

MERCY EDUCATION POLICY

1.12 RELATED PARTY POLICY

Introduction

Mercy Education ('the Company') believes in ensuring that every related party transaction is conducted in a manner that will protect the Company and its schools from conflicts of interest which may arise between the Company and its related parties.

Purpose

The purpose of this policy document is to ensure that related party transactions are done in good faith, are conducted in the best interest of the Company, at arms-length and that the terms are commensurate with market rates or better.

This policy will define the parameters of related party transactions as well as specify the reporting requirements to achieve compliance with all regulations and specifically to ensure that no related party transaction is a prohibited agreement or arrangement.

Definitions

At arm's length: to act independently and without one party influencing the other

Company: refers to Mercy Education Limited and all directly governed Colleges.

Conflict of Interest: an individual's duty to Mercy Education or its schools is affected by a personal interest. A Conflict of Interest may be actual, potential or perceived

Financial Benefit: a related party transaction where one related party accrues a financial benefit as part of the transaction

Related Party: is defined by the Australian Accounting Standards Board (AASB) in AASB 124 Related Party Disclosures as:

- is a person that is connected to the charity, such as a Responsible Person or a close member of their family, that has control or joint control of the charity
- 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
- an organisation that the charity has control or significant influence over, such as a subsidiary entity
- any organisation and the charity that are members of the same group (for example, fellow subsidiaries)
- a member of the charity's key management personnel (people with authority and responsibility for planning, directing and controlling the activities of the charity directly or indirectly) or a close member of their family
- an associate (an entity over which the charity has significant influence) or joint ventures (an entity that shares control of an arrangement with the charity and has rights to the net assets of the arrangement).

Related Party Transaction: is a transfer of resources, services or obligation between related parties. It does not have to include financial payment.

A related party transaction can include:

- purchases, sales or donations
- receiving goods, services or property
- leases
- transferring property, including intellectual property
- loans
- guarantees
- providing employees or volunteers
- Responsible Person of a charity providing professional services (for example, accounting or legal services) at a discounted rate or for free.

The Charity: means Mercy Education Limited

Policy Coverage

This policy applies to all employees and volunteers of Mercy Education and to the Directors of the Mercy Education Board.

Policy Statement

1. A related party transaction encompasses those between Mercy Education and its College and related parties. These transactions include people and organisations such as:
 - a. Those with significant influence over Mercy Education's strategy and finances and close members of their families (such as but not limited to parent, partner, sibling or child) and
 - b. Mercy Ministry Companions Limited which has governance responsibility for Mercy Education
2. There is a risk that the interests of a related party may influence decision-making to the detriment of the interests of Mercy Education when Mercy Education is considering whether to undertake a transaction with a related party.
3. A related party transaction is any transaction through which Mercy Education provides a financial or non-financial benefit to a related party. The definition of financial benefit is broad. A financial benefit



includes giving a financial benefit indirectly through an interposed entity, making an informal, oral or non-binding agreement to give the benefit, and giving a benefit that does not involve paying money.

4. All employees, volunteers or Directors of the Mercy Education Board must disclose any perceived, potential or actual conflict of interest in relation to related party transactions in accordance with the 1.08 Conflicts of Interest Policy.
5. The individual who has identified a perceived, potential or actual conflict of interest will be prohibited from participating in voting or decision making associated with related party transactions.
6. The Company Secretary will maintain a register of related party transactions and conflicts of interest for the Company that do not concern a transaction at a Mercy Education school level. The register will be updated annually.
7. The College Principal / Business Manager will maintain a register of related party transactions and conflicts of interest for the College which will be made available to the Company Secretary on request and / or as scheduled. The register will be updated annually.
8. All related party transactions and payments are to be conducted on an arm's length basis to ensure that a financial or non-financial benefit is not given to a related party without due consideration.
9. The process surrounding any related party transactions must be transparent; including full documentation of the transaction in a manner that it can be recorded on the register of related party transactions, prior to undertaking the transaction.
10. Where a related party transaction relates to a Board Director of Mercy Education, that Board Director has an obligation to disclose that perceived, potential or actual conflict of interest. The Board of Mercy Education will discuss the perceived, potential or actual conflict and, if required, ask that Director to remove themselves from the discussion and decision-making process. A record of the disclosure will be made on the register of related parties.
11. Prior approval must be obtained for all potential related party transactions undertaken by employees of Mercy Education from the Chief Executive. Approvals will only be given once the related party transaction has been appropriately documented.
12. All related party transactions on the register will be disclosed in the annual financial statements each year.
13. Records of related party transactions will be retained for seven years before they are archived or destroyed (according to legislative requirements) and will be detailed enough to enable effective auditing of those records

Related Documents

Australian Accounting Standard AASB124 related party disclosures

ACNC Governance Standard Number 5

Mercy Education Limited (MEL):

- *1.03 Policy: Associated Entities*
- *1.03 Operational Instructions: Associated Entities*
- *1.05 Policy: Records Management*
- *1.08 Policy: Conflict of interest*



Educating Girls to Make a Difference

A Ministry of Mercy Education Limited ABN 69 154 531 870

Review History

Version	Date Released	Next Review	Author	Approved
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