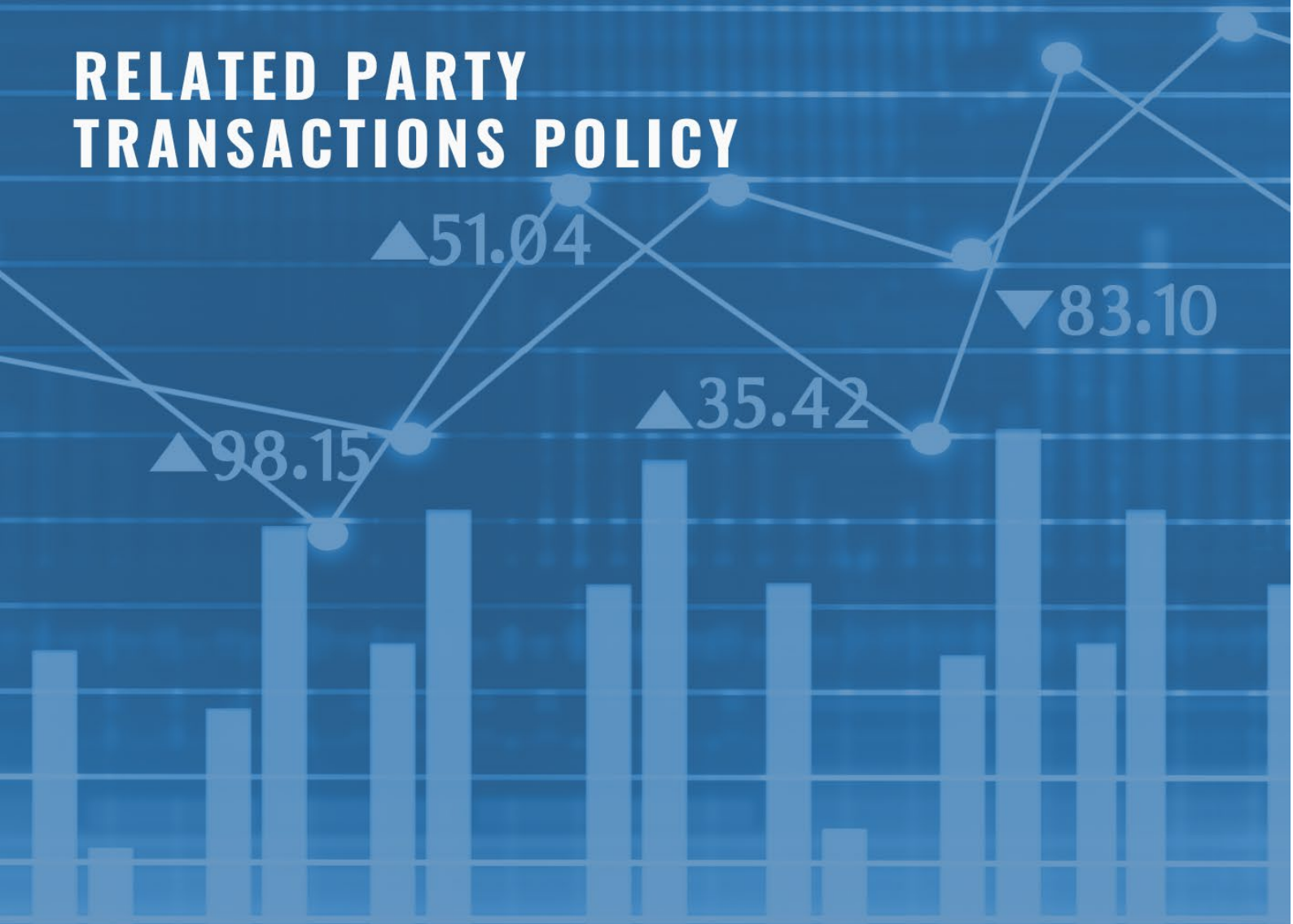




RELATED PARTY TRANSACTIONS POLICY



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This policy outlines our commitment to conduct business in accordance with the ACNC Act, our Code of Conduct, Conflicts of Interest Policy, and the principles of good governance. This is a Board approved Policy.

This policy must be read in conjunction with *Apprenticeships Are Us Ltd – Conflicts of Interest Policy*.

POLICY STATEMENT

Apprenticeships Are Us Ltd from time to time may undertake transactions with related people or organisations. It is important for us to carefully manage these transactions and ensure that they are transparent and the details of them are recorded appropriately. To ensure that the Apprenticeships Are Us Ltd conducts its business in accordance with the ACNC Act, the Australian Accounting Standards, its Code of Conduct, the Conflicts of Interest Policy and the principles of good governance, Apprenticeships Are Us Ltd.'s policy is that:

1. all Related Party Transactions should be conducted on an arm's length basis, with the exception of the transactions outlined in this policy;
2. the process surrounding those transactions must be transparent and fully documented; and
3. Board approval must be obtained for all Related Party Transactions and payments recognising that the Board can delegate this approval in respect of a class of transactions and on such terms and conditions as the Board sees fit.

PURPOSE

The purpose of this policy is to:

1. specify transactions that Apprenticeships Are Us Ltd is prohibited from entering (Prohibited Transactions).
2. define Related Party Transactions and provide Key Personnel and Staff with guidance around identifying matters that may fall within this definition; and
3. set out the protocol for entering Related Party Transactions.
4. define the parameters for related party transactions and the level of disclosure and reporting required for Apprenticeships Are Us Ltd to achieve compliance with the Australian Accounting Standard AASB 124 - Related Party Disclosures.

OBJECTIVES

The objective of the accounting standard is to ensure that annual financial statements contain disclosures necessary for stakeholders to draw attention to the possibility that transactions and outstanding balances may have affected the financial position and financial performance with related parties. Apprenticeships Are Us Ltd recognises that related party transactions can present potential, perceived, or actual conflicts of interest and may raise questions about whether they are in the best interests of the organisation. This procedure applies to the management and executive team, staff, and Responsible Persons within Apprenticeships Are Us Ltd, the APERUS Investments Pty Ltd Unit Trust and any subsidiary organisations owned by the charity. As per AASB 124 - Related Party Disclosures the Board, management and executive team and staff are known as Key Management Personnel (KMP).

SCOPE

This policy applies to all persons and entities that are Related Parties of Apprenticeships Are Us Ltd, and includes, the Directors of the Board, Members, Management and Staff.

The duty to avoid and disclose Related Party Transactions are also incorporated into employment contracts by virtue of the fact that these require adherence to the Code of Conduct and impose an obligation to perform duties faithfully.

POLICY

PROHIBITED TRANSACTIONS

Pursuant to good governance the board of Apprenticeships Are Us Ltd has agreed to prohibit the making of loans and providing securities and guarantees in connection with loans to Key Personnel and Staff, and the family members, partners, and dependants or controlled entities of such Key Personnel and Staff.

Apprenticeships Are Us Ltd must not enter any Prohibited Transaction with any Related Party, with the exception of an Excepted Entity.

RELATED PARTY TRANSACTIONS

Apprenticeships Are Us Ltd must not enter any Related Party Transactions unless such transactions are conducted on an arm's length basis, subject to the Exceptions detailed in this policy.

DEFINITIONS

GENERAL DEFINITIONS

- **Key Personnel means:** those persons having authority and responsibility for planning, directing, and controlling the activities of the Apprenticeships Are Us Ltd directly or indirectly, including the Apprenticeships Are Us Ltd directors, members, and senior management.
- **Staff means:** all employees of the Apprenticeships Are Us Ltd, consultants, and contractors of Apprenticeships Are Us Ltd.
- **At arm's length:** to act independently and without one party influencing another party.
- **Key Management Personnel (KMP):** AASB 124 defines KMP as those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly. For Apprenticeships Are Us Ltd and its subsidiaries, this will apply to:
 - I. Directors.
 - II. Executive Directors.
 - III. Leadership team; and
 - IV. Employees with a financial delegation.
- **Register of Related Party Transactions:** A list of related party transactions that have been declared and approved. The Company Secretary manages the register.
- **Responsible Person:** A Responsible Person is responsible for governing Apprenticeships Are Us Ltd. Generally, Apprenticeships Are Us Ltd's Responsible Persons are its directors on the Board.

WHAT IS A PROHIBITED TRANSACTION

Pursuant to good governance the board of Apprenticeships Are Us Ltd have agreed to prohibit from making loans and providing securities and guarantees in connection with loans to directors, their families, partners, and dependants, irrespective of whether such proposed arrangements are on arm's length terms.

For this Policy:

- a) Apprenticeships Are Us Ltd must not enter any Prohibited Transaction; and
- b) A Prohibited Transaction means any transaction that involves the making of a loan, or providing securities or guarantees in connection with a loan, to a Related Party, but specifically excludes an Excepted Entity.

WHAT IS A RELATED PARTY TRANSACTION?

A Related Party Transaction is any transfer of resources, services, obligations, or transaction (other than a Prohibited Transaction) between Apprenticeships Are Us Ltd and a Related Party, regardless of whether a price is charged.

The term 'related party' is defined by the *Australian Accounting Standards Board (AASB)* in *AASB 124 Related Party Disclosures*. The definition in *AASB 124* refers to the following as related parties for a registered charity:

- I. a person that is connected to the charity, such as a Responsible Person that has control or joint control of the organisation, or a close member of their family.
- I. an organisation that is connected to the charity and has control or significant influence over the charity, such as a parent entity of the charity.
- II. an organisation that the charity has control or significant influence over, such as a subsidiary entity.
- III. any organisation and the charity that are members of the same group (for example, fellow subsidiaries).
- IV. a member, or a close member of their family, of the Key Management Personnel of the charity (as defined above).
- V. an associate (an entity over which the charity has significant influence) or joint venture (a joint arrangement whereby the charity with another entity or other entities have joint control of the arrangements and have rights to the net assets of the arrangement).

The term Related Party Transaction, as used in this policy, is very broad and encompasses virtually all transactions or arrangements under which Apprenticeships Are Us Ltd provides a financial benefit to a Related Party.

In determining whether a transaction is a Related Party Transaction, a broad interpretation should be given to who is a Related Party and to the types of transactions which may be caught.

The following should be considered in assessing whether a transaction is a Related Party Transaction:

- a) Is the transaction or arrangement with a Related Party?
- b) Is there a financial benefit being received by the Related Party?

WHO IS A RELATED PARTY?

For this policy, without limiting the definition of a 'related party' as defined by AASB 124, the following persons are considered Related Parties of the Apprenticeships Are Us Ltd:

- a) a member of Key Personnel or member of Staff, including the spouse, de facto spouse, parents, children and dependents of the Key Personnel or member of Staff that he/she exercises control over.
- b) entities controlled by Key Personnel or member of Staff, their spouses, de facto spouses, parents, or children.

- c) entities of which any Key Personnel or member of Staff, their spouses, de facto spouses, parents, or children have a direct or indirect interest;
- d) any person or entity that has control, joint control, or significant influence over the Apprenticeships Are Us Ltd; and
- e) a person who has been a Related Party (as listed above) in the last 6 months or who is expected to become a Related Party (as listed above) in the future.
- f) a Responsible Person of Apprenticeships Are Us Ltd as listed on the ACNC Charity Portal.

WHAT IS AN EXCEPTED ENTITY?

For this policy, an Excepted Entity is a wholly owned subsidiary of Apprenticeships Are Us Ltd or an entity over which Apprenticeships Are Us Ltd has sole control.

A wholly owned or solely controlled entity of Apprenticeships Are Us Ltd is one which otherwise meets the definition of a related party of Apprenticeships Are Us Ltd under Accounting Standard AASB 124 Related Party Disclosures.

EXAMPLES OF RELATED PARTY TRANSACTIONS

Example 1

Apprenticeships Are Us Ltd is planning to launch a new website. The daughter of a director owns one of the companies considered to create the website. This transaction is a potential related party transaction and a potential conflict of interest. To manage this, Apprenticeships Are Us Ltd must follow the process for related party transactions. Following the steps outlined in the policy means:

- the Director must declare the potential conflict to the CEO and the Board, as the transaction is with a related party, in this instance a close family member.
- all board members will therefore be aware of the relationship between the Board member and the web design company.
- Apprenticeships Are Us Ltd will ensure the transaction is 'at arm's length' and obtain quotes from a few companies before making its decision as a way of assessing that the service is of fair market value.
- the related party transaction will be recorded in Apprenticeships Are Us Ltd register of related party transactions.
- the Board member with the potential conflict will not be involved in the decision to award the contract for the web design work.

Example 2

The Aperus Investments Unit Trust Pty Ltd, through its Board has agreed to develop property that will service Apprenticeships Are Us Ltd. It has approached Apprenticeships Are Us Ltd for funding via a deed of arrangement. The Aperus Investments Pty Ltd in its capacity as trustee of the Aperus Unit Trust is a related party – in this instance - a closely held subsidiary of Apprenticeships Are Us Ltd, as Apprenticeships Are Us Ltd wholly owns all the units in the Aperus Unit Trust.

While the Aperus Unit Trust will receive a financial benefit from the transaction, the Board of Apprenticeships Are Us Ltd is not prohibited under this policy from providing a financial benefit to the Aperus Unit Trust. The Board of Apprenticeships Are Us Ltd will need to consider the transaction to ensure that the transaction is in the best interests of the organisation and is in furtherance of its charitable activities. Where the Board approves of a permitted related party transaction, Apprenticeships Are Us Ltd should record the related party transaction in their conflict-of-interest register.

WHAT IS A FINANCIAL BENEFIT?

The concept of 'financial benefit' is very wide and extends to advantages and benefits given indirectly through other entities, informal and non-binding arrangements and benefits other than for cash.

For this policy, transactions between Apprenticeships Are Us Ltd and a Related Party for which reasonable remuneration has been approved in accordance with this Policy (see below) is excluded from the definition of 'financial benefit'. For this policy, a financial benefit includes (but is not limited to) the following:

- a party providing finance or property to a Related Party.
- buying or leasing an asset from or selling an asset to a Related Party.
- supplying or receiving services from the Related Party.
- taking up or releasing an obligation of the Related Party; and
- provision of a direct or indirect benefit to the Related Party.

The Corporations Act (2001) provides certain exemptions for related party transactions that accrue financial benefits. The giving of a benefit to or by a closely held subsidiary is one such exemption; however, this type of related transaction must still be treated in the same manner as a related party transaction that does derive a financial benefit in as far as it must be recorded in the Register of Related Party Transactions.

WHAT DO WE NEED TO DO?

Registered charities must comply with the ACNC Governance Standards to maintain their eligibility for registration. As part of this, *Governance Standard 5* says that a charity must take reasonable steps to make sure its Responsible Persons meet certain duties, including:

- to act honestly and fairly in the best interests of the charity and for its charitable purposes.
- not to misuse their position.
- to disclose any actual or perceived conflict of interest; and
- ensure that the charity's financial affairs are managed responsibly Conflicts of Interest (whether actual or perceived) may arise where a related party has an interest that may conflict with the best interests of the charity.

Where a Responsible Person has an actual or perceived interest with a related party, it may be difficult to demonstrate the duty to act in the best interests of the charity. By having a related party transaction procedure, Apprenticeships Are Us Ltd reduces the risk that the interests of others may influence their decisions. This procedure also helps to ensure that related party transactions do not take place without approval of Responsible Persons.

MANAGING RELATED PARTY TRANSACTIONS

All related party transactions and payments are to be conducted on an arm's length basis to ensure that a financial benefit is not given to a related party without due consideration. The process surrounding those transactions must be transparent; this includes fully documenting the transaction in a manner that can be recorded on the register of related party transactions, prior to entering the transaction.

CLOSELY HELD SUBSIDIARY TRANSACTIONS

The Company Secretary must record related party transactions that take place between Apprenticeships Are Us Ltd and its subsidiaries, on the register of related party transactions.

RELATED PARTY TRANSACTION INVOLVING DIRECTORS (RESPONSIBLE PERSONS)

Where a related party transaction relates to a Board Member, that Board Member has an obligation to disclose that conflict (or potential conflict) of interest to the Company Secretary and the Board. The Board will discuss the perceived conflict and if required, ask that member to remove himself or herself from the discussion and decision-making process. A record of the disclosure will be made on the register of related party transactions.

RELATED PARTY TRANSACTIONS INVOLVING KMP AND OTHER OFFICERS OF APPRENTICESHIP ARE US LTD

Prior approval must be obtained for all potential related party transactions undertaken by staff and KMP of Apprenticeships Are Us Ltd. Payments must be made in accordance with usual delegations of authority; approval can only be provided where the related party transaction has been documented. All related party transactions must be disclosed and registered in the register of related party transactions.

The KMP approving the transaction must forward the documented evidence provided for approval to the Company Secretary as soon as possible after approval.

In all cases, The Company Secretary will provide a report on related party transactions to the Board at each meeting. Related party transactions will be reported in the annual financial statements each year.

Records of related party transactions will be retained for seven years before they are archived or destroyed and be detailed enough to enable effective auditing of those records.

FOR ALL RELATED PARTY TRANSACTIONS INVOLVING COMMERCIAL ARRANGEMENTS

Where a Related Party Transaction is proposed which involves a commercial arrangement, or an arrangement which would otherwise be in the nature of a commercial transaction, between Apprenticeships Are Us Ltd and a Related Entity, the Related Party Transaction must not be entered into or approved unless all of the following policies have been followed:

- this policy on Related Party Transactions;
- the Management of Conflicts of Interest Policy;
- the Financial Management Policy.

The Board, in determining whether the Related Party is to be engaged, must provide written consideration of:

- whether the proposed arrangement is on arm's length terms (see below);
- how the agreement will be in the best interests of Apprenticeships Are Us Ltd and;
- how the agreement will be in furtherance of the charitable purposes of Apprenticeships Are Us Ltd.

PROCESSES

MONITORING RELATED PARTY TRANSACTIONS

Where the Apprenticeships Are Us Ltd proposes to enter a transaction which may be considered to confer a Financial Benefit on a Related Party, the following procedure applies:

- a) the relevant responsible officer must inform the Apprenticeships Are Us Ltd.'s Chief Executive Officer (CEO) about the proposed transaction, including:
 - I. the proposed parties and how they are related.
 - II. details of the proposed transaction; and
 - III. whether the transaction is on arm's length terms and if so, the written terms; and
 - IV. which Approval Process the proposed transaction falls under (see below);
- b) Apprenticeships Are Us Ltd.'s CEO will review the transaction and may take external legal advice where appropriate in considering the transaction and either:
 - I. where the CEO is the relevant Approver to authorise the transaction, follow the Approval Process to approve or reject the proposed transaction;
 - II. where the Board is the relevant Approver to authorise the transaction, the CEO will inform and advise the Board of the proposed transaction and obtain the relevant Approval of the Board to authorise the proposed transaction;
- c) Where the transaction is considered not to be at arm's length, the relevant Approver will determine whether an Exemption applies so as to permit the Related Party Transaction to proceed, and together with Apprenticeships Are Us Ltd.'s CEO, ensure that if the transaction is proceeded with, it is carried out in a manner that is compliant with the ACNC Act, Apprenticeships Are Us Ltd.'s Code of Conduct and all relevant policies; and
- d) Where a determination cannot be made due to some ambiguity in the nature of the Financial Benefit, or difficulty in valuing the Financial Benefit, the Board must take external legal advice where appropriate in considering the transaction.

RECORDING RELATED PARTY TRANSACTIONS

The following record keeping of related party transactions must be kept:

- a) the CEO will maintain a Register of Related Party Transactions;
- b) the CEO or Board, where relevant, must keep a written record or minutes of the Approval Process, including the assessment of criteria relevant in this policy in approving a Related Party Transactions; and
- c) where Approval is obtained, the transaction must proceed in accordance with any procedures and conditions outlined by the Board.

APPROVAL PROCESS FOR A PROPOSED RELATED PARTY TRANSACTION

All proposed Related Party Transactions will require Approval.

The relevant Approvers must determine whether:

1. the proposed Related Party Transaction meets the conditions for Approval.
2. whether an Exemption applies to that transaction.

For the purpose of this policy, the relevant Approvers are:

1. the CEO for transactions with a value of up to (but not including) \$50,000.
2. the Board for transactions with a value that is equal to or greater than \$50,000.

DOES THE PROPOSED RELATED PARTY TRANSACTIONS MEET THE CONDITIONS OF APPROVAL?

The relevant Approver (as specified above) may approve a proposed Transaction where they determine that the transaction meets all of the following criteria:

1. the transaction is at arm's length (see below);
2. the transaction is in the best interests of Apprenticeships Are Us Ltd;
3. the transaction is in furtherance of the charitable purposes of Apprenticeships Are Us Ltd;
4. the transaction is assessed by the board not to carry any significant risk issues (commercial or reputational) for Apprenticeships Are Us Ltd;
5. the transaction is in the ordinary course of the Apprenticeships Are Us Ltd.'s business; and
6. if publicly disclosed, there is not anticipated to be any material criticism or adverse comment in respect of that transaction.

The relevant Approver must keep a written record of the Approver's assessment against the above criteria.

ASSESSING WHETHER A TRANSACTION IS AT "ARM'S LENGTH"?

In order for the relevant Approver to Approve Apprenticeships Are Us Ltd to enter into a proposed Related Party Transaction, that transaction must be conducted on terms that would be reasonable in the circumstances if the parties were dealing at arm's length.

A transaction is at arm's length if the relevant parties (i.e., Apprenticeships Are Us Ltd and the relevant Related Party) have dealt with each other as parties normally do when they are not related, so that the outcome of their dealing is a matter of genuine bargaining, and although not necessarily technically an open market price, the terms might reasonably have been agreed between un-related parties.

Quantitative criteria to determine whether a transaction is at arm's length include:

1. for transactions of up to \$10,000, obtaining a quote from at least 1 other independent party for the same scope of work;
2. for transactions over \$10,000 and up to \$50,000, obtaining a quote from at least 2 other independent parties for the same scope of work;
3. for transactions over \$50,000, obtaining a quote from at least 3 other independent parties for the same scope of work; and
4. for transactions with a value that is equal to or greater than \$50,000, providing a formal tender process for tenders from at least 3 other independent parties for the proposed scope of work.

Where it is not possible to obtain a comparable quote, the Approver must obtain independent advice about a fair price and terms.

DOES AN EXEMPTION APPLY TO A PROPOSED RELATED PARTY TRANSACTION?

The relevant Approver (as specified above) may approve a proposed Transaction where they determine that an Exemption applies to the proposed Related Party Transaction.

For the purpose of this policy, an Exemption applies where one or more of the following conditions apply to the proposed Related Party Transaction, as determined by the relevant Approver:

1. the transaction involves conferring a Financial Benefit that constitutes reasonable payment or reimbursement for expenses properly incurred by a Related Party in the course of carrying out the activities or objects of Apprenticeships Are Us Ltd;
2. the transaction is comprised of payment to a Related Party of less than \$5,000 in the aggregate in any financial year in exchange for goods, service or works required in the ordinary course of the Apprenticeships Are Us Ltd working to serve its charitable purpose.
3. the transaction is comprised of conferring Financial Benefits that are provided to all members of the same category of Key Personnel or member of Staff (by reference to level of seniority or nature of appointment, as appropriate), and provided that the monetary value of the Financial Benefit is less than \$1,000.
4. the transaction provides a Financial Benefit to Apprenticeships Are Us Ltd and does not provide a personal Financial Benefit, whether directly or indirectly, to the Related Party (this may be the case where the benefit provided to Apprenticeships Are Us Ltd is access to free or discounted goods or services); or
5. the transaction is on terms more favourable to Apprenticeships Are Us Ltd than would otherwise be expected under an arm's length transaction; or
6. the transaction is comprised of providing Financial Benefit to a Related Party under a Court order.

COMPLIANCE IMPLICATIONS

The ACNC Act specifies a range of consequences, including penalties, for directors' breach of obligations owed to the Charity, Apprenticeships Are Us.

These include the director's fiduciary obligations under the Corporations Act, being:

- obligations not to make improper use of information acquired by virtue of the director's position; and
- not to make improper use of the director's position to gain an advantage, whether that advantage is for the director or other person.

These obligations are relevant to Related Party Transactions, and are by extension, relevant to the matters set out in this policy.

The reporting and auditing requirements must comply with the Australian Accounting Standard AASB 124 - Related Party Disclosures. The objective of the accounting standard is to ensure that annual financial statements contain disclosures necessary for stakeholders to draw attention to the possibility that transactions and outstanding balances may have affected the financial position and financial performance with related parties.

DISCLOSURES

Where a Related Party Transaction relates to a Director, that Director has an obligation to disclose that conflict (or potential conflict) of interest to the Company Secretary and the Board, and in accordance with the *Conflicts of Interest Policy*. The Board will discuss the perceived conflict and if required, ask that Director to remove himself or herself from the discussion and decision-making process.

A record of the disclosure will be made on the ***Related Party Transactions Register***.

See *Apprenticeships Are Us Ltd – Conflicts of Interest Policy*.

KEY REFERENCES

This policy should be read in conjunction with Apprenticeships Are Us Ltd.'s:

- Code of Conduct; and
- The Conflicts of Interest Policy.

LEGISLATION REFERENCE

- *Australian Charities and Not-for-profits Commission Act 2012.*
- *Corporations Act 2001.*
- *Australian Accounting Standard AASB124 related party disclosures (AASB124) Australian Accounting Standard AASB10 consolidated financial statements Corporations Act (2001).*

AUTHORISATION

Michael Wentworth



Chief Executive Officer
Apprenticeships Are Us Limited

DOCUMENT CONTROL

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