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CVCA CODE OF CONDUCT

Corporate Governance and Professional Standards for the Private Equity and Venture Capital Industry

(Developed by Invest Europe, formerly the European Private Equity and Venture Capital Association)

INTRODUCTION

The Croatian Private Equity and Venture Capital Association (“CVCA”) is an organization whose principle objectives include promoting the highest ethical and professional standards within the Private Equity Industry (the “Industry”) in Croatia.

CVCA is member of Invest Europe. As part of its longstanding objective to provide an appropriate self-regulatory framework for the Industry, Invest Europe has published several documents that present principles that should govern the professional relationship between the three key groups of participants in the Industry: the General Partner, the Limited Partner, and the investee company. These documents outline the key elements of governance, transparency and accountability that are expected of the main Industry participants towards one another.

One of the critical consideration for Industry participants’ behaviour is the call for high ethical standards. Ethical behaviour is fundamental to the success of the Industry. First, professionals within the Industry expect themselves and their colleagues to behave with the highest ethical standards and in an environment of trust. Second, in order to ensure fair and equitable conditions for the Industry across Europe, it is in the best interests of the Industry that the public at large view the Industry as adhering to the highest ethical standards.

CVCA's membership in Invest Europe creates a responsibility on the part of the member firm and individuals in the firm to act in a manner which is both ethical and beneficial to the image and interests of the Industry and its participants. To this end, and in pursuit of the highest ethical standards in the Industry, CVCA herewith adopts this Code of Conduct (the “Code”), developed by Invest Europe.

Compliance for CVCA members with the Code is dealt with through the Management Board of CVCA. In the event of a proven serious case of misconduct by a member the sanction is expulsion of that member from CVCA.

The Code is established in the Article 1. Guiding Ethical Principles. Guidance on implementation of the Code is provided within Article 2.

The objectives of the Code are:

- To state the principles of ethical behaviour that members of CVCA abide by;
- To assert on behalf of the membership the collective view that high standards of commercial honour and just and equitable principles of trade and investment shall be observed; and
- To provide the basis for consideration of and dealing with lapses in professional conduct within CVCA.

Acting within the Rule of Law and within the Laws and Conduct of Business Rules of a particular jurisdiction in which an CVCA member firm operates is the minimum expected of all members and their employees. The benefit of the Code is that it offers a framework for the resolution of ethical dilemmas.

ARTICLE 1. GUIDING PRINCIPLES

1. Act with integrity
2. Keep your promises
3. Disclose conflicts of interest
4. Act in fairness
5. Maintain confidentiality
6. Do no harm to the Industry

ARTICLE 2. FURTHER EXPLANATION OF THE PRINCIPLES

The Principles which comprise the Code stand together as a whole rather than independently of each other. A litmus test for application of these Principles is personal conviction that one's actions would stand up to the scrutiny of a third party. An alternative test is to judge one's action by reference to whether one would find it acceptable for other parties to pursue a similar course of action under similar circumstances.

2.1. Act with integrity

Integrity is the fundamental building block of trust in business relationships. Trust is built upon repeated interactions between individuals which involve clarity, reliability and honesty. Integrity implies that competitive advantage and commercial success are derived through the application of superior individual and collective skill and not through the use of manipulative or deceptive devices or practices. Acting with integrity implies not seeking to evade or avoid the consequences of error.

2.2. Keep your promises

Ethical business behaviour implies keeping promises regardless of whether or not there is a legal obligation to do so. Within the Industry commitments are made subject to the provision of further information, carrying out due diligence, the results of uncertain external events and other matters. This means that clarity about what is committed and what is subject to further investigation is very important. Promises are made in the light of circumstances known at the time that the promise is made. The ethical individual or business only makes promises which they reasonably believe are

capable of being fulfilled. Promises made are of equal importance regardless of to whom they are made.

2.3. Disclose conflicts of interest

Conflicts of interest arise inevitably within business and occur when a person who has a duty to another also has a personal or professional interest that might interfere with the exercise of independent judgment. Conflicts of interest should be diligently identified and disclosed to all parties concerned.

2.4. Act in fairness

Fairness means playing by the rules, based on facts and circumstances. Rules for conducting business in our Industry may vary between countries, regions, societies, legal systems and transactions. It is important that members understand the different rules that apply to their particular business.

2.5. Maintain confidentiality

In the ordinary course of business individuals and firms will obtain commercially sensitive information from other market participants. In an effort to safeguard the interests of disclosing parties reasonable steps should be taken to protect information from inappropriate disclosure.

2.6. Do no harm to the Industry

Success in commercial enterprise requires the generation and analysis of options and the rigorous pursuit of competitive advantage. The pursuit of competitive advantage is not in itself harmful to the Industry. However, Industry members should conduct their business in a responsible manner and not engage in practices which are foreseeably damaging to the image and interests of the Industry.