



Conflicts & Related Party Transactions Policy

Beam Communications Holdings Limited Policy No. 15

Date of Adoption: 28 May 2015,
amended 22 November 2018 (company name change).

Beam Communications Holdings Limited

Conflicts & Related Party Transactions Policy

1. Commitment to compliance

Beam Communications Holdings Limited (**Company**) is committed to:

- complying with the related party transaction requirements contained in the Corporations Act and the ASX Listing Rules; and
- preventing financial benefits from being given to related parties without due consideration by the Board of Directors (**Board**) and, if appropriate, shareholders.

2. Purpose

The purpose of this policy is to:

- (a) record the Company's commitment to complying with all related party transaction requirements under the Corporations Act and the ASX Listing Rules;
- (b) set out a framework for obtaining approval for all related party transactions; and
- (c) establish a clear process to comply with the Company's related party transaction obligations.

3. Interpretation

Board means the board of directors of the Company.

Concepts not defined in this policy which are given a meaning in the Corporations Act have the same meaning as in the Corporations Act.

4. Scope

The policy applies to all related parties of the Company and its subsidiaries (**Group**).

Policy

In summary, all related party transactions must be:

- (a) notified to the company secretary of the Company (**Company Secretary**) prior to their execution; and
- (b) on arm's length terms.

Related party transactions not on arm's length terms must be approved by the Company's shareholders.

5. Review and Reporting

- (a) All contracts with related parties must be reviewed and approved by the Board prior to execution.
- (b) The Company Secretary is to provide a monthly report to the Board as to:
 - (i) related party transactions entered and subsisting at the time of that report; and
 - (ii) the total moneys received from or paid to related parties in the period since the last report to the Board was provided.
- (c) Not less frequently than annually, and in the event of any contract renewal, at least 20% (by number and by value) of all related party contracts are to be formally assessed and benchmarked by the management as to pricing, terms and conditions, with the results reported to the Board at the next Board meeting.

6. Related Party Transactions

The Company and members of the Group 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 applies.

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

7. Who is a related party?

For the purposes of this policy, the Company has adopted the following definition of a related party:

- (a) any person or entity that controls the Company;
- (b) a director of the Company, or of a Group member, or of an entity that controls the Company;
- (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 the Company or a member of the Group is, in the opinion of the Board, such that this policy should apply to that person or entity.

The rules regarding related party transactions also apply to:

- (f) 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
- (g) 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 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.

8. What is a financial benefit?

The term ‘financial benefit’ is to be interpreted broadly.

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).

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.

The exceptions

There are a number of exceptions to the requirement 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.**

9. The ‘arm’s length’ exception

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.

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;
- (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 options that may be available; and
- (e) any expert advice received in relation to the proposed transaction.

The Company will only rely on the arm's length exception in circumstances where the Board is confident that the exception applies. If there is any doubt, shareholder approval will be sought in accordance with this policy.

10. Other exceptions

Other exceptions to the requirement 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 \$2,500;
- (d) benefits given to a shareholder of the Company that do not discriminate unfairly against other shareholders of the Company; and
- (e) benefits given by the Company to a wholly-owned subsidiary (or vice versa).

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.

11. Protocols for negotiations with related parties

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

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

Where a member of the Group 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 Company Secretary **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 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 Director's meeting.
 - (c) Where appropriate, the Board may refer to any internal or external advice or recommendations on the proposed transaction.
 - (d) 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.
 - (e) 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, any routine transactions entered into by a member of the Group in the ordinary course of business and on arm's length terms (for example, travel bookings made by a related party through a member of the Group) are not required to be referred to the Board in accordance with this policy.

13. Persons with material interest not to participate

Any person who has a material personal interest in the outcome of a proposed related party transaction must disclose that interest to the Company Secretary, who will notify the Board. The interested person must not participate or be anyway involved in the decision-making process of the Company or the Board in relation to the proposed related party transaction.

Where the interested person is a director of the Company, 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.

14. All related party transactions to be appropriately documented

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.

15. Disclosure of related party transactions

Details of all related party transactions are to be fully disclosed in each annual report issued by the Company in accordance with Australian accounting standard AASB 124.

16. Register

The Company Secretary will keep and maintain a register of all related party transactions involving members of the Group, including details of the transaction, the parties and whether shareholder approval was obtained or one of the exceptions applied.

17. Review of policy

This policy will be reviewed by the Board as necessary to ensure that it remains relevant and appropriate to the Group, to determine the effectiveness of the policy, and to make any changes necessary.

18. Endorsement

The Company is committed to this policy and its implementation and to ensuring that the Company and the Group comply with their obligations in relation to related party transactions.