


Wellard Limited



# Related Party Transactions Policy

<b>POLICY:</b>	Related Party Transactions Policy	<b>APPROVED BY:</b>	Wellard Limited Board
<b>VERSION:</b>	Rev 2.0	<b>DATED:</b>	26 April 2018
		<b>SIGNED:</b>	 Chairman

## Part A – Purpose and General Overview

<p><b>Why does Wellard have this Policy?</b></p>	<p>Wellard is committed to responsible corporate governance, including compliance with laws and regulations governing related party transactions. Accordingly, this Policy has been created to assist management and the Board in dealing with actual and/or potential related party transactions.</p> <p>It is important that appropriate governance arrangements are in place and operating effectively for related party transactions to ensure that Wellard complies with relevant legislation and the interests of Wellard, its directors and employees are protected.</p> <p>Related party transactions may need prior shareholder approval or may require directors to excuse themselves from deliberation and not vote on the subject matter of the transaction. Accordingly, early identification is important.</p> <p>This Policy establishes formal processes for reporting, approving and recording deliberations in respect of related party transactions, both at the time of determining whether such a transaction is to be entered into and throughout the life of any such contracts to manage key decisions and subsequently to deal with any disputes which may arise</p>
<p><b>Overview of this Policy</b></p>	<p><b>Is the transaction a related party transaction?</b></p> <p>The definition of related party transaction under the various regulatory provisions is very broad and encompasses virtually all transactions or arrangements under which Wellard and its subsidiaries provide a financial benefit to a Related Person. In determining whether a transaction is a Related Party Transaction, a broad interpretation should be given to who is a Related Person and to the types of transactions which may be caught. In assessing whether a transaction is a Related Party Transaction, you should consider the following:</p> <ul style="list-style-type: none"> <li>• Is the transaction or arrangement with a Related Person? The definition of Related Person is shown in the definition section below and includes an extensive range of people and entities which are connected with directors of Wellard group companies and / partly owned subsidiaries of Wellard.</li> <li>• Is there a financial benefit being received by the Related Person? The financial benefit concept is also very wide and extends to benefits given indirectly through other entities, informal and non-binding arrangements and benefits other than for cash. It is not a question as to whether a benefit of payment is fair or that the consideration provided is adequate - any financial benefit is sufficient. But note that the fairness of the deal may mean an exemption applies.</li> </ul> <p>It is the economic and commercial substance of the transaction rather than its legal form which is relevant.</p> <p><b>Does an exemption apply from the requirement for shareholder approval?</b></p> <p>Not all related party transactions will need shareholder approval. There are various exemptions which may apply. These are described in more detail below. Management will determine if an exemption applies.</p>

	<p><b>Approval of Related Party Transactions?</b></p> <p>Some significant Related Party Transactions will require shareholder approval. For instance, these would include transactions which are not on arms-length terms and / or have a transaction value of more than 5% of Wellard's equity interest (based on its last financial statements released to ASX).</p> <p>All related party transactions require some level of approval (whether or not an exemption from shareholder approval applies). The Board has adopted an approved delegation of authority (see below) so that low value / low risk related party transactions can be more efficiently managed. However, all related party transactions will be reported regularly to the Board.</p>
<p><b>What to do if a transaction is a Related Party Transaction (or it is unclear)?</b></p>	<p>Management and Directors should be vigilant in identifying any transaction or potential transaction that may constitute a Related Party Transaction. Once a Related Party Transaction is identified, the initial step is to provide the following information to the Company Secretary:</p> <ul style="list-style-type: none"> <li>• The nature and the status of the transaction (including the parties, the dollar amount of the transaction and the nature of the consideration, including whether the transaction involves the issue of shares or other securities in Wellard to the Related Person)</li> <li>• The names of the Related Persons and why it is, or could be considered, a Related Party Transaction</li> <li>• All material information known to the relevant Director or its Related Persons which may be relevant to Wellard's assessment of the Related Party Transaction</li> <li>• If you consider that an exemption applies from the requirement to obtain shareholder approval, details of the exemption and why you consider it applies, and</li> <li>• Irrespective of the value of the Related Party Transaction, details as to whether the transaction, if made public, is likely to attract adverse public comment or affect the reputation of Wellard or its Directors.</li> </ul> <p>The Company Secretary will advise what steps are required after this information is reviewed (which will depend on the circumstances).</p>
<p><b>Who administers this Policy?</b></p>	<p>The Company Secretary is responsible for the administration of this Policy, including recording actual or potential Related Party Transactions notified by management, Directors and/or other parties and how those matters are addressed. This information is necessary to enable the monitoring of all Related Party Transactions on a timely basis by the Board, the preparation of annual accounts disclosures and review by the external auditors.</p> <p>The Company Secretary is responsible for maintaining the Register (discussed below). The Company Secretary is also responsible for notifying the Board of Related Party Transactions.</p>

## Part B - Detailed overview of Related Party Transactions Policy and Delegation of Authority Process

<p><b>How should potential related party transactions be reviewed?</b></p>	<p><b>Identification of transactions?</b></p> <p>Management and Directors are to be vigilant in identifying any transaction or potential transaction that may constitute a Related Party Transaction and reporting them to the Company Secretary prior to the transaction occurring to avoid potential breaches of the Corporations Act and ASX Listing Rules.</p> <p>Related Party Transactions include transactions within the scope of the related party provisions in the Chapter 2E of the Corporations Act and Chapter 10 of the ASX Listing Rules: transactions with a person in a position of influence (see "Purpose and Overview" section above for more details).</p> <p>The relevant regulatory provisions seek to address the risk that the interests of a related party may influence the decision-making of directors to the detriment of the interests of members of the entity as a whole when an entity is considering whether to enter into a transaction with a related party.</p> <p>The ASX has discretion to deem a person to be a person in a position of influence where a reasonable degree of influence is likely to exist and, so even if a person is not strictly within the scope of the Related Person, the transaction should be referred to the Company Secretary to assess whether clarification is required from ASX.</p> <p><b>Review of transactions?</b></p> <p>All Related Party Transactions notified to the Company Secretary will be reviewed for compliance with this policy, applicable legal requirements and whether any material reputational issues for Wellard or its Board are expected to arise now or in the future in relation to the Related Party Transaction.</p> <p>To ensure that the director who is connected with the Related Person complies with his director's duties and other legal requirements, it is important that full and frank disclosure is made to Wellard of all information known to the Related Persons and, if applicable, the director who is connected with the Related Person which may be relevant to an assessment</p>
<p><b>What is the Register of Related Party Transactions?</b></p>	<p>The Register of Related Party Transactions (the <b>Register</b>) is a key control in ensuring that actual or potential Related Party Transactions are appropriately documented and approved. The Register should include appropriate details on the following areas:</p> <ul style="list-style-type: none"> <li>• Nature and the status of the transaction (including the parties, the dollar amount of the transaction and the nature of the consideration, including whether the transaction involves the issue of shares or other securities in Wellard to the Related Person);</li> <li>• Names of the Related Persons and why it is, or could be considered, a Related Party Transaction;</li> <li>• Details of the determination as to whether the transaction is a Related Party Transaction;</li> <li>• Whether any exemptions apply to the requirement to obtain shareholder approval for the Related Party Transaction.</li> <li>• Details of whether an independent advice and/or independent experts report is required or was obtained in relation</li> </ul>

	<p>to the Related Party Transaction;</p> <ul style="list-style-type: none"> <li>• Details of approval given under the Delegation of Authority to permit the Related Party Transaction to proceed; and</li> <li>• Details of approval by the shareholders (if relevant).</li> </ul> <p>The form of the register including an example of an entry in the Register is set out in <b>Appendix A</b>.</p>
<p><b>What is the approval process for Related Party Transactions?</b></p>	<p><b>Delegation of Authority</b></p> <p>The Board has approved the following delegation of authority in relation to approval of Related Party Transactions:</p> <ul style="list-style-type: none"> <li>• <b>Chief Financial Officer (CFO) to approve Related Party Transactions under \$25,000; and</b></li> <li>• <b>Chairman to approve Related Party Transactions under \$25,000 involving the WGH Group.</b></li> </ul> <p>Any proposed related party transaction where the value of the commitment is less than \$25,000 may be approved by the CFO or Chairman (as applicable), subject to the following:</p> <ul style="list-style-type: none"> <li>• The transaction is in the best interests of Wellard, on arms-length terms and conditions;</li> <li>• The transaction is assessed by the CFO not to carry any significant risk issues (commercial or reputational);</li> <li>• The transaction is in the ordinary course of business;</li> <li>• The transaction does not involve an issue of securities in Wellard;</li> <li>• The CFO is satisfied that the transaction falls within an exemption from the requirement for shareholder approval under the Corporations Act and ASX Listing Rules (as applicable); and</li> <li>• if publicly disclosed, there is not anticipated to be any material criticism or adverse comment.</li> </ul> <p><b>Audit, Risk and Compliance Committee to approve Related Party Transactions between \$25,000 and \$100,000</b></p> <p>Any proposed related party transactions where the value of the commitment is greater than \$25,000 but less than \$100,000 must be referred to the Audit, Risk and Compliance Committee. Any Directors associated with a Related Person should not participate in that committee approval or deliberations unless approved by the Board. The Audit, Risk and Compliance Committee may approve entry into the transaction, subject to the following:</p> <ul style="list-style-type: none"> <li>• The transaction is in the best interests of Wellard, on arms-length terms and conditions;</li> <li>• The transaction is assessed by the Audit, Risk and Compliance Committee not to carry any significant risk issues (commercial or reputational);</li> <li>• The transaction is in the ordinary course of business;</li> <li>• The transaction does not involve an issue of securities in Wellard;</li> <li>• The Audit, Risk and Compliance Committee is satisfied that the transaction falls within an exemption from the requirement for shareholder approval under the Corporations Act and ASX Listing Rules (as applicable); and</li> </ul>

	<ul style="list-style-type: none"> <li>• if publicly disclosed, there is not anticipated to be any material criticism or adverse comment.</li> </ul> <p><b>Board to approve all other Related Party Transactions</b></p> <p>Board approval is required for any Related Party Transaction which does not fall within the above criteria. Any Directors associated with a Related Person should not participate in that Board approval or deliberations.</p> <p><b>Shareholders to approve all Related Party Transactions as required by law</b></p> <p>Shareholder approval is required for any Related Party Transaction approved by the Board which does not fall within the relevant legal exemptions.</p> <p><b>Reporting to the Board</b></p> <p>Related Party Transactions received and considered under delegated authority in a quarterly period will be reported to the Board in the Board pack for each quarterly Board meeting.</p>
What potential exemptions apply?	<p>Related Party Transactions require the approval of the shareholders unless the transaction falls within the applicable exceptions provisions in the Corporations Act or Listing Rules. Different exemptions apply to different regulatory restrictions.</p> <p><b>Exemptions from Related Party Transactions under the Corporations Act?</b></p> <ul style="list-style-type: none"> <li>• Transactions that are at arm's length (or better for Wellard) (see below for more details);</li> <li>• Benefits that constitute reasonable remuneration or reimbursement of expenses;</li> <li>• Payment of certain indemnities, insurance premia and legal costs to Related Persons;</li> <li>• Small payments to related parties (less than \$5000 in aggregate) in any financial year or any amount;</li> <li>• Payment to closely held subsidiaries (ie no third-party interests in the subsidiary);</li> <li>• Benefits provided to all shareholders of Wellard; and</li> <li>• Certain transactions that provide a financial benefit under a court order.</li> </ul> <p><b>Exceptions for Arm's Length transactions</b></p> <p>One of the most important exceptions to the requirement for shareholder approval under the Corporations Act is for a transaction on arm's length terms. A transaction is considered at arm's length if its terms are considered to be equivalent (or better) for Wellard to those which would have been agreed if Wellard was dealing with the other party at arms-length. Arm's length refers to a relationship where neither party has any special duty or obligation to the other - they are unrelated, uninfluenced and each acts in its own interests.</p> <p>ASIC RG 76 provides guidance related to the factors that should be considered if the arms-length exception is to be applied. These include:</p>

	<ul style="list-style-type: none"> <li>• Terms of a comparable transaction;</li> <li>• The nature and content of the bargaining process in managing, negotiating and structuring the transaction;</li> <li>• The impact of the transaction on the company; and</li> <li>• Other options that may be available to Wellard.</li> </ul> <p><b>Senior management are to determine if an exemption applies</b></p> <p>Management, through the Company Secretary, will provide advice on the application of exceptions. In some cases, an Independent Review may be undertaken to review the terms of the transaction and provide advice on whether the exception is applicable.</p>
<p><b>When should external advice/expert report be sought?</b></p>	<p>The Directors and/or management should have regard to factors such as the complexity and materiality of the transaction and any reputational or regulatory risk that may be associated with incorrectly classifying the transaction. In some circumstances, it will be appropriate for the Directors and/or management to engage an expert to provide advice (including legal advice) on the Related Party Transaction.</p> <p>In addition, where shareholder approval is required, an independent expert report may be required to be provided to shareholders. ASIC encourages companies to obtain an expert report where shareholder approval is required.</p> <p>Expert advice may relate to matters such as:</p> <ul style="list-style-type: none"> <li>• Application of Corporations Act exceptions to the requirement to seek shareholder approval</li> <li>• Provision of an experts report to accompany the notice of meeting for shareholder approval of the transaction to advise shareholders whether the proposed transaction is fair and reasonable to shareholders, and</li> <li>• Any other aspect of the transaction where the Directors or management require expert advice.</li> </ul> <p>Advice received should be documented and summarised within the Register</p> <p>Directors and/or management should make their own assessment of the advice received. Such advice does not negate the statutory and common law duties of Directors and management.</p>
<p><b>What is the process for Directors with an interest in a Related Party Transaction?</b></p>	<p><b>Regular confirmation of Related Persons</b></p> <p>To facilitate the identification of Related Party Transactions, each director is required to advise the Company Secretary in writing by 30 June and 31 December each year of his or her Related Persons. Changes in status of any Related Person relationships are to be advised at the time the change occurs. The information provided will be maintained in the Register of Interests.</p> <p><b>Involvement in a Related Party Transaction</b></p>

	<p>Directors with material personal interests in the subject matter of the Related Party Transaction must:</p> <ul style="list-style-type: none"> <li>• provide written notice to the Company Secretary and CFO of the material personal interest setting out the nature and extent of the interest and the relation of the interest to the affairs of the Company;</li> <li>• disclose to the Company Secretary and CFO all material information known to the Director or its Related Persons which may be relevant to Wellard's assessment of the Related Party Transaction;</li> <li>• not be present while the matter is being considered at the meeting or participate in Board deliberations on the Related Party Transaction (and will not be counted in any quorum); and</li> <li>• not vote on the resolution to approve the Related Party Transaction.</li> </ul> <p><b>Other Director Obligations</b></p> <p>If the Related Party Transaction involves interests in securities in Wellard, the director's obligations under ASX Listing Rule 3.19A (disclosure of director's interests) and Part 6C of the Corporations Act (Substantial shareholding notices) should also be complied with by the Director.</p>
<b>Shareholder approval of Related Party Transactions?</b>	<p>Shareholder approval of any Related Party Transactions is governed by the Corporations Act and the provisions of Wellard's constitution.</p> <p>Management should consider the need to include an Independent Experts Report with meeting materials to enable the shareholders to vote on the matter.</p> <p>RG76 provides extensive guidance on the process for obtaining shareholder approval.</p>
<b>Disclosure requirements</b>	<p>Wellard is required to meet certain disclosure requirements about Related Party Transactions that occurred during the relevant reporting period. Such disclosure will be included in the financial statements and may also be subject to ASX continuous disclosure rules.</p> <p>These disclosures typically include, as a minimum:</p> <ul style="list-style-type: none"> <li>• The nature of the related party relationship;</li> <li>• The amount of the transaction; and</li> <li>• The amount of outstanding balances and commitments, their terms and conditions and details of any guarantees received.</li> </ul> <p>These disclosure requirements further strengthen the need for all Related Party Transactions to be identified and recorded in the Register.</p>
<b>Monitoring compliance</b>	<p><b>When will this Policy be reviewed?</b></p> <p>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.</p> <p>This Policy will be submitted for review by the Audit, Risk and Compliance Committee of Wellard, who will make</p>



	<p>recommendations to the Board. The Board is responsible for approving this Policy.</p> <p><b>What training and communication is required?</b></p> <p>Wellard regularly communicates this Policy to Directors and Employees across Wellard through our established communication channels. Employees will also receive regular training on supporting this Policy in the scope of their employment with Wellard.</p>
<p><b>Other decisions in respect of Related Party Transactions</b></p>	<p><b>What is the procedure for taking any other decisions in relation to Relation Part Transactions?</b></p> <p>The potential for conflict arises not just at the time of inception of a Related Party Transactions but throughout the life of the contract and in the context any related disputes can continue after the contract is terminated or otherwise come to an end. The Board should ensure that the principles with regard to consideration of entering into Related Party Transactions are also reflected in the Board's conduct with regard to any material decisions throughout the life of the contract and particularly if any disputes arises with regard to a Related Part Transaction.</p>

## Definitions

<b>ASIC</b>	Australian Securities & Investment Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 or the stock market operated by it, as the context requires.
<b>Board</b>	The Board of Directors of Wellard.
<b>CEO</b>	The Chief Executive Officer of Wellard.
<b>CFO</b>	The Chief Financial Officer of Wellard.
<b>Chair</b>	The Chair of the Board.
<b>Close Family Members</b>	Include parents, children and dependents, spouses and de facto partners and their parents, children and dependents.
<b>Company Secretary</b>	The Company Secretary of Wellard.
<b>Corporations Act</b>	The <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	A Director of Wellard.
<b>Employee</b>	An employee of or consultant of Wellard.
<b>Listing Rules</b>	The listing rules of ASX, as amended from time to time.
<b>Person in a position of influence</b>	<p>A person in a position of influence includes:</p> <ul style="list-style-type: none"> <li>• a Related Party and its associates</li> <li>• a partly owned subsidiary and its associates</li> <li>• a shareholder holding a 10% interest in Wellard (now or in the last 6 months) and its associates</li> <li>• a person who is deemed by ASX to be in a position of influence even if they do not fall within these categories.</li> </ul> <p>Refer to full definition in ASX Listing Rules - Chapter 10.</p>
<b>Policy</b>	The policy contained in this document, as amended from time to time.
<b>Register</b>	Register of Related Party Transactions.
<b>Related Party</b>	An entity or person that meets the definition of a related party under section 228 of the

Corporations Act. A related party would include:

- A person (or a close family member of that person) or an entity that has control, joint control or significant influence over Wellard
- Directors and key management personnel and their close family members
- An entity controlled by a related parties
- An entity acting in concert with a related party on the understanding it will receive a benefit if the related party receives a benefit
- A person who has been a related party in the last 6 months or who is expected to become a related party in the future.

Refer to full definition in section 228 of the Corporations Act.

<b>Related Party Transaction</b>	A transaction between Wellard (or any of its subsidiaries) and a Related Person. Such a transaction may include (but is not limited to) the transfer of assets, the provision of services, the creation of obligations between Wellard (or a subsidiary) and a Related Person, or the provision of a benefit to the Related Person.
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<b>Related Person</b>	A Related Party or a Person in a position of influence.
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<b>Substantial Asset</b>	An asset as defined by ASX Listing Rules - Chapter 10: Transactions with persons in a position of influence.
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<b>Wellard</b>	Wellard Limited ACN 607 708 190 including all subsidiaries.
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## Legislative context

<b>Corporations Act</b>	Contains the related party transaction restrictions (Chapter 2E) and restrictions on directors who have a material personal interest in a matter (Part 20.1).
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<b>ASIC Regulatory Guide 76</b> Related Party Transactions (RG 76)	ASIC guidance on its interpretation and best practice requirements for complying with the related party transaction provisions.
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<b>ASX Listing Rules</b>	Contains restrictions on material transactions with persons in a position of influence and issues of securities to related parties.
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<b>ASX Guidance Note 24</b> Acquisitions and disposals of assets between related parties: Listing Rules 10.1-10.10	ASX guidance on its interpretation and best practice requirements for complying with the related party restrictions in the ASX Listing Rules (Chapter 10).
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<b>AASB 124</b>	AASB requirements for reporting related party transactions.
<b>Directors duties</b> Section 180- 184 of the Corporations Act	Contains director duties of care and diligence; good faith; use of position; and use of information.
<b>Constitution of Wellard</b>	Contains authorisation for directors to receive benefits and enter contracts with Wellard and its subsidiaries in certain circumstances

**Annexure A - Register of Interests and Related Party Transactions**

Name of Director/Officer	Related party name and reasons why related	Details of proposed transaction including financial value and associated commitments	Determination if shareholder voting exceptions apply	Details of any independent advice/reports received	Board Meeting Approval Date (if applicable)	Shareholder meeting approval date (if applicable)