

## RELATED PARTY TRANSACTION POLICY

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### 1. Introduction and Purpose

BTC Health Limited (“Company”) and its investee entities (together “BTC”) recognises that certain relationships can present perceived, potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with BTC and its stakeholder’s best interests.

The Company must specifically ensure that certain Related Party Transactions concerning BTC (as defined in this Policy) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

This Policy sets out the procedures for identifying, disclosing, and managing actual, potential or perceived conflicts of interest and the framework for dealing with, Related Party Transactions and transactions involving a person in a position of influence for BTC.

Where a transaction is not a Related Party Transaction under this Policy or is treated as a pre-approved transaction, the affected person must also consider whether the transaction nevertheless needs to be approved in accordance with BTC’s separate Policy that deals with Conflicts of Interests, which are different and treated distinctly from Related Party Transactions.

This Policy applies to all employees and is in respect of Related Party Transactions only and is not intended to replace or supersede the Conflicts of Interests Policy. This Policy should be read in conjunction with any current and applicable Code of Conduct, Continuous Disclosure Policy, Conflict of Interests Policy, and Securities Trading Policy.

#### 1.1 Meaning of “Related Party”

A related party is any one of:

- i. A director or nominee director of any company in BTC.
- ii. Any person identified by the Company’s Board as a person discharging managerial responsibilities in respect of BTC.
- iii. Anyone who exercises significant influence over BTC, in respect of which the transaction relates.
- iv. Any person who can exercise 10% or more of BTC’s voting securities (directly or indirectly).
- v. Any immediate family of i, ii, iii or iv; or
- vi. A close business.

In this context:

“**Board**” means the Board of Directors of BTC Health Limited.

“**immediate family members**” means a) spouses, civil partners and children; and b) the trustee of any trust whose beneficiary is anyone in a) or (i) above;

“**close business**” means any business, company, or partnership in which any of the persons identified in (i) – (v) above beneficially owns a 30% or more interest or can otherwise control or jointly control.

## 1.2 Identifying Related Party Transactions

A Related Party Transaction is any financial transaction, arrangement or relationship involving any company in BTC in which the related party has a direct or indirect interest or takes a direct or indirect benefit. A financial benefit includes indebtedness, guarantees and also transactions involving employment or similar relationships.

## 1.3 Purpose of this Policy

This Policy aims to:

- a) Set out the obligations which ensure that, where required, Related Party Transactions are referred to the Board and if required by the Company's constitution and Corporations Act for shareholder approval;
- b) Set out the exceptions that do not require Related Party Transactions to be referred to shareholders for approval;
- c) Provide guidance to all directors and officers, for recognising and reporting Related Party Transactions, to ensure the interest of the Company's shareholders are protected; and
- d) Ensures that transactions involving related parties are fair, reasonable, and consistent so that a high standard of corporate governance and compliance is achieved.

## 1.4 Source of legal obligations

The sources of legal obligations behind this Policy include the *Corporations Act 2001 (Commonwealth)* (**Corporations Act**), which sets out obligations designed to protect the interests of BTC shareholders by ensuring shareholder approval is obtained when a financial benefit is given to related parties.

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## 2. Related Party Transactions to be referred to the Board for approval

The following transactions with related parties outlined in 1.1 (i)-(iv), (vi) and any immediate family of such, to be approved by the Board:

- a) Acquisitions and/or disposals of substantial assets;
- b) Acquisition of securities in the entity;
- c) Payments to Directors; and
- d) Termination benefits.

A financial benefit can only be given to a related party when Board approval has been granted and the financial benefit is given within three (3) months after such approval. In this Policy, the term "**financial benefit**" is broadly interpreted and includes:

- a) Indirectly giving a financial benefit;
- b) Giving a financial benefit by making an informal, oral, or non-binding agreement; and
- c) Giving a financial benefit that does not involve paying money.

The following are examples of giving a financial benefit:

- a) Giving or providing related party finance or property;
- b) Buying an asset from or selling an asset to a related party;
- c) Leasing an asset from or to a related party;

- d) Supplying services to or receiving services from a related party;
- e) Issuing or allocating securities, or granting an option to a related party;
- f) Agreeing to an arrangement that benefits the business operations of a related party; and
- g) Taking up or releasing an obligation of a related party.

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### 3. Exceptions which do not require Board approval

The board may determine that shareholder approval is not required for a Related Party Transaction when:

- a) Dealings are at arm's length because the terms:
  - (i) Would be reasonable in the circumstances if BTC and the related party were dealing at arm's length; or
  - (ii) Are less favourable to the related party when if BTC and the related entity were dealing on the terms referred to above;
- b) The financial benefit is reasonable remuneration, payment of expenses or reimbursement of expenses for Employees;
- c) The financial benefit is an indemnity, exemption, insurance premium or legal costs incurred as an officer of BTC;
- d) A payment to a related party that does not exceed \$5,000 in aggregate in a financial year, or any amount as prescribed by the regulations under the Corporations Act;
- e) The benefit is given to, or for, a closely held subsidiary within BTC;
- f) The benefit is given to a shareholder of BTC, and in doing so, that benefit does not discriminate against other shareholders; or
- g) The giving of the financial benefit is by an order of the court.

If it is not clear a transaction falls within an exception set out above, Board approval must be sought.

The above exceptions do not apply to the requirements for Board approval as outlined in **Section 3**. Accordingly, Board approval will be required for Related Party Transactions with the parties listed above even if they fall within exceptions a) to g) above unless one of the following exceptions also applies i.e.:

- a) When the transaction is between the Company and entities within BTC;
- b) When the transaction is between entities within BTC;
- c) A transaction between BTC and a person who is a related party only because the person believes, or has reasonable grounds to believe, that the person is likely to become a related party; and/or
- d) An issue of securities by BTC for cash.

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### 4. Disclosure of Related Party Transactions

All Related Party Transactions of BTC are disclosed in each annual and half-year financial report issued by the Company to ensure compliance with the Australian Accounting Standards Board (AASB 124) "*Related Party Transactions*".

Disclosure of a Related Party Transaction allows existing and prospective shareholders and others to better understand the effects of the Related Party Transaction and provides an opportunity to assess situations, which could give rise to a conflict of interest.

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## **5. Consequences for Breach of this Policy**

A failure to obtain Board approval under this Policy, when such approval does not fall within the exceptions is a breach and may result in an offence under the Corporations Act, if the involvement was dishonest and may be subject to disciplinary action up to and including dismissal as well as civil and/or criminal legal sanctions that may arise from an improper Related Party Transaction.

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## **6. Giving notice of a suspected Related Party Transaction**

If at any time during engagement with BTC, any party believes that a transaction may constitute a Related Party Transaction, they must notify the Board Chair or the Company Secretary. The potential Related Party Transaction will then be analysed by the Company Secretary in consultation with the Board Chair to determine whether the transaction or relationship is a related party transaction requiring compliance with this Policy. If the transaction involves the Board Chair, the Company Secretary and Chair of the Audit and Risk Committee will consult and determine whether the transaction or relationship is a related party transaction requiring compliance with this Policy.

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## **7. Determining if a transaction is a Related Party Transaction**

The proposed Related Party Transaction will be referred to the Audit and Risk Committee of the Board by the Chair, who will make a recommendation to the Board.

It is not up to an individual director to decide whether a transaction falls within the exceptions to the requirements for shareholder approval but rather is a decision for the Board.

All new Related Party Transactions (including the terms of the transaction and the business purpose of the transaction i.e., contemplating an acquisition) must be either approved or disapproved by the Board.

In determining a related party transaction, the Board shall consider such factors as it deems appropriate, including:

- a) The business rationale for the Related Party Transaction;
- b) The commercial reasonableness of its terms;
- c) The materiality of the Related Party Transaction to BTC;
- d) Whether its terms are (and will be perceived to be) fair to BTC and on the same basis as would apply
- e) If the transaction did not involve a Related Party;
- f) The extent of the Related Party's interest in the Related Party Transaction;
- g) If applicable, the impact (or perceived impact) of the Related Party Transaction on a director's independence;
- h) The actual, apparent or perceived conflict of interest of the Related Party participating in the Related Party Transaction; and
- i) The legal and regulatory requirements are to be followed by BTC in respect of the Related Party Transaction.

No director or officer shall participate in the evaluation approval of any Related Party Transaction for which he or she is a Related Party and will abstain from voting on the approval of the Related Party Transaction, except that the director shall provide all material information concerning the Related Party Transaction to the Board and may otherwise participate in some or all of the Board's discussion if so requested.

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## **8. Management of Approved or Pre-Existing Related Party Transactions**

Once the Board has approved either a new or pre-existing Related Party Transaction, to ensure the commercial reasonableness of its terms, the ongoing management will involve review by a non-executive director who is not affected by the transaction. The Board will periodically review and assess ongoing relationships and dealings with the Related Party at its discretion.

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## **9. Training and Communication**

The Company communicates this Policy via its company website.

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## **10. Review of this Policy**

The Company Secretary will be responsible for keeping this Policy up to date. A formal review of this Policy will occur biennially or earlier as a result of changes in law or regulation.

The Board is responsible for approving this Policy.