareholders to be held to consider and, if thought fit, approve the proposed transaction.

Note: The procedures set out in this policy must be complied with in relation to all related party transactions.

However, any routine transactions entered into by a member of the SGH Group in the ordinary course of business and on arm's length terms (for example, general hire arrangements made by a related party through a member of the SGH Group) are not required to be referred to the Independent & Related Party Committee in accordance with this policy.

Persons with material interest not to participate

Any person who has a material personal interest in the outcome of a proposed related party transaction must disclose that interest to the Company Secretary, who will notify the Board and the Independent & Related Party Committee. The interested person must not participate or be anyway involved in the decision-making process of SGH or the Independent & Related Party Committee in relation to the proposed related party transaction.

Where the interested person is a director of SGH, he or she must not:

- a) be present while the proposed transaction is being considered by the Board; or
- b) vote on the proposed transaction.

4. Documentation and Disclosure

All related party transactions to be appropriately documented

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

Disclosure of related party transactions

Details of all related party transactions are to be fully disclosed in each annual report issued by SGH in accordance with Australian accounting standard AASB 124.

Register

The Company Secretary will keep and maintain a register of all related party transactions involving members of the SGH Group, including details of the transaction, the parties and whether shareholder approval was obtained or one of the exceptions applied.

5. Review of policy and endorsement

This policy will be reviewed by the Board as necessary to ensure that it remains relevant and appropriate to the SGH Group, to determine the effectiveness of the policy, and to make any changes necessary.

SGH is committed to this policy and its implementation and to ensuring that SGH and the SGH Group comply with their obligations in relation to related party transactions.