

SKAKO A/S

Policy regarding transactions with related parties

- Fall 2019 -

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Introduction

This policy addresses the section regarding “transactions with related parties” in the EU Shareholder Rights Directive II (SRD II), dated 10 June 2019, which sets out to strengthen the position of shareholders and to ensure that decisions are made for the long-term stability of a company.

SRD II states that material transactions with related parties must be approved by the Board of Directors before the transaction takes place. Furthermore, information regarding significantly material transactions must be disclosed to the market immediately after the transaction has taken place.

Related parties

Definition

Related parties are defined in the same way as in IAS 24.9, where the following (not exhaustive) are considered related parties:

- Members of the Company’s Board of Directors and Executive Board, including their close family members and companies these people have control over.
- Members of the Parent Company’s Board of Directors and Executive Board, including their close family members and companies these people have control over.
- Parent companies and affiliates.
- Individuals or companies that have a controlling or significant influence over the company - directly or indirectly.
- The subsidiaries and associates of the Company and companies over which the company has joint control.

Material and significantly material transactions

Material transaction

A material transaction is defined as any transaction with a related party or series of transactions with the same related party exceeding 1,000€ in a financial year.

Significantly material transactions

A significantly material transaction is defined as any transaction with a related party or series of transactions with the same related party exceeding 10% or more of the total assets or 25% or more of operating profit in the financial year.

Approval of material and significantly material transactions

Any material or significantly material transaction must be approved by the Board of Directors before the transactions takes place.

Disclosure of information regarding significantly material transactions

Information regarding any significantly material transaction must disclosed to the market immediately after the transaction has taken place. The release must contain information regarding:

- Nature of the relationship with the related party
- Name of the related party
- Date of the transaction
- Fair value of the transaction
- Other matters necessary to assess, whether the transaction has been completed on terms that may be considered reasonable for the company and for those capital owners who are not related parties, including minority participants.

Transactions exempt from the above

Ordinary business transactions

Ordinary business transactions are not subject to the requirements above for approval or disclosure, regardless of whether the transactions are made with a related party and regardless of the size of the transaction.

Except from the list below under “Specific dispositions regarding corporate law” SKAKO A/S and its subsidiaries do not have any ordinary business transactions with related parties. Therefore, any such transaction must not be considered ordinary.

Specific dispositions

Some specific dispositions are exempt from approval and disclosure. These include:

- Transactions between the Company and its subsidiaries, and transactions between the Company’s subsidiaries, unless a related party has an interest in a subsidiary.
- Clearly defined transactions that must be approved by the Annual General Meeting
- Transactions relating to the remuneration of management, which is subject to the Annual General Meeting’s approval of the company’s remuneration policy.
- Transactions offered to all capital owners under the same terms, so that equal treatment of all capital owners and protection of the company’s interests are ensured.

Periodic evaluation of ordinary business transactions

The Board of Directors charges the Audit Committee to at least once a year oversee and evaluate a list of transactions with related parties defined as non-ordinary business transactions or not part of the specific dispositions.

Annual review of the present procedure

The present procedure must be reviewed at least once a year by the audit committee.

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This policy has been adopted by the Board of Directors of SKAKO A/S on 31 October 2019