

Related Party Transaction Policy

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.aUDA
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Purpose of this Policy

This policy aims to:

- set out the obligations which ensure that, where required, related party transactions are referred to the auDA Board for approval;
- provide guidance to all auDA (and auDA Group) directors officers, employees, consultants and contractors (***Employees for the purpose of this Policy***) for recognising and reporting related party transactions, to ensure the interest of auDA is protected; and
- ensures that transactions involving related parties are fair, reasonable and consistent, so that a high standard of corporate governance and compliance is achieved.

Application of the Policy

auDA is committed to responsible corporate governance including compliance with laws and regulations governing related party transactions. auDA must specifically ensure that **related party transactions** (as defined in this policy) are managed and disclosed in accordance with accounting requirements to which auDA is subject, and in accordance with good governance obligations, to ensure that financial benefit is not given to related parties without approval by the Board.

Where a transaction is not a related party transaction pursuant to this policy or is treated as a pre-approved transaction, the affected person must also consider whether or not the transaction nevertheless needs to be approved and managed in accordance with the Conflicts of Interest Policy.

This policy applies to all officers and Employees and is in respect of related party transactions and applies together with the Board's Conflicts of Interest Policy. This Policy should be read in conjunction with the Code of Conduct Policy and Conflict of Interests Policy.

Meaning of a "Related Party"

A related party, is anyone, as defined in s228 of the Corporations Act and ASIC Regulatory Guide 76, as follows, but not limited to:

- i. All Employees;
- ii. A Director or nominee Director of any company in the auDA Group;
- iii. Any person identified by the Board of auDA as a person discharging managerial responsibilities in respect of the auDA Group;
- iv. Anyone who exercises significant influence over auDA, or the company in the auDA group in respect of which the transaction relates;
- v. Any immediate family of i, ii, iii or iv;
- vi. A close business

- vii. An entity that acts in concert with a related party on the understanding that the related party will receive a financial benefit if auDA gives the entity a financial benefit
- viii. Any other person or entity whose relationship with auDA is, in the opinion of the Board, such that this Policy should apply to that person or entity.

In this context:

“immediate family members” means: a) spouses, parents civil partners and children; and b) the trustee of any trust whose beneficiary is anyone in a) or (i) above;

“close business” means any business, company or partnership in which any of the persons identified in i)-v) above beneficially owns a 5% or more interest, or can otherwise control or jointly control.

“auDA Group” covers .au Domain Administration, The auDA Foundation and future entities operated by auDA

In this Policy the term “financial benefit” is broadly interpreted and includes:

- Indirectly giving a financial benefit
- Giving a financial benefit by making an informal, oral or non-binding agreement, and
- Giving a financial benefit that does not involve paying money.

The following are examples of giving a financial benefit:

- a) Giving or providing related party finance or property;
- b) Buying an asset from or selling an asset to a related party;
- c) Leasing an asset from or to a related party;
- d) Supplying services to or receiving services from a related party;
- e) Agreeing to an arrangement that benefits the business operations of a related party, and
- f) Taking up or releasing an obligation of a related party.

Identifying Related Party Transactions

A related party transaction is **any** transaction, arrangement or relationship involving any company in the auDA Group in which the **related party** has a direct or indirect interest or takes a direct or indirect financial benefit. A financial benefit includes indebtedness, guarantees and also transactions involving employment or similar relationships.

Disclosure of Related Party Transactions

All related party transactions of auDA are disclosed in each annual report issued by auDA to ensure compliance with the Australian Accounting Standards Board (AASB 124).

Disclosure of a related party transaction allows readers to better understand the effects of the related party transaction and provides an opportunity to assess situations, which could give rise to a conflict of interest.

Consequences for Breach of this Policy

A failure to obtain Board approval is an offence. Directors and officers of auDA involved in the failure to obtain Board approval may have commenced an offence under the Corporations Act if their involvement was dishonest and is subject to disciplinary action up to and including dismissal as well as civil and/or criminal legal sanctions that may arise from an improper related party transaction.

Giving notice of a suspected Related Party Transaction

Upon commencement of employment, all Employees are required to declare any potential Related Party Transaction when returning their signed Employment Agreement.

If at any time, any Employee believes that a transaction may constitute a related party transaction, the Employee must notify the Company Secretary.

Determining if a transaction is a Related Party Transaction

The proposed Related Party Transaction will be referred to the Governance Committee of auDA, who will make a recommendation to the Board of auDA.

It is not up to an individual director to decide whether a transaction falls within an exception but rather it is a decision for the Board. In the event, a director or officer of auDA is a party of a related party transaction, then that Director or Officer must exclude himself/herself from the consideration and approval process.

In determining whether to approve a Related Party Transaction, the Board shall consider such factors as it deems appropriate, including: (i) the business rationale for the Related Party Transaction; (ii) the commercial reasonableness of its terms; (iii) the materiality of the Related Party Transaction to auDA; (iv) whether its terms are (and will be perceived to be) fair to auDA and on the same basis as would apply if the transaction did not involve a Related Party; (v) the extent of the Related Party's interest in the Related Party Transaction; (vi) if applicable, the impact (or perceived impact) of the Related Party Transaction on a director's independence; (vii) the actual, apparent or perceived conflict of interest of the Related Party participating in the Related Party Transaction; and (viii) the legal and regulatory requirements to be followed by auDA in respect of the Related Party Transaction.

No director shall participate in the evaluation approval of any Related Party Transaction for which he or she is a Related Party and will not be present and abstain from voting on the consideration of the Related Party Transaction, except that the director shall provide all information concerning the Related Party Transaction to the Board.

On-going Management

If a Related Party Transaction will be ongoing, whether material in nature or not, the Governance Committee will establish the process for the Company to follow in its ongoing dealings with the Related Party. Any amendment, renewal or extension of a transaction, arrangement or relationship reviewed under this Policy, or any proposed expenditure related to a Related Party Transaction, shall also be subject to review by the Governance Committee under this Policy.

The Company shall maintain a standing register of all Directors interests, including domain urls to ensure governance is upheld.

Review of this Policy

The Company Secretary will be responsible for keeping this policy up-to-date. A formal review of this policy will occur every two years or earlier as a result of changes in law or regulation.

This policy will be submitted for review by the Governance Committee of auDA, who will make recommendations to the Board. The Board is responsible for approving this Policy.

Policy History:

Policy Version: 1.0

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