

Related Party Transaction Policy

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Introduction and definitions and interpretation

1.1 Introduction

- 1.1.1 This related party transactions policy (the "**Policy**") is established by Flow Traders Ltd. (the "**Company**") in accordance with clause 6.2(j) of the Company's board rules (the "**Board Rules**").
- 1.1.2 The board of the Company ("**Board**") recognizes that transactions with related parties may cause prejudice to the Company and its shareholders and that adequate safeguards for the protection of the interests of the Company and its shareholders is of importance.
- 1.1.3 The purpose of this Policy is to provide for a procedure that prevents related parties from taking advantage of their position and to provide adequate protection for the interests of the Company and its stakeholders.
- 1.1.4 This Policy shall be reviewed and amended when the developments so require.

1.2 Definitions

In this Policy, capitalized terms have the meaning set out below.

- "**Board**" has the meaning ascribed to it in paragraph 1.1.2;
- "**Chairman**" means the chairman of the Board;
- "**Close Family Member**" means the spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree;
- "**Company**" has the meaning ascribed to it in paragraph 1.1.1;
- "**Director**" means an Executive Director or Non-Executive Director;
- "**Directors Interest Entity**" means a legal entity in which a Director holds a material financial interest;
- "**Executive Director**" means an executive director of the Company;
- "**Excluded Transaction**" means a transaction:
 - (a) entered into between the Company and a Subsidiary regarding the remuneration of Managing Directors; or
 - (b) offered to all the Company's shareholders on the same terms, provided equal treatment of all shareholders and protection of the interests of the Company and its affiliated enterprise is ensured;
- "**Material Transaction**" means:
 - (a) a transaction entered into by the Company or a Subsidiary that meets the following criteria:

- i. the transaction is not an Excluded Transaction;
 - ii. the transaction is entered into with a Related Party; and
 - iii. the transaction is of material significance to the Company and/or the Director;
- (b) a transaction that, taken together with the other transactions entered into in the course of the same financial year with the same party, meets the criteria referred to under (a);
- **"Non-Executive Director"** means a non-executive director of the Company;
- **"Related Party Transaction"** means a Material Transaction with a Related Party;
- **"Related Party"** means:
 - (a) a Director, a Directors Interest Entity or a Close Family Member of a Director;
 - (b) a holder of at least 10% of the Company's issue share capital, notwithstanding Bye-Law 24.5;
 - (c) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the Company;
 - (d) associates, in which the Company has a significant influence or which has significant influence over the Company;
 - (e) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, and Close Family Members of any such individuals;
 - (f) key management personnel (i.e., persons having authority and responsibility for planning, directing and controlling the activities of the Company, including senior management of group companies) and Close Family Members of any such individual; and
 - (g) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (e) or (f) or over which such a person is able to exercise significant influence, including enterprises owned by directors or major shareholders of the Company and enterprises that have a member of key management in common with the Company;
- **"Subsidiary"** means:
 - (a) a legal entity in which the Company or one or more of its subsidiaries, whether or not under a contract with other persons entitled to vote, is able to exercise, solely or jointly, more than one half of the voting rights at the general meeting of that legal entity;

(b) a legal entity with regard to which the Company or one or more of its subsidiaries, whether or not under a contract with other persons entitled to vote, is able to appoint or discharge, solely or jointly, more than one half of the members of the management board or board, even if all persons entitled to vote would cast their vote; and

- **"Vice-Chairman"** means the vice-chairman of the Board.

Identifying and reporting related party transactions

- 2.1 Related Party Transactions and potential Related Party Transactions must be reported in accordance with this clause 2 before such transaction is entered into.
- 2.2 Each Director must report any (potential) Related Party Transactions relating to him or that he otherwise becomes aware of to the Chairman. The Chairman must report any (potential) Related Party Transaction relating to him to the Vice-Chairman). In addition, an Executive Director must report a (potential) Related Party Transaction relating to him to the other Executive Directors.
- 2.3 All Related Party Transactions shall be agreed on terms that are customary in the market. The reporting person shall provide all relevant information regarding the (potential) Related Party Transaction available to him.
- 2.4 The Board decides whether a potential Related Party Transaction qualifies as Related Party Transaction.

Approval of related party transactions

- 3.1 Related Party Transactions require the approval of the Board. In determining whether to approve a Related Party Transaction, the Board will take into account, among other factors they deem appropriate:
 - (a) whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest, in the Related Party Transaction;
 - (b) the approximate monetary value of the amount involved in the Related Party Transaction;
 - (c) the approximate monetary value of the amount of the Related Party's interest in the Related Party Transaction;
 - (d) the purpose of, and the potential benefits to the Company of the Related Party Transaction;
 - (e) if the Related Party is a Director or his Close Family Member, whether the Related Party Transaction would impair the independence of the Director concerned; and

- (f) any other information regarding the Related Party Transaction or the Related Party that would be material to the Company and its stakeholders.
- 3.2 Resolutions of the Board to be adopted pursuant to this Policy shall be adopted by the Board without the participation of the Executive Directors and the Director to whom the Related Party Transaction relates (directly or indirectly) in the deliberations and decision-making.
- 3.3 The approval of the Related Party Transaction will not replace the resolution of the Board that would also have been required if the transaction had not qualified as a Related Party Transaction.

Disclosure

The Company shall disclose each Related Party Transaction as required by applicable law.