

TRANSFIELD SERVICES INFRASTRUCTURE FUND

RELATED PARTY TRANSACTIONS POLICY



1. BACKGROUND

Transfield Services Infrastructure Fund (**TSI Fund**) is a public entity, listed on the Australian Securities Exchange (**ASX**). TSI Fund is committed to responsible corporate governance and accordingly, has endorsed this Related Party Transactions Policy as part of its governance framework. References in this policy to TSI Fund include its related entities.

TSI Fund is a triple stapled structure whereby a unit in Transfield Services Infrastructure Trust is stapled to one share in Transfield Services Infrastructure Limited and one share in TSI International Limited so that none of the securities (unit and shares) can be dealt with separately.

2. PURPOSE OF RELATED PARTY TRANSACTIONS POLICY

The purpose of this policy is to:

- (a) Set out the obligations which ensure that, where required, related party transactions are referred to TSI Fund securityholders for approval;
- (b) Set out the exceptions which do not require related party transactions to be referred to TSI Fund securityholders for approval;
- (c) Provide guidance to all Directors, Officers, consultants and contractors to TSI Fund (**Relevant Persons**) for recognising and reporting related party transactions, in order to ensure the interests of TSI Fund securityholders are protected; and
- (d) Ensure that all transactions involving related parties are fair, reasonable and consistent, so that a high standard of corporate governance and compliance is achieved.

3. SOURCES OF LEGAL OBLIGATIONS FOR RELATED PARTY TRANSACTIONS

The sources of legal obligations behind this policy include:

- (a) Chapter 2E and s601LA of the *Corporations Act 2001 (Cth)* (**Corporations Act**), which set out obligations designed to protect the interests of TSI Fund securityholders by ensuring TSI Fund securityholder approval is obtained when a financial benefit is given to related parties; and

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- (b) Listing Rule 10.1 of the ASX Listing Rules. This deals with the governance of transactions between the TSI Fund and third parties, such as Relevant Persons.

4. OBLIGATIONS REQUIRING CERTAIN RELATED PARTY TRANSACTIONS BE REFERRED TO TSI FUND SECURITYHOLDERS FOR APPROVAL

Financial Benefit

The Corporations Act requires that a financial benefit can only be given to a related party when TSI Fund securityholder approval has been granted and the financial benefit is given within 15 months after such approval unless the benefit falls within one of the exceptions listed in sections 210 to 216 of the Corporations Act. These exceptions are listed in section 5.

In this policy the term “giving a financial benefit” is broadly interpreted 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, 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

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- (g) Taking up or releasing an obligation of a related party.

Related party

In this policy the term “related party” includes the following:

- (a) Directors of TSI Fund;
- (b) Directors of an entity that controls TSI Fund;
- (c) If TSI Fund is controlled by an entity that is not a body corporate, each of the persons making up the controlling entity;
- (d) Spouses of the persons referred to in (a) to (c) above;
- (e) Parents and children of the persons referred to in (a) to (d) above;
- (f) Any entities controlled by a related party referred to in (a) to (e) above unless the entity is also controlled by TSI Fund;
- (g) An entity that at a particular time was a related party of the kind listed in (a) to (f) at any time within the last 6 months;
- (h) An entity of a kind referred to in (a) to (f) that at a particular time believes or has reasonable grounds to believe that it is likely to become a related party of TSI Fund at any time in the future;
- (i) A related party can be a Relevant Person or Relevant Persons of TSI Fund; and
- (j) An associate of a Relevant Person, such as an entity controlled by a Relevant Person.

5. FINANCIAL BENEFITS THAT DO NOT REQUIRE TSI FUND SECURITYHOLDER APPROVAL

Under the Corporations Act, TSI Fund is not required to obtain TSI Fund securityholder approval for the giving of a financial benefit to a related party when the financial benefit is:

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- (a) Provided on terms that:
 - i. Would be reasonable in the circumstances if TSI Fund and the related party were dealing at arm's length; or
 - ii. Are less favourable to the related party than if TSI Fund and the related party, were dealing at arms length;
- (b) Reasonable remuneration, payment of expenses or reimbursement of expenses to a related party who is an Officer or employee of TSI Fund, an entity that TSI Fund controls, an entity that controls TSI Fund or an entity that is controlled by an entity that controls the public entity;
- (c) For a related party who is an Officer of TSI Fund and the benefit is an indemnity, exemption, insurance premium or an agreement to provide any such thing, and the benefit is in respect of a liability incurred as an officer of TSI Fund and reasonable in the circumstances;
- (d) For a related party who is an officer of TSI Fund and the benefit is the making of or an agreement to make a payment in respect of legal costs incurred by the officer in defending actions for a liability incurred as an officer of TSI Fund and reasonable in the circumstances;
- (e) A payment to a related party in a financial year which does not exceed \$5,000 or a greater amount as prescribed by the regulations under the Corporations Act**;
- (f) Given to or for a closely held subsidiary of TSI Fund**;
- (g) Given to a related party in their capacity as a securityholder of TSI Fund, and in doing so, that benefit does not discriminate against other securityholders of TSI Fund; or
- (h) Is given under an order of the court.

** This exception does not apply in the context of related party transactions involving Transfield Services Infrastructure Trust and Infrastructure Fund Management Limited.

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6. ACQUIRING OR DISPOSING OF A SUBSTANTIAL ASSET

TSI Fund, nor any of its subsidiaries, cannot acquire a substantial asset from, or dispose of a substantial asset to, the following persons, without obtaining the approval of TSI Fund securityholders or a waiver granted by the ASX:

- (a) A related party;
- (b) A subsidiary;
- (c) A substantial securityholder, if the person and their associates have a relevant interest, or had a relevant interest in the preceding 6 months before the transaction, in at least 10% of the total votes attached to the voting securities of TSI Fund;
- (d) An associate of a person referred to in (a) – (c) above; and
- (e) A person whose relationship to TSI Fund, or a person referred to in (a) – (d) above, is such that in the opinion of the ASX, the transaction should be approved by TSI Fund securityholders.

Substantial Asset

In this policy, the term “substantial asset” means an asset that constitutes 5% or more of the equity interest of TSI Fund as set out in the latest accounts given to the ASX under the ASX Listing Rules. The equity interest is the paid up capital, reserves and accumulated profits or losses of TSI Fund.

Exception

Under the ASX Listing Rules, TSI Fund is not required to obtain TSI Fund securityholder approval to acquire a substantial asset from, or dispose of a substantial asset to, a related party, subsidiary or substantial securityholder in the following circumstances:

- (a) When the transaction is between TSI Fund and a wholly owned subsidiary of TSI Fund;
- (b) When the transaction is between wholly owned subsidiaries of TSI Fund;

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- (c) In the case of a trust, when a transaction involves a substantial asset that was not beneficially held for the trust before the transaction and is not beneficially held for the trust after the transaction;
- (d) A transaction between TSI Fund 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; or
- (e) An issue of securities by TSI Fund for cash.

7. DISCLOSURE AND ASSESSMENT OF RELATED PARTY TRANSACTION

If any Relevant Person of TSI Fund believes that a transaction may constitute a related party transaction, the Relevant Person must notify the Company Secretary of TSI Fund.

Information to be provided when disclosing a transaction that may constitute a related party transaction

In disclosing the potential related party transaction, the following should be included:

- (a) Details of the nature of the transaction;
- (b) The full range of benefits which may be gained from the transaction must be clearly identified and quantified; and
- (c) Whether it is an arms length transaction.

Notification and the process for assessing the potential related party transaction

The matter disclosed as a result of the above obligations must be referred to the Risk, Audit and Compliance Committee (**RACC**) of TSI Fund. The RACC will consider the information provided in order to determine whether and how to proceed with the proposed transaction. The RACC may confer with the Company Secretary, and may take external legal advice in determining its recommendation to the TSI Fund Board. The Company Secretary will document the decision of the Board.

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Escalating the assessment of the potential related party transaction

Where it is considered the transaction cannot be dealt with by acting at “arms length”, the transaction should be referred to the Chief Counsel Legal, Risk, Governance and Compliance Group or external legal advisor by the RACC, to ensure that if proceeded with, the transaction is carried out in a manner that is compliant with the obligations imposed by the Corporations Act, ASX Listing Rules, and the Constitutions of the relevant entities in TSI Fund.

Outcome of the assessment of the potential conflict of interest by the Risk, Audit and Compliance Committee

Where it is decided that the transaction has such a serious impact on TSI Fund, that it cannot be adequately managed by acting at arm’s length or disclosing it to securityholders and seeking their approval, the RACC may recommend to the TSI Fund Board that the transaction not proceed in the manner proposed.

Where the RACC recommends that the transaction proceed, and is subsequently approved by the Board, it may then be carried out in accordance within the usual operational procedures of TSI Fund.

It is not up to an individual Director, employee, consultant or contractor to decide whether a transaction falls within any of the exceptions to the requirements for securityholder approval. Such determination is a decision for the Board of TSI Fund. In the event a Director or Officer of TSI Fund is a party to a related party transaction, then that Director or Officer must exclude himself/herself from the consideration and approval process.

8. RECORD KEEPING

The Company Secretary maintains a Conflicts of Interest/Related Party Transaction Register which records all potential and actual conflicts of interest and related party transactions involving TSI Fund and Relevant Persons and the procedures taken to mitigate the conflict and ensure the related party transaction is entered into on an arms length basis. A copy of this register is provided to the TSI Fund Board or its nominated Board Committee on a quarterly basis.

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9. MONITORING

It is acknowledged that it may be difficult to monitor any involvement Relevant Persons may have in respect of their outside personal or business investment dealings, or in entities providing services to TSI Fund. The onus of disclosing any such potential related party transaction lies with the Relevant Person. The Company Secretary will remind all Relevant Persons of the obligations under this policy on an annual basis.

10. DISCLOSURE OF RELATED PARTY TRANSACTIONS

All related party transactions of TSI Fund are disclosed in the annual report issued by TSI Fund to ensure compliance with the Australian Accounting Standards AASB124 and the Corporations Act.

Disclosure of a related party transaction allows existing and prospective securityholders and others to better understand the effects of the related party transaction on TSI Fund, and provides an opportunity to assess situations, which could give rise to a conflict of interest.

Proper disclosure of related party transactions assists the transparent operation of TSI Fund by describing and defining the effect of transactions subject to conflicts of interest between a related party and TSI Fund.

11. CONSEQUENCES OF BREACHING THIS POLICY

A failure to obtain securityholder approval when such approval does not fall within the exceptions in the Corporations Act is a contravention of the Corporations Act, and where the contravention is dishonest, is an offence under the Corporations Act.

12. REVIEW OF THIS POLICY

The Company Secretary of TSI Fund will be responsible for keeping this policy under review and for liaising with management to ensure it is updated as circumstances warrant. A formal review of this policy will take place annually.

Any proposed material changes to this policy will be submitted for review by the RACC, who will make recommendations to the Board of TSI Fund. The Board of TSI Fund will be responsible for approving this policy and any material changes.

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13. REFERENCE RELATED DOCUMENTS

This policy should be read in conjunction with TSI Fund's other policies including:

- (a) Conflicts of Interest Policy;
- (b) Continuous Disclosure Policy;
- (c) Securities Trading Policy;
- (d) Corporate Governance Framework; and
- (e) Record Retention Policy.