



Conflict of Interest and Related Party Transactions Policy

Conflicts of Interest

Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. On appointment, Directors will have an opportunity to declare any such interests and they will be entered into the Company's Register of Ongoing Conflicts of Interests.

Directors should update this disclosure by notifying the Company Secretary in writing as soon as they become aware of any conflicts. Directors are also expected to indicate to the Chairman any actual or potential conflict of interest situation as soon as it arises. To ensure Directors have an opportunity to disclose new conflicts of interest, the first agenda item for each Board meeting will be the disclosure of any conflicts of interest. Any amendments to disclosures are to be tabled at this time and entered into the Register of Ongoing Conflicts of Interest.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot or is unwilling to remove a conflict of interest then the Director must absent himself or herself from the room when discussion and voting occur on matters to which the conflict relates. The entry and exit of the Director concerned will be minuted by the Company Secretary. Directors do not have to absent themselves when either (a) conflict of interest relates to an interest common to all Company members/shareholders or (b) the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

Related Party Transactions

Related party transactions include any financial transaction between a Director or officer and the Company and will be reported in writing to each Board meeting.

In general, the *Corporations Act* requires related party transactions to be approved by the shareholders; the Board cannot approve these transactions. An exemption to this requirement occurs where the financial benefit is given on arm's length terms.

To assist the Board in showing that a financial benefit, such as the awarding of a contract to a company in which a Director is a partner, is given on arm's length terms, the process outlined below (Potential Related Party Transaction) will be followed. The Board has also resolved that where applications are made by a related party to a Director or officer of the Company then the Director or officer shall exclude himself/herself from the approval process.

Related party for this process means:

- (a) a spouse or de facto spouse of the Director or officer; or
- (b) a parent, son or daughter of the Director or officer or their spouse or de facto spouse; or
- (c) an entity over which the Director or officer or a related party defined in (a) or (b) has a controlling interest.

The Company Secretary will maintain a Register of Related Parties Transactions as well as the Register of Ongoing Conflicts of Interests.

Potential Related Party Transaction

To minimise the risk of a transaction being a related party transaction the following steps should be taken.

Step 1: Invite expressions of interest and circulate the following tender documentation:

- a. Invitation to Tender
- b. General Conditions of Tender
- c. General Conditions of Contract
- d. Special Conditions of Contract
- e. Specifications
- f. Response to Tender

Step 2: Tenderers should place their tenders in the tender box before the closing date stipulated in the Invitation to Tender. The tender box should be kept secure until opened.

Step 3: Form a Tender Evaluation Committee to review all tenders utilising the selection criteria stipulated in the Invitation to Tender. Tenders should not be assessed solely on the basis of who is cheaper, but on a number of related issues such as:

- open and effective competition;
- value for money;
- enhancing the capabilities of local business and industry;
- environmental protection; and
- ethical behaviour and fair dealing.

Members of the Tender Evaluation Committee should be officers with relevant skills and knowledge appropriate to the value and importance of the work being tendered and be free of any conflict of interest that might undermine the objectivity of the assessment. During the decision process the Tender Evaluation Committee should follow certain steps to ensure that a fair and equitable procedure has been carried out.

Step 4: The Tender Evaluation Committee or a delegated officer should prepare the recommendation. The recommendation should be in writing and contain detailed information so that the selection is fully justifiable.

Step 5: The recommendation should be forwarded to the approving authority, which should be the Board, or a senior officer of Treasury Group Investment Services Limited acting under delegation. Any person with an interest in either the recommended tenderer or another tenderer should not be present for the discussion of the recommended tenderer and may not vote to approve or disapprove the recommended tenderer.