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Related Party & Conflicts of Interest Policy

Pacific Lime and Cement Limited

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1. Related Party and Persons in Position of Influence Transactions

1.1 Overview

The Corporations Act 2001 (Cth) (**Corporations Act**) provides that public companies, and entities controlled by public companies, must not give a financial benefit to a related party of a public company (**Related Party Transaction**) without shareholder approval, unless the transaction falls within one of the exceptions listed in the legislation. One of these exceptions is an exception where a transaction is at arm's length.

In addition, ASX Listing Rules Chapter 10 requires that certain transactions with entities or persons in a position of influence must be approved by shareholders. These transactions include transfer of significant assets (or options relating to them), an issue of securities, the acquisition of securities under an employee incentive scheme and certain termination benefits (**Transactions with a person in a position of influence**). In addition, Listing Rule 10 prohibits a related party transaction that involves directors and their associates from underwriting a dividend or distribution plan and receiving termination benefits on a change of shareholding or control.

1.2 Who is a related party?

The following persons are considered related parties of the Company:

- each director of the Company and the spouse, de-facto spouse, parents and dependent children of each director; and
- entities controlled by a director, their spouses, de facto spouses, parents or children.

The meaning of 'controlled' is defined in Section 50AA of the Corporations Act.

A person or entity is also a related party of a public company at a particular time if the person or entity:

- was a related party at any time within the previous 6 months; or
- believes or has reasonable grounds to believe that it is likely to become a related party of the Company at any time in the future.

1.3 What is a financial benefit?

The Corporations Act definition of the term "financial benefit" is broad. A non-exhaustive list of examples of the giving financial benefit to a related party include:

- 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 a related party;



- issuing securities or granting options to a related party; and
- taking up or releasing an obligation of a related party.

A financial benefit includes giving a financial benefit indirectly through an interposed entity and does not require a formal agreement or the payment of money.

For the purposes of this policy, reasonable remuneration within parameters approved by the Nomination and Remuneration Committee of the Board or otherwise specifically approved by that Committee or the

Board itself will be excluded from the definition of “financial benefit”.

1.4 Who is a person in a position of influence?

The following persons are persons in a position of influence of the Company for the purposes of significant asset transactions:

- related parties;
- child entities;
- a substantial holder of voting securities in the Company;
- an associate of any of the persons in the above; and/or
- a person whose relationship to the Company or any of the persons in the above is such that in ASX’s opinion, the transactions should be approved by security holders.

Persons in a position of influence for an acquisition of securities are the Company’s related parties and

any person whose relationship with the Company or a related party is in ASX’s opinion, such that approval should be obtained.

1.5 Process to monitor and approve Related Party/Persons in a position of influence Transactions

Where the Company or any of its controlled entities proposes to enter into a transaction that may be considered to confer a financial benefit on a related party or be a transaction with a person in a position of influence, the following procedure applies:

- the relevant responsible officer must inform the CEO who will, in turn, inform the Company Secretary about the proposed transaction, including the proposed parties and how they are related and details of the proposed transaction;
- the Company Secretary will review the transaction and consider whether it is a related party transaction, a transaction with a person in a position of influence, or if any exceptions or approvals are required;



- the CEO will inform and advise the Board of the details of the proposed transaction via a Board paper, and the Company Secretary will advise the legal steps required for any necessary approval. The Board will determine whether to proceed with the transaction and if so on what conditions, and where the transaction is considered to not fall within any statutory exception, will together with the Company Secretary, ensure that if the transaction is proceeded with, it is carried out in a manner that is compliant with the Corporations Act and the ASX Listing Rules (including obtaining shareholder approval);
- a register of all Board approvals in respect of Transactions with Related Parties and Persons in a position of influence shall be maintained under the supervision of the Company Secretary and it shall include details of the nature of the transaction, the date of the approval and any key conditions to which the approval is subject. The external auditors will consider this list as part of their work to determine what information requires disclosure as part of the Company's Annual Report.

At least annually, the Audit & Risk Committee will assess the adequacy of the processes to identify, manage and report to the Board Transactions with Related Parties and/or Persons in a position of Influence.

2. Conflicts of Interest

2.1 Overview

Under the Corporations Act and general law, directors and senior officers must avoid situations where their interests and the interests of the Company conflict.

Each director and officer (which will include all senior officers of the Company and its related bodies corporate (as defined in the Corporations Act)) has a duty to avoid conflicts of interest. Interests that give rise to a conflict include, without limitation:

- other directorships;
- potentially conflicting duties owed to other entities;
- outside investments of the director or senior officer and their related parties; and
- outside employment or engagements.

This policy has been developed and approved by the Board to guide directors and officers in complying with their obligations to take all reasonable steps to avoid actual, potential, or perceived conflicts of interests.

2.2 Declaration of Interests

Directors, officers and other employees are required to comply with the Company's Code of Conduct, which amongst other things, imposes obligations in relation to conflicts of interest.



In addition to those obligations. Directors and officers must comply with the following requirements:

- They must take all reasonable steps to avoid actual, potential or perceived conflicts of interests;
- In accordance with the Corporations Act, directors must disclose any conflicts of interest (including any material personal interest in a matter that relates to the affairs of the Company) and, in certain circumstances, abstain from participating in any discussion or voting on matters in which they have a material personal interest;
- In the event that a director or officer becomes aware of any current or potential conflicts of interest, the director must immediately notify the Chair and the Company Secretary;
 - a. Directors must submit standing notices of interest to all Board members;
 - b. Directors and officers are expected to be sensitive to actual and perceived conflicts of interest that may arise and consider this in view of the changing nature of the Company's business;
 - c. All related party transactions and transactions with persons in a position of influence require prior approval from the Board in accordance with section 1 of this policy; and
 - d. Directors and officers must obtain the Company's consent before disclosing Company information to another company or third party

2.3 Board Procedures to manage conflicts of interest

Directors:

- must disclose to the Board any actual or potential conflicts of interest (including any material personal interest in a matter that relates to the affairs of the Company) which may exist or might reasonably be thought to exist as soon as they arise;
- cannot receive the relevant Board or Board Committee papers if such actual or potential conflict is recognised in advance of the distribution of the papers but may, at the discretion of the other directors, be advised that certain papers have been excluded;
- must absent themselves from the room when the Board or Board Committee discusses and votes on matters to which such conflict relates unless the other directors resolve the director in question may stay;
- cannot vote on the matter unless the other directors resolve that the director in question can vote;
- cannot have access to minutes of the Board or Board Committees in relation to the subject of conflict of interest; and



- must, if deemed appropriate by the Board or the Director, take such other steps as are necessary and reasonable to resolve any conflict of interest within an appropriate period.

2.4 Specific arrangements

From time to time, the Company may enter into specific arrangements with a director or senior officer to assist with the management of conflicts. In such case, that arrangement will override this Policy to the extent of any inconsistency.

2.5 General employee and contractor procedures to manage conflicts of interest

The Company's Code of Conduct states that employees and contractors must take reasonable steps to avoid any real, potential or perceived conflict of interest in connection with their employment or contract, and if it cannot be avoided disclose and manage any conflict appropriately.

In this regard, the person should notify their manager of any conflict and the means of its management should be agreed with the Manager and applied carefully.

Details of the conflict and agreement should be recorded on the employee or contractor's human resources file.

If it is a material matter the advice of the Company Secretary should be sought.

3. Compliance with the Corporations Act and ASX Listing Rules

This policy is a guideline for the procedures to be followed in relation to related party transactions/transactions with a person in a position of influence and conflicts of interest to ensure good corporate governance. Compliance with this policy is not a substitute for and does not replace the need to ensure compliance with the provisions of the Corporations Act and ASX Listing Rules.

4. Breach of This Policy

Any breach of this Policy may result in disciplinary action following the Disciplinary Policy and Procedure.

Any employee or contractor who becomes aware of a breach of this Policy must disclose this breach either to their Manager or the Company Secretary.

In extreme circumstances an individual may be concerned that a serious breach of this Policy has occurred but considers that it would be personally damaging to report it through normal channels, in such a case they should report it under the Whistleblowing Policy.