

Conflicts of Interest and Related Party Transactions Policy

Lark Distilling Co. Ltd

ACN 104 600 544

| Reviewed/Approved by the Board | |
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1. Definitions

“associate” includes:

- (a) a related body corporate; and
- (b) a Director or Secretary of a related body corporate.

“ASX” means ASX Limited.

“ASX Listing Rules” means the official listing rules and requirements from time to time of the ASX.

“Board” means the board of Directors of the Company as constituted from time to time.

“Corporations Act” means the Corporations Act 2001 (Cth).

“Chair” means the Chair of the Board from time to time.

“Directors” means the directors of the Company from time to time.

“material personal interest” is one which provides a personal benefit (whether that interest is direct, indirect, contingent or contractual) to the Director or an associated person or entity, which is of a real or substantial kind, having the capacity to influence the vote of the Director on the decision to be made. A conflict of interest also extends to any potential or perceived conflict.

“related party” includes:

- (a) a spouse or de facto spouse of a Director;
- (b) a parent, son or daughter of a Director;
- (c) any company, trust or other entity over which a person referred to in (a) or (b) above has control; or
- (d) any company, trust or other entity over which two or more persons referred to in (a) or (b) above together have control.

“securities” includes:

- (a) ordinary shares;
- (b) partly paid shares;
- (c) preference shares;
- (d) hybrid securities;
- (e) debentures;
- (f) legal or equitable rights or interests in (a) to (e) above; and
- (g) any derivatives including but not limited to options in respect of any of (a) to (e) above.

2. Conflicts of Interest

Overview and Purpose

- 2.1 Each Director has a duty not to place themselves in a position where:
- (a) he or she has a Material Personal Interest or other interest giving rise to a real or substantial possibility of a conflict; or
 - (b) his or her duty to the company conflicts with, or gives rise to, a substantial possibility of conflict with another fiduciary or statutory duty,
- in relation to any matter which is or is likely to be brought before the Board of Lark Distilling Co. Ltd (the **Company**).

2.1.1 Examples

Some situations that may give rise to a conflict of interests include situations where you have:

- (a) financial interests in a matter the Company deals with or you are aware that your friends or relatives have a financial interest in the matter;
- (b) Directorships/management of outside organisations;
- (c) membership of boards of outside organisations;
- (d) personal relationships with people the Company is dealing with which go beyond the level of a professional working relationship;
- (e) secondary employment, business, commercial, or other activities outside of the workplace which impacts on your duty and obligations to the Company;
- (f) access to information that can be used for personal gain; and
- (g) offer of an inducement.

3. Disclosure of Interest

- 3.1 Directors are required to disclose to the Board:
- (a) any material personal interest that he or she may have in a matter relating to the affairs of the Company; and
 - (b) any other interest in a matter relating to the affairs of the Company, which may give rise to, or be perceived to give rise to, a real or substantial possibility of conflict.
- 3.2 A Director is required to disclose such conflict of interest immediately on becoming aware of the interest to the Board. A Director may at any time declare a conflict of interest in relation to a matter by notification to the Company Secretary in writing, who shall notify the other Directors of the conflict as soon as practicable.
- 3.3 Each Director shall have and maintain a standing notice register, disclosing the nature and extent of their interests. Each standing notice register, and any amendments or additions to it, shall be tabled at the next Board meeting, and recorded in the minutes of that meeting.
- 3.4 Where a change in circumstance results in an interest which is declared on a standing notice register as giving rise to a material personal interest or other conflict of interest described in clause 2.1, a Director is required to disclose such conflict of interest immediately to the Board or to the Company Secretary.

4. Procedures for dealing with Conflicts of Interest

Identification by a Director

- 4.1 Where a Director has disclosed a conflict of interest as required by clause 2.1, the conflicted Director:
- (a) shall continue to receive Board papers or other information which relates in any way to the matter or issue which is the subject of the conflict of interest, unless the Director requests, or the Chair determines, that he or she not receive any or all of those documents;
 - (b) shall withdraw from any part of a Board or Board Committee meeting for the duration of any discussion on that matter; and
 - (c) shall not vote on the matter.
- 4.2 If a majority of Directors who do not have an interest in such a matter resolve that a disclosed interest should not disqualify a Director from:
- (a) being present while the matter is being considered, then clauses 3.1(b) shall not apply and the Director may be present; and/or
 - (b) voting while the matter is being considered, then clauses 3.1(c) shall not apply and the Director may vote on the matter.

The minutes shall record the decision taken by the Directors who do not have an interest in the matter, including the nature and extent of the Director's interest in the matter and its relation to the affairs of the Company.

- 4.3 A Director should request that he or she not receive any Board papers or other information relating to a matter, where receipt of those documents would place the Director in a position of conflict.

Identification by the Board

- 4.4 If there is any matter which is or is likely to be brought before the Board, and the Chair, or a Director has a concern that the disclosure of such matter to a particular Director:
- (a) would not be in the best interests of the Company; or
 - (b) place that particular Director in a position of conflict,
- then the matter should be referred to the Chair. After the Chair has considered the matter in consultation with the appointed independent Director, the Chair may determine that the particular Director is in a position of conflict, and in such circumstances, the conflicted Director:
- (c) shall not receive Board papers or other information which relates in any way to the issue or matter the subject of the conflict of interest;
 - (d) shall withdraw from any part of a Board or Board Committee meeting for the duration of any discussion on that matter; and
- 4.5 Where disclosure of a particular matter may place the Chair in a position of conflict, the Directors shall appoint an independent Director, who shall consider the matter in consultation with the appointed independent Director and make a determination on the matters set out in clause 4.4.

5. Access to Information

- 5.1 Where a Director has been excluded from receipt of Board papers or Board discussion on a matter, the Company Secretary will advise the Director concerned in writing of the broad nature of the withheld information and why it has been withheld from him or her.
- 5.2 Where a Director:
- (a) is uncertain as to whether an interest should be disclosed in accordance with this Policy; or
 - (b) has been excluded from receipt of Board papers or consideration of a matter by the Board; or
 - (c) is uncertain whether to request that he or she not receive any Board papers or other information relating to a matter,
- the Director is authorised to obtain (at the cost of the Company) legal or other independent professional advice.
- 5.3 Once information withheld from a Director in accordance with this protocol becomes public knowledge or if, in the opinion of the appointed independent Director, after consultation with the Chair (or where the matter concerns the Chair, the appointed independent Director), the potential for conflict has passed, the excluded Director shall be entitled to, should he or she request it, a briefing by the Company Secretary as to the current status.

6. Exceptions

- 6.1 An interest need not be disclosed if:
- (a) the interest arises because the Director is a member of the company and is held in common with the other members of the company; or
 - (b) the interest arises in relation to the Director's remuneration as a Director of the company; or
 - (c) the interest relates to a contract the company is proposing to enter into that is subject to approval by the members and will not impose any obligation on the company if it is not approved by the members; or
 - (d) the interest arises merely because the Director is a guarantor or has given an indemnity or security for all or part of a loan (or proposed loan) to the company; or
 - (e) the interest arises merely because the Director has a right of subrogation in relation to a guarantee or indemnity referred to in subparagraph (d); or
 - (f) the interest relates to a contract that insures, or would insure, the Director against liabilities the Director incurs as an officer of the company (but only if the contract does not make the company or a related body corporate the insurer); or
 - (g) the interest relates to any payment by the company or a related body corporate in respect of an indemnity permitted under section 199A of the Corporations Act or any contract relating to such an indemnity; or
 - (h) the interest is in a contract, or proposed contract, with, or for the benefit of, or on behalf of, a related body corporate and arises merely because the Director is a Director of the related body corporate; or

- (i) you have given the other Directors of the company standing notice of the nature and extent of the interest and that notice is still effective in relation to the interest.

6.2 Additionally, a Director does not need to disclose an interest if the Director has already given the other Directors of the Company notice of the nature and extent of the interest and its relation to the affairs of the company.

7. Related Party Transactions

Overview and Purpose

- 7.1 Where a transaction or matter concerns related parties, it can be hard to ensure that the interests of all parties are considered objectively and fairly, and that regard is to be had to the interests of underlying parties. For this reason, the Corporations Act and the ASX Listing Rules contain detailed provisions in relation to “related party” transactions.
- 7.2 Most importantly, the law prohibits a public company from giving a financial benefit to a related party except in accordance with requirements set out in the Corporations Act. Lark Distilling Co. Ltd is a public company to which these provisions apply.
- 7.3 Lark Distilling Co. Ltd is committed to ensuring that it has a culture of openness and transparency in all of its dealings, and that all Directors understand their obligations when it comes to related party dealings.

8. Financial Benefit

- 8.1 In determining what constitutes a financial benefit, consideration must be had to:
 - (a) The benefits being given, even if civil or criminal penalties may be involved; and
 - (b) The economic and commercial substance of the conduct giving rise to the transaction.
- 8.2 The following are examples of giving a financial benefit to a related party:
 - (a) Giving or providing finance or property to the related party;
 - (b) Buying an asset from, or selling an asset to, the related party;
 - (c) Leasing an asset to or from the related party;
 - (d) Supplying services to, or receiving services from, the related party;
 - (e) Issuing securities or granting an option to the related party; and
 - (f) Taking up or releasing an obligation of the related party.
- 8.3 Similar related party transaction provisions for responsible entities of registered schemes are set out in Part 5C.7 of the Corporations Act. The giving of financial benefit to a related party by a public company, or an entity that the public company controls, or by the responsible entity of a registered scheme, or an entity that the responsible entity controls to a related party, member approval must be obtained in accordance with the Corporations Act, and the benefit must be given within 15 months after the approval.

9. ASX Listing Rules

- 9.1 In addition to the Corporations Act requirements for related party transactions, the Company must also comply with ASX Listing Rules on transactions with persons in a position of influence.

- 9.2 Under Listing Rule 10.1, but subject to certain exceptions, the Company must ensure that neither it, nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any of the following persons without the approval of the holders of the relevant securities or without the grant of a waiver by the ASX:
- (a) A related party (as defined in the Corporations Act – see clauses 9.1 and 9.2);
 - (b) A subsidiary;
 - (c) A substantial holder, if the person and their associates have a relevant interest, or had a relevant interest in the preceding 6 months, in at least 10% of the total votes attached to the voting securities;
 - (d) An associate of a person referred to in paragraphs (a) to (c) above; and
 - (e) A person whose relationship to the entity or a person referred to in paragraphs (a) to (d) above is such that, in ASX’s opinion, the transaction should be approved by security holders.
- 9.3 An asset is ‘substantial’ if its value, or the value of the consideration for it is, or in ASX’s opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX. Rule 10.1 does not apply to:
- (a) A transaction between the entity and a wholly owned subsidiary;
 - (b) A transaction between wholly owned subsidiaries of the entity;
 - (c) An issue of securities by the entity for cash;
 - (d) In the case of a trust, a transaction involving 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; or
 - (e) A transaction between the entity and a person who is a related party by reason only because the person believes, or has reasonable grounds to believe, that the person is likely to become a related party.

10. Procedures for Dealing with Related Party Transactions

- 10.1 If the Company proposes to enter into a transaction which may be a “related party transaction” or come within the ASX Listing Rules requirements, the following procedure applies:
- (a) The manager or executive proposing the transaction must:
 - (i) Discuss the matter in detail with the General Counsel, Chief Financial and Chief Executive Officer;
 - (ii) Obtain legal and other advice as necessary on the requirements for proper management of the matter; and
 - (iii) Prepare a detailed report on the proposed transactions for the Chief Executive Officer and the Board, including the reasons for it, advantages and disadvantages for all affected parties, financial analysis, recommendations for appropriate management of conflicts of interest and recommendations for compliance with legal requirements.

- (b) The Board will then consider the information provided in order to determine whether and how to proceed with the proposed transaction, taking into account of all relevant legal and other advice.
- (c) If the Board determines that the proposed transaction may be carried out without reference to the related party requirements of the Corporations Act and relevant ASX Listing Rules, it may be conducted in the normal manner (including having regard to requirements in relation to the management of conflicts of interest as set out in this Policy).
- (d) If the Board determines that the proposed transaction is to proceed but requires compliance with Corporations Act and ASX Listing Rules requirements, the Company Secretary and the Company's legal advisors will be responsible for ensuring that all relevant requirements are met. This may include calling a meeting of members to approve the related party transaction in accordance with all applicable laws, rules and the constitution of the relevant entity/scheme.

11. Policy Review

The Board will review this Policy at least every 2 years or as often as it considers necessary, in order to ensure that it remains current with respect to legal and regulatory requirements.

12. Breach of Policy

- 12.1 There can be very serious penalties for failure to comply with this Policy. In particular if a Director is found to be guilty of improperly using their position or information pursuant to section 182 and 183 of the Corporations Act the Company's Directors' and Officers' Insurance policy will not provide any indemnity for such actions. In addition, such actions may also result in criminal offences by which the defence of criminal proceedings is not covered by our Directors' and Officers' Insurance policy to the extent prohibited by section 199B of the Corporations Act.
- 12.2 In addition to any action required under law or stipulated in the terms of an employment or other agreement, the Board may take such action as it deems necessary to enforce this Policy or remedy any breach of this Policy.

13. Further assistance

Any questions on conflicts of interest or whether a matter constitutes a related party transaction should be referred to the Company Secretary.

14. Approved and adopted

This Policy was approved and adopted by the Board on 22 August 2023.