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ARGYLE COMMUNITY HOUSING LTD

RELATED PARTY TRANSACTIONS POLICY

Argyle Community Housing Ltd
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1. PURPOSE

- 1.1 The Board of Argyle Community Housing Ltd (**Argyle Housing** or the **Company** has established this Related Party Transaction Policy (**Policy**) to ensure that Argyle Housing properly considers the issues involved with related party transactions. This Policy applies to all directors and all staff who are in a position to bind Argyle Housing under a related party contract.
- 1.2 The *Conflict of Interest Policy* applies when any related party transactions are being considered.

2. WHAT IS A RELATED PARTY TRANSACTION FOR A PUBLIC COMPANY?

- 2.1 A related party transaction for a public company is where:
 - a) a director has a material personal interest in the matter being considered at a directors' meeting (s195 of the Corporations Act 2001 (Cth) (**Act**)); and/or
 - b) a financial benefit is to be given to a related party (s208 of the Act).

What is a material personal interest?

- 2.2 There is no legal definition of what constitutes a material personal interest. In general terms, Argyle Housing considers that, a matter may be material where the personal interests of a director or officer could interfere with, or could reasonably be perceived to interfere with, the exercise of a director or officer's unfettered and independent judgement.
- 2.3 Whilst each circumstance must be dealt with on its own merits, the personal interests of a director and those of associated persons, must not be allowed to take precedence over those of the organisation generally.

What is a financial benefit?

- 2.4 A related party transaction is one in which a related party accrues a financial benefit as a result of the transaction. In determining whether a financial benefit is being provided, the Act requires that entities give a broad interpretation to the financial benefit being given, giving preference to the economic and commercial substance over the legal form, and disregarding any consideration that may be provided for the benefit, even if the consideration is considered adequate.
- 2.5 Examples of a related party transaction include:
 - a) the proposed purchase of an asset by Argyle Housing where the vendor is associated with a director; and
 - b) the supply of services, such as management, consultation or legal services, to Argyle by a company or firm associated with one of the director

What is a related party?

- 2.6 Under s228 of the Act, a wide group of individuals and entities are considered to be related parties:
 - a) directors of Argyle Housing or a controlling entity;
 - b) spouses of such directors;
 - c) parents and children of such directors and their spouses; and
 - d) several other specific cases, namely:
 - i) controlled entities;
 - ii) an entity which is related to Argyle Housing at any time within the last six months;
 - iii) an entity which has a reasonable belief will become a related party to Argyle Housing at any time in the future; and
 - iv) an entity acting in concert with a related party where the entity understands that the related party will receive a financial benefit if Argyle Housing gives a financial benefit to the entity.

3. OBLIGATIONS

When Directors have a material personal interest

- 3.1 Directors with a material personal interest in a matter being considered at a directors' meeting are excluded from attending the directors' meetings, or voting on, the matter, unless:
- a) their participation is approved by non-interested directors under s195(2) of the Act;
 - b) their interest does not need to be disclosed under s191 of the Act, for example because it relates to the remuneration of the affected director as a director of Argyle Housing;
 - c) their participation is approved by ASIC under s195(3) of the Act. The Australian Securities and Investments Commission (**ASIC**) may grant such approval where the absence of the affected director would mean the quorum requirements for the board meeting could not be satisfied (s196(1)(a) of the Act and Regulatory Guide 76: *Related party transactions* (RG 76.42 & RG 76.43); and
 - d) ASIC is satisfied that holding a general meeting would be inappropriate because the matter is urgent or for other compelling reasons (s196(1)(a) of the Act and RG 76.44 & RG 76.45).

When giving a financial benefit to a related party of a public company

- 3.2 The key obligation for the Company under s208 of the Act, is to obtain member approval, and if received, give the financial benefit within 15 months, unless the proposed financial benefit is exempted under one of the following:
- a) main exemption - arm's length exemption where the financial benefit is given on terms that would be reasonable in the circumstances if the parties were dealing at arm's length, or the terms are less favourable to the recipient of the benefit than such terms (s210 of the Act).
Note: ASIC sets out a number of matters for directors to consider with this exemption under Regulatory Guide 76, including access to expert advice. (RG 76.59 to RG 76.91); and
 - b) other exemptions:
 - i) the benefit relates to the remuneration or reimbursement for an officer or employee (s211 of the Act);
 - ii) indemnities, exemptions, insurance premiums and payments for legal costs for officers (s212 of the Act);
 - iii) small amounts given to related party exempted by the Corporations Regulations (s213 of the Act);
 - iv) the benefit is given to or by a closely-held subsidiary (s214 of the Act); and
 - v) the benefit given to members does not discriminate unfairly against other members (s215 of the Act).

How do we manage our related party transaction obligations as a public company?

- 3.3 Argyle has adopted the following procedures when considering all potential related party transactions:
- a) Board consideration and approval of all potential related party transactions. Note: the voting restrictions for directors with material person interest in the matter;
 - b) Board determination as to whether an expert's report is required in relation to the matter - ASIC Regulatory Guides 76 and 111 - *Content of expert's reports*, are relevant to this determination; and
 - c) unless the transaction is covered by one of the exemptions, submission of the matter to a meeting of members for prior approval.
- 3.4 The detailed legal requirements in the Act for obtaining member approval is beyond this Policy but it should be noted that notification to ASIC is required 14 days before notice of the meeting is given to members (s217 - 227 of the Act). In addition, related parties are excluded from voting at the members' meeting.

Related party transaction register

- 3.5 The company secretary maintains a *Related Party Transactions Register*, noting:
- all potential related party transactions;
 - Board consideration/determination in relation to each potential related party transaction; and
 - the decisions of members' meetings in regard to each related party transaction submitted to a meeting.

Non-compliance with our related party transaction procedures

- 3.6 Non-compliance with the related party transaction requirements of the Act can result in:
- a criminal offence under s195(1B); and
 - a civil offence for persons involved under s209.
- 3.7 Consequently, Argyle Housing expects strict adherence with this policy by all directors and staff who are in a position to bind the Company under a related party transaction.

4. REVIEW OF POLICY

- 4.1 Unless the Argyle Housing Board determines otherwise, this Policy will be reviewed biennially.

5. APPROVED AND ADOPTED

- 5.1 This Policy was approved and adopted by the Board on 24 June 2020.

Version Control

Version No	Date	Revised By	Description	Board approved
1.0	July 2014	Company Secretary	Review	26 August 2014
2.0	June 2015	Company Secretary	Review	25 August 2015
3.0	July 2016	Company Secretary	Review	27 September 2016
4.0	August 2017	Company Secretary	Review	22 August 2017
5.0	May 2018	Company Secretary	Move to a biennial review	26 June 2018
6.0	May 2020	Company Secretary	Biennial review	24 June 2020