

Related Party Transaction Policy

1. Purpose/Objective

This policy aims to:

- Identify related party transactions before auDA enters these transactions
- 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 directors, officers, employees, consultants and contractors (*"Employees" for the purpose of this Policy*) for recognising and reporting related party transactions
- Ensure compliance with good governance obligations and
- Ensure that transactions involving related parties which are approved by auDA are fair, reasonable and consistent, so that a high standard of corporate governance and compliance is achieved.

2. Scope

This policy applies to all Employees.

References in this policy to auDA, the auDA group or the Company includes .au Domain Administration Ltd, auDA Foundation Pty Ltd and all their related entities, subsidiaries and committees.

3. Guiding Principles

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 the [Corporations Act 2001](#) and the Australian Accounting Standards set out in [AASB 124 Related Party Disclosures](#), to which auDA is subject, and in accordance with good governance obligations, to ensure that transactions involving financial benefits for related parties are subject to the initial approval of the Board, and any other approval and disclosure requirements.

Where a transaction does not meet the threshold for the Related Party Transaction Policy to apply to a transaction, regard must be had to the Conflict of Interest Policy.



4. Meaning of a “Related Party”

A related party is defined in [Section 228 of the Corporations Act 2001](#) and [ASIC Regulatory Guide 76](#). For the purposes of this policy, auDA has simplified the definition as follows. A related party includes:

- i. All Employees
- ii. A Director or nominee Director of any entity 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 an entity in the auDA Group in respect of which the transaction relates
- v. Immediate family members of persons in (i) to (iv) and (viii)
- 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 such that this Policy should apply to that person or entity, in the opinion of the Board.

In this policy:

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

“**financial benefit**” as defined in [Section 229 of the Corporations Act 2001](#) is broadly interpreted and includes:

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

The following are examples of giving a financial benefit:

- a. Giving or providing the related party finance or property
- b. Buying an asset from or selling an asset to the related party
- c. Leasing an asset from or to the related party
- d. Supplying services to or receiving services from the related party
- e. Issuing securities or granting an option to the related party
- f. Taking up or releasing an obligation of the related party.



A financial benefit includes indebtedness, guarantees and transactions involving employment or similar relationships.

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

5. 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 (**Related Party Transaction**).

6. Giving notice of a suspected Related Party Transaction

Upon commencement of a relationship with auDA, 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 their immediate manager and the Chief Financial Officer or the Company Secretary.

7. Determining if a transaction is a Related Party Transaction

Related Party Transactions must be approved by the Board of auDA. When these are identified they will be referred to the Finance and Audit Committee of auDA, who will make a recommendation to the Board of auDA.

The Finance and Audit Committee will consider the information to determine whether and how to proceed with the proposed transaction. The Finance and Audit Committee may confer with the Company Secretary and may take external legal advice in determining its recommendation to the Board.

No director shall participate in the evaluation and approval of any Related Party Transaction for which he or she is a Related Party and will not be present and will 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.

In determining whether to:



- Recommend approval of a Related Party Transaction to the Board, the Finance and Audit Committee shall consider factors as it deems appropriate including the factors listed at (i) to (viii) below
- Approve a Related Party Transaction the Board, shall consider such factors as it deems appropriate including the factors listed at (i) to (viii) below
 - 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.

8. Disclosure of Related Party Transactions

All Related Party Transactions of the auDA Group are disclosed in each annual report issued by auDA to ensure compliance with the Australian Accounting Standards Board's requirements set out in [AASB 124 Related Party Disclosures](#). Disclosure of Related Party Transactions 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.

9. On-going Management

If a Related Party Transaction will be ongoing, whether material in nature or not, the Finance and Audit Committee will establish the process for the Company to follow in its ongoing dealings with the Related Party, once all requisite approvals have been obtained. 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 Finance and Audit Committee under this Policy.



10. Consequences for Breach of this Policy

- a) Where an Employee dishonestly fails to refer a potential or actual Related Party Transaction for approval this may constitute misconduct. Breaches are subject to disciplinary action up to and including dismissal as well as civil and/or criminal legal sanctions.
- b) Sanctions will be determined in accordance with the circumstances in question and may include the use of disciplinary procedures.
- c) Victimization of an individual as a result of disclosure of a potential or actual Related Party Transaction is not tolerated and may constitute misconduct by the person conducting the victimisation.

Directors and officers of auDA involved in the failure to obtain Board approval for a Related Party may have committed an offence under the Corporations Act.

11. Retaining business records

auDA will maintain records of Related Party Transactions identified in relation to auDA and actions taken in accordance with this Policy for at least 7 years, or longer if required by applicable law.

12. Related Documents

This Policy should be read in conjunction with the following documents:

- Code of Conduct Policy
- Conflict of Interests Policy
- Gifts, Benefits, Hospitality & Political Donations and Engagement Policy
- Whistleblower Policy
- Managing Unsatisfactory Performance or Conduct
- Workplace Grievance Resolution Procedure.

13. Responsibility

The **Board** is responsible for approving the Related Party Transaction Policy.

The **Finance and Audit Committee** is responsible for reviewing the Related Party Transaction Policy and recommending to the Board any changes to the Board for approval.



The **Chief Executive Officer** is responsible for ensuring that the Related Party Transaction Policy is in place and maintained and appropriate awareness and training activities are in place to ensure Employees understand their obligations.

The **Chief Financial Officer**, in consultation with the Company Secretary, is responsible for comprehensively reviewing and bringing forward the Related Party Transaction Policy to the Finance and Audit Committee and the Board for approval.

The **Chief Financial Officer** is responsible for ensuring Related Party Transactions are disclosed in each annual report in accord with the relevant accounting standard.

All **Employees which** includes, Contractors and Directors are responsible for maintaining their awareness of the Related Party Transaction Policy and carrying out their role in accordance with the policy.

14. Document Control

A formal review of this policy will occur every two years or earlier as a result of changes in law or regulation.

Owner: Chief Finance Officer

Committee / Board Review Function: Finance and Audit Committee – Tier 1

Next Review Date: October 2023

Version	Change	Approval	Date
1	Original	Board	16.09.2019
2	Clarified purpose and definitions, reordered.	Board	12.04.2022