



**ALCIDION**

## **Conflicts of Interest and Related Party Transactions**

Alcidion Group Limited

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## Document Revision History

Approval Date	Version	Approved By	Summary of Amendments
3 May 2019	V01	Board	Policy adopted
19 March 2020	V02	Board	Review
26 July 2023	V03	Board	Annual Review

## Other Policy Details

Key Information	Details
Approval Body	Alcidion Group Limited Board of Directors
Key Stakeholders	Alcidion Group Limited Board of Directors Senior Leadership Team
Responsibility for Implementation	Chief Executive Officer Chief Financial Officer
Policy Custodian	Chief Financial Officer
Next Review Date	26 July 2025

## Legislative and Regulatory Framework

Authority	Law, Resolution or Regulation
ASX Corporate Governance Council	ASX Corporate Governance Principles and Recommendation (2019) (“ <b>ASX Principles</b> ”)
Australian Government	Corporations Act 2001 (Cth) (“ <b>Corporations Act</b> ”)

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## 1. Definitions

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“associate” includes:

- a) a related body corporate; and
- b) a Director or Secretary of a related body corporate.

“ASX” means ASX Limited.

“ASX Listing Rules” means the official listing rules and requirements from time to time of the ASX.

“Board” means the board of Directors of the Company as constituted from time to time.

“Corporations Act” means the Corporations Act 2001 (Cth).

“Chair” means the Chair of the Board from time to time.

“Directors” means the directors of the Company from time to time.

“material personal interest” is one which provides a personal benefit (whether that interest is direct, indirect, contingent or contractual) to the Director or an associated person or entity, which is of a real or substantial kind, having the capacity to influence the vote of the Director on the decision to be made. A conflict of interest also extends to any potential or perceived conflict.

“securities” includes:

- a) ordinary shares;
- b) partly paid shares;
- c) preference shares;
- d) hybrid securities;
- e) debentures;
- f) legal or equitable rights or interests in (a) to (e) above; and
- g) any derivatives including but not limited to options in respect of any of (a) to (e) above.

## 2. Commitment to Good Governance

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2.1. Alcidion Group Limited (“Alcidion” or “Company”) and all of its wholly owned subsidiaries (the “Group”) are committed to:

- a) Achieving contemporary corporate governance standards in all their activities and to being open and transparent in relation to any conflicts of interest and/or related party transactions;

- b) Complying with all relevant conflicts of interest and related party requirements set out in the Corporations Act and ASX Listing Rules; and
- c) Ensuring that the Board has proper oversight and control of all conflicts of interest and related party issues.

### **3. Conflict of Interest**

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#### **Overview and Purpose**

3.1 Each Director has a duty not to place themselves in a position where:

- a) he or she has a Material Personal Interest or other interest giving rise to a real or substantial possibility of a conflict; or
- b) his or her duty to the company conflicts with, or gives rise to, a substantial possibility of conflict with another fiduciary or statutory duty,

in relation to any matter which is or is likely to be brought before the Board of the Company.

#### **3.1.1 Examples**

Some situations that may give rise to a conflict of interests include situations where you have:

- a) financial interests in a matter the Company deals with or you are aware that your friends or relatives have a financial interest in the matter;
- b) Directorships/management of outside organisations;
- c) membership of boards of outside organisations;
- d) personal relationships with people the Company are dealing with which go beyond the level of a professional working relationship;
- e) secondary employment, business, commercial, or other activities outside of the workplace which impacts on your duty and obligations to the Company;
- f) access to information that can be used for personal gain; and
- g) offer of an inducement.

### **4. Disclosure of Interest**

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4.1. The Directors are required to disclose to the Board:

- a) any material personal interest that he or she may have in a matter relating to the affairs of the Company; and

- b) any other interest in a matter relating to the affairs of the Company, which may give rise to, or be perceived to give rise to, a real or substantial possibility of conflict.
- 4.2. A Director is required to disclose such conflict of interest immediately on becoming aware of the interest to the Board. A Director may at any time declare a conflict of interest in relation to a matter by notification to the Company Secretary in writing, who shall notify the other Directors of the conflict as soon as practicable.
- 4.3. Each Director shall have and maintain a standing notice register, disclosing the nature and extent of their interests. Each standing notice register, and any amendments or additions to it, shall be tabled at the next Board meeting, and recorded in the minutes of that meeting.
- 4.4. Where a change in circumstance results in an interest which is declared on a standing notice register as giving rise to a material personal interest or other conflict of interest described in clause 3.1, a Director is required to disclose such conflict of interest immediately to the Board or to the Company Secretary.

## **5. Procedures for dealing with Conflicts of Interest**

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### **Identification by a Director**

- 5.1. Where a Director has disclosed a conflict of interest as required by clause 3.1, the conflicted Director:
- a) shall continue to receive Board papers or other information which relates in any way to the matter or issue which is the subject of the conflict of interest, unless the Director requests, or the Chair determines, that he or she not receive any or all of those documents;
  - b) shall withdraw from any part of a Board or Board Committee meeting for the duration of any discussion on that matter; and
  - c) shall not vote on the matter.
- 5.2. If a majority of Directors who do not have an interest in such a matter resolve that a disclosed interest should not disqualify a Director from:
- a) being present while the matter is being considered, then clauses 5.1(b) shall not apply and the Director may be present; and/or
  - b) voting while the matter is being considered, then clauses 5.1(c) shall not apply and the Director may vote on the matter.

The minutes shall record the decision taken by the Directors who do not have an interest in the matter, including the nature and extent of the Director's interest in the matter and its relation to the affairs of the Company.

- 5.3. A Director should request that he or she not receive any Board papers or other information relating to a matter, where receipt of those documents would place the Director in a position of conflict.

#### **Identification by the Board**

- 5.4. If there is any matter which is or is likely to be brought before the Board, and the Chair, or a Director has a concern that the disclosure of such matter to a particular Director:

- a) would not be in the best interests of the Company; or
- b) place that particular Director in a position of conflict,

then the matter should be referred to the Chair. After the Chair has considered the matter in consultation with the appointed independent Director, the Chair may determine that the particular Director is in a position of conflict, and in such circumstances, the conflicted Director:

- a) shall not receive Board papers or other information which relates in any way to the issue or matter the subject of the conflict of interest; and
- b) shall withdraw from any part of a Board or Board Committee meeting for the duration of any discussion on that matter.

- 5.5. Where disclosure of a particular matter may place the Chair in a position of conflict, the Directors shall appoint an independent Director, who shall consider the matter in consultation with the appointed independent Director and make a determination on the matters set out in clause 5.4.

## **6. Access to Information**

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- 6.1. Where a Director has been excluded from receipt of Board papers or Board discussion on a matter, the Company Secretary will advise the Director concerned in writing of the broad nature of the withheld information and why it has been withheld from him or her.

- 6.2. Where a Director:

- a) is uncertain as to whether an interest should be disclosed in accordance with this Policy;
- b) has been excluded from receipt of Board papers or consideration of a matter by the Board; or
- c) is uncertain whether to request that he or she not receive any Board papers or other information relating to a matter,

the Director is authorised to obtain (at the cost of the Company) legal or other independent professional advice.

- 6.3. Once information withheld from a Director in accordance with this protocol becomes public knowledge or if, in the opinion of the appointed independent Director, after consultation with the Chair (or where the matter concerns the Chair, the appointed independent Director), the potential for conflict has passed, the excluded Director shall be entitled to, should he or she request it, a briefing by the Company Secretary as to the current status.

## **7. Related Party Transaction**

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### **Overview and Purpose**

- 7.1. Where a transaction or matter concerns related parties, it can be hard to ensure that the interests of all parties are considered objectively and fairly, and that regard is to be had to the interests of underlying parties. For this reason, the Corporations Act and the ASX Listing Rules contain detailed provisions in relation to “related party” transactions.
- 7.2. Most importantly, the law prohibits a public company from giving a financial benefit to a related party except in accordance with requirements set out in the Corporations Act. Alcidion is a public company to which these provisions apply.
- 7.3. Alcidion is committed to ensuring that it has a culture of openness and transparency in all of its dealings, and that all Directors understand their obligations when it comes to related party dealings.

## **8. Who is a related party?**

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- 8.1. For the purposes of this policy, Alcidion has adopted the following definition of a related party (which is derived from the meaning used in each of the Corporations Act and the ASX Listing Rules):
- a) any person or entity that controls Alcidion;
  - b) a director of Alcidion, or of an Alcidion member, or of an entity that controls Alcidion;
  - 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 Alcidion or a member of the Alcidion is in the opinion of the Board, such that this policy should apply to that person or entity.



- 8.2. 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 Alcidion for the purposes of this policy, the matter should be immediately referred to the Chair of the Audit and Risk Committee and a decision will be made by the Board.*

## **9. What is a “financial benefit”**

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- 9.1. Under the Corporations Act, the term ‘financial benefit’ is to be interpreted broadly.
- 9.2. 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).
- 9.3. 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; and,
  - c) issuing securities or granting options.

## **10. The exception in the Corporations Act:**

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- 10.1. 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.

### **The ‘arm’s length’ exception**

- 10.2. Alcidion 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.
- 10.3. 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 Alcidion has entered into;

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

#### **Other exceptions**

- 10.4. 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:
- 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 Alcidion that do not discriminate unfairly against other shareholders of Alcidion; and
  - e) benefits given by Alcidion to a wholly-owned subsidiary (or vice versa).
- 10.5. 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".

## **11. ASX Listing Rules Requirements**

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- 11.1. In addition to the Corporations Act requirements, Alcidion, as a listed entity, must also comply with the ASX Listing Rules relating to transactions with persons in a position of influence.

#### **Substantial assets**

- 11.2. Under ASX Listing Rule 10.1, Alcidion must ensure that neither it nor any member of the Company nor any other companies which it otherwise controls, acquires a substantial asset from, or disposes of a substantial asset to, any of the following persons without shareholder approval or the grant of a waiver from ASX:
- a) a related party of Alcidion (as defined in section 4);

- b) any entity that is a subsidiary (other than a wholly-owned subsidiary) of Alcidion or that Alcidion otherwise controls;
  - c) a substantial holder, if the person and their associates have a relevant interest or had a relevant interest in the preceding six months, in at least 10% of the total voting shares of Alcidion;
  - d) an associate of a person referred to in paragraphs (a) to (c) above; or
  - e) a person whose relationship to the entity or a person referred to in paragraphs (a) to (d) above is such that in ASX's opinion, the transaction should be approved by shareholders.
- 11.3. An asset is 'substantial' if its value or the value of the consideration provided for it is, or in ASX's opinion is, 5% or more of the equity interests of Alcidion as set out in the latest accounts given to ASX. In calculating the value, each of the following rules applies:
- a) intangibles must be included;
  - b) provisions for depreciation and amortisation must be deducted;
  - c) liabilities as part of an acquisition will not be deducted;
  - d) if the ASX believes that separate transactions Alcidion enters into, are all really one transaction, the value of each transaction may be aggregated.

#### **Exceptions in the Listing Rules**

- 11.4. ASX Listing Rule 10.1 does not apply to a transaction between:
- a) members of the Alcidion;
  - b) Alcidion and a person who is a related party by reason only of the proposed transaction and because Alcidion believes, or has reasonable grounds to believe, that the person is likely to become a related party because of the transaction; or
  - c) an issue of securities by Alcidion for cash.

## **12. Protocols for negotiations with related parties**

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- 12.1. In respect of negotiations with related parties, the Board will consider putting in place protocols to ensure that the related party does not influence Alcidion's decisions. For example, it may be appropriate to put in place information barriers in relation to the proposed transaction, form a Board sub-committee to consider the proposed transaction and seek independent advice.

## **13. All related party transactions to be referred to the Board**

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- 13.1. Where a member of the Alcidion 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 Chair of the Audit and Risk Committee 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 Audit and Risk Committee and Company Secretary will compile the information provided, and include an item in the Agenda for the Board to consider the proposed transaction at the next Board meeting.
- c) The Board must consider the information provided by the Audit and Risk Committee in light of the matters outlined in this Policy and determine whether the proposed transaction requires:
  - i. shareholder approval under the Corporations Act or the ASX Listing Rules; and/or
  - ii. any disclosure under the ASX Listing Rules and/or in Alcidion's Annual Report.
- d) Where appropriate, the Board may refer to any internal or external advice or recommendations on the proposed transaction.
- e) Where the Board 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.
- f) Where the Board 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 Board 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, the Board may determine those routine transactions entered into by a member of the Alcidion in the ordinary course of business and on arm's length terms are not required to be referred to the Board in accordance with this policy.

#### **14. Persons with material interest not to participate**

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- 14.1. 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 Audit and Risk Committee and the Company Secretary, who will notify the Board.
- 14.2. 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.
- 14.3. Where the interested person is a director of Alcidion, 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, unless permitted by relevant laws.
- unless permitted by relevant laws.

#### **15. All related party transactions to be appropriately documented**

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- 15.1. 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.

#### **16. Annual Report Disclosure of related party transactions**

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- 16.1. Australian accounting standard AASB 124 shall be applied by Alcidion and its auditor to:
- a) identify:
    - i. related party relationships and transactions that may require disclosure; and
    - ii. outstanding balances between Alcidion and its related parties; and
  - b) determine:
    - i. whether disclosure of the matters identified require disclosure; and
    - ii. what disclosures about the matters identified should be made.

- 16.2. Where a matter is identified by Alcidion and its auditor as requiring disclosure under AASB 124, in a given financial year, details of that transaction must be disclosed in the annual report issued by Alcidion.

## **17. Register**

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

## **18. Policy Review**

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- 18.1. The Board shall review this policy once every two years, in order to ensure that it remains current with respect to legal and regulatory requirements.

## **19. Further Assistance**

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- 19.1. Any questions on conflicts of interest or whether a matter constitutes a related party transaction should be referred to the Chief Financial Officer or the Company Secretary.