

Related party transactions policy

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Johns Lyng Group Limited ACN 620 466 248
(**Company**)

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Related party transactions policy

1. Defined terms

ASX means ASX Limited.

ASX Listing Rules means the listing rules of the ASX as amended or waived from time to time.

Board means the board of directors of the Company.

Company means Johns Lyng Group Limited ACN 620 466 248.

Company Secretary means the secretary of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Financial Benefit has the meaning given in section 229 of the Corporations Act and includes:

- (a) giving a financial benefit indirectly, for example, through one or more interposed entities;
- (b) giving a financial benefit by making an informal agreement, oral agreement or an agreement that has no binding force; and
- (c) giving a financial benefit that does not involve paying money (for example by conferring a financial advantage).

The following are examples of giving a financial benefit to a Related Party:

- (a) giving or providing finance or property;
- (b) buying, selling or leasing an asset;
- (c) supplying or receiving services;
- (d) issuing securities or granting options; or
- (e) taking up or releasing an obligation to the Related Party.

Group means the Company and each of its subsidiaries.

Group Company means the Company or any of its subsidiaries.

Interested Person has the meaning given in clause 9.1.

Related Party includes the following:

- (a) an entity that controls the Company;
- (b) if the Company is controlled by an entity that is not a body corporate, the persons making up that entity;
- (c) directors of the Company, or of a Group Company, or of an entity that controls the Company;
- (d) spouses and de facto spouses of anyone referred to in (b) and (c) above;
- (e) parents and children of anyone referred to in (b), (c) and (d) above;
- (f) an entity controlled by anyone referred to in (a) to (e) above unless it is also controlled by the Company;
- (g) anyone who has fallen within (a) to (f) above within the past six months;
- (h) anyone who believes or has reasonable grounds to believe that they are likely to fall within (a) to (g) at any time in the future;
- (i) anyone acting in concert with someone referred to in (a) to (h) above; and
- (j) an entity in which one or more directors or officers of the Company are directors or officers or are financially interested.

2. Purpose

The purpose of this policy is to:

- (a) publish the Company's commitment to comply with all relevant related party requirements set out in the Corporations Act and the ASX Listing Rules applicable to the Company;
- (b) set out a governance framework for managing and approving related party transactions in the Company; and
- (c) establish a clear process to comply with the Company's related party obligations.

3. Related Party Transactions

3.1 The Company and each Group Company are prohibited from giving a Financial Benefit to a Related Party unless:

- (a) the Company's shareholders have approved the giving of the Financial Benefit; or
- (b) an exception set out in this policy applies.

As a listed entity, the Company is also prohibited from entering into certain transactions with Related Parties without shareholder approval.

3.2 To the extent that there is any doubt as to whether a particular person or entity is a Related Party of the Group for the purposes of this policy, the matter should be referred to the Company Secretary and a decision will be made by the Board.

4. Arm's length exception

4.1 The Company 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.

4.2 In determining whether the arm's length exception in clause 4.1 applies to a Related Party transaction, the Board must have regard to the following factors:

- (a) the terms of the Related Party transaction;
- (b) any protocols adopted by the Company to ensure that conflicts of interest were appropriately managed;
- (c) the impact of the proposed transaction on the Company and its shareholders;
- (d) any other alternatives that may be available and how the terms of each alternative compare with the terms of the Related Party transaction; and
- (e) any expert advice received in relation to the proposed Related Party transaction.

4.3 The Company must only rely on the arm's length exception in circumstances where the Board is confident and satisfied that the exception applies. To the extent that the Board has any doubt as to whether the arm's length exception applies, shareholder approval must be sought in accordance with this policy.

5. Other exceptions

5.1 In addition to the arm's length exception contained in clause 4, the Company is not required to obtain shareholder approval for the giving of a Financial Benefit to a Related Party where one or more of the following circumstances apply:

- (a) the Financial Benefit represents reasonable remuneration payable to the Related Party as an officer or employee, or the reimbursement of expenses;
- (b) the Financial Benefit is the giving of an indemnity, exemption or insurance policy in respect of a liability incurred as an officer or employee;
- (c) the Financial Benefit is the payment of legal costs incurred by the Related Party and payable in the circumstances set out in s212(2) of the Corporations Act;

- (d) 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 (or the relevant amount prescribed under the Corporations Act);
- (e) the Financial Benefit is a benefit given to a Related Party as a shareholder of the Company on the same terms as that provided to all shareholders of the Company;
- (f) the Financial Benefit is given by the Company to a wholly-owned subsidiary (or vice versa).

5.2 If the Board is satisfied that one of the exceptions in clause 5.1 is satisfied, shareholder approval will not be required for the giving of the Financial Benefit.

6. ASX Listing Rules requirements

6.1 Under ASX Listing Rule 10.1, the Company and each Group Company must not acquire a substantial asset from, or dispose of a substantial asset to, the following persons without shareholder approval or the grant of a waiver from the ASX:

- (a) a Related Party;
- (b) a subsidiary;
- (c) a substantial shareholder who has or who had at any time within the 6 months prior to the transaction an interest in at least 10% of the voting securities in the Company;
- (d) an associate of any person referred to in paragraphs (a) to (c) above; or
- (e) a person whose relationship to the Company or to a person referred to in paragraphs (a) to (d) above is such that, in the ASX's opinion, the transaction should be approved by the shareholders of the Company.

6.2 An asset is a substantial asset if its value or the value of the consideration provided for it is, or in the ASX's opinion is, 5% or more of the equity interests of the Company as set out in the latest accounts given to the ASX. In determining whether an asset meets the 5% threshold to be considered a substantial asset, each of the following rules applies:

- (a) whether an asset is classified as a tangible or intangible asset is irrelevant;
- (b) if the ASX accepts that an asset should be valued using its book value, any provisions for depreciation and amortisation and any impairment charges affecting the asset must be deducted from its value;
- (c) liabilities assumed by the Company as part of an acquisition or assumed by someone else as part of a disposal are not to be deducted from the value of the asset being acquired or disposed ; and
- (d) separate acquisitions or disposals will be aggregated if, in the ASX's opinion, they form part of the same commercial transaction.

6.3 ASX Listing Rule 10.1 does not apply to:

- (a) an agreement or transaction between the Company and wholly owned Group Companies or between wholly owned Group Companies;
- (b) an agreement or transaction between the Company and any person who is a Related Party by reason only of the proposed transaction and because the Company believes, or has reasonable grounds to believe, that the person is likely to be come a Related Party because of the transaction; or
- (c) an issue of securities, or an agreement to issue, by the Company for cash.

7. All related party transactions to be referred to the Board

7.1 Except as provided for in clause 7.2, where the Company proposes to enter into a transaction with a Related Party, the procedure below must be followed.

- (a) Full disclosure about the proposed transaction must be made to the Company Secretary prior to the transaction being signed. The disclosure should include the following details:

- (i) full details of the proposed transaction, including the parties and the nature of their relationship;
 - (ii) whether an exception to the requirement to obtain shareholder approval applies or might 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 exception or any other exception applies.
- (b) The 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 Company Secretary 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 the Company'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, 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) shareholder approval should be obtained,
- and resolves that the proposed transaction should nevertheless proceed (subject to the required shareholder approval), the Board must put the proposed transaction to a meeting of shareholders to consider and, if thought fit, approve the proposed transaction.

7.2 Despite clause 7.1, any Financial Benefit provided by the Company to a Related Party in accordance with clauses 5.1(a) to 5.1(d) (both inclusive) is not required to be referred to the Board if the Financial Benefit is:

- (a) in the ordinary course of business and on arm's length; and
- (b) provided to the Related Party in the capacity as an employee of the Company and not in any other capacity.

8. Negotiations with Related Parties

8.1 In respect of negotiations with a Related Party, the Board will consider putting in place protocols to ensure that the Related Party does not influence the Company's decisions. For example, the Board may 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.

9. Persons with material personal interest not to participate

9.1 Any person 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 (**Interested Person**) must disclose that interest to the Company Secretary, who will notify the Board.

9.2 The Interested Person must not participate or be in anyway involved in the decision making process of the Company or the Board in relation to the proposed Related Party transaction, unless permitted by relevant laws and with the approval of non-interested directors of the Board.

- 9.3 Where the Interested Person is a director of the Company, that Interested Person 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.

10. Miscellaneous

- 10.1 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/or documented.
- 10.2 The Chief Financial Officer of the Company will keep and maintain a register of all Related Party transactions, including details of the transaction, the parties and whether shareholder approval was obtained or one of the exceptions applied. The register of Related Party transactions will be tabled quarterly at the relevant meeting of the Audit Committee.
- 10.3 The Company is committed to this policy and its implementation and to ensuring that the Group complies with its obligations in relation to Related Party transactions.

11. Approved and adopted

- 11.1 This policy was approved and adopted by the Board on 14 February 2023.
- 11.2 This policy does not apply retrospectively to any transactions entered into prior to the date that this policy was approved and adopted by the Board.

14 February 2023

Date



Signed by the chairperson of the Board