

Conflict of Interest Policy

1. Purpose and Objective

1.1 The Board is committed to minimising, or to the extent that is reasonably practicable, avoiding, situations where members of the Board and other Team Members may have, or may be perceived to have, a Conflict of Interest.

1.2 Further, the Board is committed to ensuring that M2 complies with its obligations and acts responsibly in considering and giving effect to transactions with Related Parties (“**Related Party Transactions**”).

1.3 It is recognised that responsible decision making by Team Members must appropriately consider and comply with:

- (a) the Group’s legal and contractual obligations;
- (b) the Group’s policies, codes of conduct and standards of accepted behaviour;
- (c) the reasonable expectations of the Group’s shareholders; and
- (d) the reasonable expectations of the Group’s stakeholders, including employees, customers, suppliers, creditors, consumers and of course, the community in which the Group operates.

1.4 It is acknowledged that the minimisation or avoidance of actual or perceived Conflicts of Interest by Team Members is an essential element in responsible decision making.

1.5 The key objectives of this document are to:

- (a) clarify the standards of behaviour expected of Team Members in situations of actual or perceived Conflicts of Interests;
- (b) clarify the standards of behaviours expected of the Board, individual directors, Team Members and Related Parties in respect of Related Party Transactions;
- (c) set out the practices necessary to maintain public confidence in the Group’s integrity;
- (d) set out the practices necessary to take into account the Group’s legal obligations and the expectations of the Group’s shareholders and other stakeholders;
- (e) clarify the responsibility and accountability of individuals for detecting, reporting and investigating reports of conflicts of interest; and

- (f) generally to promote M2 and the Group as a responsible and respectable corporate citizen.

2. Scope

2.1 This document formalises:

- (a) the expectation of the Board that each Team Member familiarise themselves with their responsibilities under this Conflicts of Interest Policy;
- (b) the expectation of the Board that each Team Member:
 - (i) comply with applicable laws and contractual obligations which apply in respect of Conflicts of Interest;
 - (ii) deal fairly at all times;
 - (iii) comply with the Group's policies, codes of conduct and standards of accepted behaviour;
 - (iv) report Conflicts of Interest to appropriate persons; and
 - (v) report instances of failures by Team Members to comply with the requirements set out above and in this Conflicts of Interest Policy.

3. Conflict of Interest

Definition of Conflict of Interest

3.1 There is no uniform definition of a conflict of interest.

3.2 A conflict of interest is typically a situation where the personal or other interests of a Team Member are, **or may be perceived to be**, inconsistent with, or in conflict with, the legitimate and lawful interests of the Group ("**Conflict of Interest**").

Examples of situations of Conflict of Interest

Improper personal benefits

3.3 Team Members are expected to not exploit their position or relationship with the Group for improper personal gain.

3.4 A conflict of interest can arise if a Team Member or a spouse, relative or friend of the Team Member receives improper personal benefits in connection with the Team Member's engagement by the Group.

3.5 It is critical for Team Members to avoid actual and perceived Conflicts of Interest. A Team Member should not give or receive, and should ensure that the Team Member's spouse, relative

or friend does not give or receive, money, a gift or other valuable items, if it will appear that the Team Member's loyalty to the Group has been compromised.

Financial interests in other businesses

3.6 Team Members are expected to avoid having a significant ownership interest in any other business if that interest compromises or appears to compromise the Team Member's loyalty to the Group. This will not normally apply to interests in listed entities.

3.7 Examples of such actual or perceived conflicts of interest include:

- (a) if the Team Member is a material shareholder in a company which has significant dealings with the Group; and
- (b) if the Team Member is a material shareholder in a company which is a reseller of the Group and, without proper justification, receives rates or service charges which are lower than ordinarily provided to other resellers.

Corporate opportunities

3.8 Team Members are expected to promote and advance the legitimate commercial interests of the Group.

3.9 If a Team Member, in connection with their engagement, discovers a commercial opportunity which may be of interest to the Group, the Team Member is expected to inform the Group of that opportunity and to not compete with the Group is pursuing that opportunity.

3.10 Examples of such actual or perceived Conflicts of Interest include:

- (a) if the Team Member is engaged as a sales manager and during the course of the engagement, the Team Member discovers a suitable prospect but refers the prospect to a friend employed by a competitor;
- (b) if the Team Member is considering resigning from his employment and retains information relating to prospective customers with a view to contacting them on behalf of his next employer; and
- (c) if the Team Member facilitates, procures or encourages the Group to enter into an agreement with a person or company related to the Team Member other than on ordinary commercial terms.

Other examples

3.11 Further examples of where an actual or perceived Conflicts of Interest may arise include:

- (a) if the Team Member's spouse is a dealer of the Group and, without proper justification, receives higher commissions, lower targets, access to funding or generally, a more favourable agreement than ordinarily provided to other dealers;

- (b) if the Team Member is an advisor to the Group and receives a valuable gift from a supplier to the Group;
- (c) if the Team Member takes steps to prevent the Group from terminating an unprofitable agreement so that the Team Member can continue to receive remuneration;
- (d) if the Team Member encourages the Group to accept a person who is a credit risk as a customer so that the Team Member can receive remuneration; and
- (e) if the Team Member encourages or procures the Group to sign an agreement with a supplier because the Team Member will receive a benefit from the supplier.

4. Obligations of Team Members

4.1 Team Members are subject to various legal obligations which may apply in a situation of a Conflict of Interest. Such obligations may arise under (amongst others):

- (a) the Corporations Act, including:
 - (i) the obligation to not improperly use one's position to gain an advantage for themselves or someone else or cause detriment to the relevant Group member: s.182 of the Corporations Act;
 - (ii) the obligation to not improperly use information obtained because of their role to gain an advantage for themselves or someone else or cause detriment to the relevant Group member: s.183 of the Corporations Act;
 - (iii) the prohibition on 'insider trading': Div 3 of Part 7.10 of the Corporations Act;
- (b) the Team Member's contract with a Group member;
- (c) equity law, such as fiduciary obligations; and
- (d) restitution law.

Obligations of Officers

4.2 Additionally, a Team Member who is an officer of a Group member may be subject to additional obligations, including the following obligations under the Corporations Act:

- (a) to perform their powers and discharge their duties in respect of the relevant Group member with reasonable care and diligence: s.180 of the Corporations Act; and
- (b) to perform their powers and discharge their duties in respect of the relevant Group member in good faith in the Group member's **best interests**: s.181 of the Corporations Act.

Obligations of Directors and the Group

4.3 Further, if a Conflict of Interest affects or is perceived to affect a director of a Group member, additional obligations exist including under (amongst others):

- (a) the Corporations Act, including:
 - (i) the obligation to advise each other director of the director's material personal interests where a Conflict of Interest arises: s.191 of the Corporations Act;
 - (ii) the Group member's obligation (if a public company) to not provide a financial benefit to a Related Party without the approval of ordinary shareholders, unless an exception applies: Chapter 2E of the Corporations Act; and
- (b) the ASX Listing Rules, including:
 - (i) the obligation of M2 to not acquire, or dispose of, a substantial asset to or from a Related Party or an Associate without the approval of ordinary shareholders, unless an exception applies: Listing Rule 10.1; and
 - (ii) the obligation of M2 to not issue or agree to issue securities to a Related Party without the approval of ordinary shareholders, unless an exception applies: Listing Rule 10.11.

5. Dealing with Conflicts of Interest

Reporting by Team Members

5.1 Each Team Member is required to report any actual or perceived Conflicts of Interest.

5.2 The Conflict of Interest should be reported as follows:

- (a) Team Members (other than executives and directors) – to the relevant member of the executive team;
- (b) Team Members who are members of the executive team – to the Chief Executive Officer; and
- (c) Team Members who are directors – refer to **paragraph 5.6**.

5.3 It is required that the Team Member receive guidance from the person to whom the Conflict of Interest is reported in respect of how the Team Member is expected to behave. **Paragraphs 5.4 to 5.10 (inclusive)** below deals with Conflicts of Interest by Board members.

Dealing with Conflicts of Interest by Board members

5.4 The Board has adopted a conservative definition of 'Material Personal Interest'.

5.5 The Board has taken the following actions to enable this outcome:

- (a) the definition is not exhaustive and will be assessed reasonably in all the circumstances; and
- (b) the Board recognises that the following interests might constitute a Material Personal Interest:
 - (i) an interest that is held by the director alone or jointly with any other person;
 - (ii) an interest that is held by a relative or Associate of the director or an entity with which the director is associated with;
 - (iii) an interest that may arise in future; and
 - (iv) any or all of the interests giving rise to the examples of Conflicts of Interest set out in **paragraph 3** above.

5.6 Each director of M2 must ensure that each other director of M2 is at all times aware of any 'Material Personal Interest' held by the Director and which relate or may relate to the affairs of M2.

5.7 M2 will maintain a register of Conflict of Interests and transactions with Related Parties ("**Register**"), which sets out the relevant interests of each director, including their 'Material Personal Interests' ("**Notice of Interests**"). Relevant interests include any interest held in the manner contemplated in clause 5.5(b) in any business, entity or activity, which competes with M2 in any area.

5.8 Each director is responsible for ensuring that the Register is kept current.

5.9 In addition, each director will be asked to disclose any conflicts generally, and in respect of particular agenda items, at each scheduled board meeting. Such disclosures will be minuted by the company secretary.

5.10 The Board must ensure that a Director who has a 'Material Personal Interest' in a matter that is being considered at a meeting of the Board does not participate in, or otherwise influence, the matter being considered.

Queries

5.11 If a Team Member is unsure of whether a particular circumstance constitutes an actual or perceived Conflict of Interest, the Team Member should seek guidance from M2's company secretary by email to companysecretary@m2.com.au.

6. Related Party Transactions

6.1 Transactions with Related Parties are often viewed as giving rise to an actual or perceived Conflict of Interest. However, that is not always the case. Nevertheless, the expectation of the Board in respect of Related Party Transactions is non-exhaustively set out in this document.

Financial Benefit

6.2 In an approach consistent with the Corporations Act, the Board has adopted a broad interpretation of Financial Benefit. The definition is not exhaustive and will be assessed reasonably in all the circumstances.

6.3 The Board considers that the following transactions will constitute a Financial Benefit (without limitation):

- (a) giving or providing finance or property;
- (b) buying or selling an asset;
- (c) leasing an asset;
- (d) supplying or receiving services;
- (e) issuing securities or granting an option; and
- (f) taking up or releasing an obligation.

6.4 The Board recognises that the following transactions may still constitute a Financial Benefit:

- (a) a Financial Benefit provided directly or indirectly (e.g. via an intermediary);
- (b) a Financial Benefit provided by informal or unwritten agreement (whether or not with binding force); and
- (c) a Financial Benefit that does not involve the transfer of assets or the payment of money.

Disclosure

6.5 If a matter being considered by the Board involves, or may involve, the provision of a Financial Benefit to a Related Party, each director must ensure that the Board is aware of the involvement of the Related Party in connection with the transaction.

6.6 Each director will comply with their obligations set out in this Conflicts of Interest Policy in respect of the Notice of Interests (“**Related Party Disclosures**”).

6.7 M2 must not provide a Financial Benefit to a Related Party except in limited circumstances, including where:

- (a) the terms of the transaction are at arm’s length; or

- (b) the transaction concerns the provision of reasonable remuneration to a Related Party as an officer or employee of M2 or an entity controlled by M2; or
- (c) the transaction concerns the payment of reasonable expenses incurred or to be incurred by the Related Party in performing duties as an officer or employee of M2 or an entity controlled by M2; or
- (d) the Financial Benefit is to be provided to an Officer and is of the nature of a reasonable indemnity, exemption or insurance premium; or
- (e) the Financial Benefit is in the form of payment of (or agreement to pay) legal costs incurred by the Officer incurred as an officer of M2 (provided it is reasonable in the circumstances); or
- (f) the Financial Benefit does not exceed \$5,000 in a financial year (excluding loans); or
- (g) the Financial Benefit is to be given to or from a wholly owned subsidiary of M2 or a wholly owned subsidiary of a wholly owned subsidiary of M2; or
- (h) the Financial Benefit is to be given to a Related Party in its capacity as a member of M2 and the benefit does not discriminate unfairly against other members; or
- (i) the Financial Benefit is to be given pursuant to a court order; or
- (j) the Board is otherwise permitted to approve the transaction at law; or
- (k) the Corporations Act permits the giving of the Financial Benefit without the need for approval by shareholders.

6.8 If the Board cannot approve the Related Party Transaction, for example, because an exception set out in **paragraph 6.7** does not apply:

- (a) to the extent it is able to do so without contravening its obligations at law (for example, the obligations to act with due care and skill (s.180 of the Corporations Act) and in good faith, for proper purpose and in the best interests of M2 (s.181 of the Corporations Act), not deal with the matter; or
- (b) call a general meeting and put the matter to a vote at the general meeting, in respect of which:
 - (i) the notification obligations and processes required by Division 2 of Chapter 2E of the Corporations Act will be complied with; and
 - (ii) any vote cast by or on behalf of the Related Party, or an Associate of the Related Party, will be disregarded.

6.9 Despite approval by the members at general meeting, the Board will consider the transaction on its merits before resolving to proceed with it.

7. Consequences of Breach

7.1 This Conflicts of Interest Policy applies to Team Members. It is recognised that breaches may occur from time to time. It is expected that any such breaches will be inadvertent and without intent, however it should be clearly understood that any such breaches may result in disciplinary action or other penalty including, in extreme circumstances, dismissal or termination of the contract or engagement.

8. Roles and Responsibilities

The following roles and responsibilities are integral to this Conflicts of Interest Policy:

Role	Responsibility
Board of Directors	Establishing this Conflicts of Interest Policy and fostering a culture of compliance within the Group. Board Members are expected to comply with this Conflicts of Interest Policy, to the extent that it relates to them.
Executive Team	Receiving notifications of Conflicts of Interest and providing guidance to affected Team Members.
Company Secretariat	Maintenance and update of this Conflicts of Interest Policy in accordance with an order of the Board. Providing guidance and advice to Team Members in respect of their obligations under this Conflicts of Interest Policy.
Chief Executive Officer	Receiving notifications of Conflicts of Interest from members of the Executive Management Team.
Team Members	Each Team Member is required to comply with this Conflicts of Interest Policy, including reporting actual or perceived Conflicts of Interests.

9. Definitions

9.1 In this document, the following terms have the following meanings:

Associate has the meaning given to that term in the Corporations Act and includes, in respect of a Group member:

- (a) a director of the Group member; and

(b) a director or secretary of a Related Body Corporate of a Group member.

ASX means the Australian Securities Exchange;

ASX Listing Rules means the listing rules of the ASX, as varied from time to time;

Board means the board of directors of M2;

Conflict of Interest has the meaning given to that term in **paragraph 3.2**;

Conflicts of Interest Policy means this document entitled 'Conflicts of Interest Policy', as varied from time to time;

Company means M2;

Corporations Act means the *Corporations Act 2001* (Cth);

Financial Benefit has the meaning given to that term in section 229 of the Corporation Act. The definition is not exhaustive but includes, but is not limited to the examples set out in **paragraph 6.3**;

Group means M2 and its Related Bodies Corporate;

M2 means M2 Group Ltd ABN 74 091 575 021;

Notice of Interest has the meaning given to that term in **paragraph 5.7** of the Corporations Act;

Officer has the meaning given to that term in the Corporations Act;

Register has the meaning given to that term in **paragraph 5.7** of the Corporations Act;

Related Body Corporate has the meaning given to that term in the Corporations Act;

Related Party has the meaning given to that term in section 228 of the Corporations Act and includes, in respect of a Group member:

(c) a director of the Group member;

(d) a director of an entity which controls the Group member;

(e) a spouse of a director referred to in subparagraphs (a) and (b) above;

(f) a parent or child of the persons referred to in subparagraphs (a) to (c) above; and

(g) any person who acts in concert with a Related Party so that the Related Party will receive a Financial Benefit;

Related Party Disclosure has the meaning given to that term in **paragraph 6.6**;

Related Party Transaction has the meaning given to that term in **paragraph 1.2**; and

Team Members mean the members of the Board, senior management, employees and contractors.

10. Related Documents and Dependencies

10.1 Related documents include:

- (a) Code of Conduct; and
- (b) Securities Trading Policy.