

[EN] Code of Conduct

1. Act with integrity

Integrity is the fundamental building block of trust in business relationships.

Trust is built upon repeated interactions between individuals that 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. The GP will act with integrity towards its LPs, portfolio companies and other stakeholders and will seek to ensure that the portfolio company conducts its business with integrity. The GP expects the same from its LPs in all areas where they interact. Acting with integrity implies not seeking to evade or avoid the consequences of error.

2. Keep your promises

Ethical business behaviour implies keeping promises regardless of whether or not there is a legal obligation to do so.

Promises are made in the light of circumstances which are known at the time that the promise is made. Within the industry¹, commitments are often made subject to conditions such as 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 actually committed to and what is still subject to further investigation is very important.

The ethical individual or business only makes promises which they reasonably believe are capable of being fulfilled.

Promises are of equal importance regardless of to whom they are made.

3. Disclose conflicts of interest

Conflicts of interest can 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. They inevitably arise within business. In private equity², conflicts can arise between the GP and the fund and its LPs; between different funds; between different LPs in the fund; between LPs of different funds managed by the GP; and between the fund and other investors in the respective portfolio companies. Procedures to ensure

¹ For the purposes of this Handbook, “industry” is used as a generic term to refer to and to encompass venture capital, infrastructure and private equity.

² For the purposes of this Handbook, “private equity” is used as a generic term to refer to and to encompass venture capital, infrastructure and private equity

the management and disclosure of conflicts should be in place at all firms, and conflicts of interest should be diligently identified and disclosed to all parties concerned.

A GP should seek to manage conflicts of interest fairly. Where these conflicts of interest affect LPs, the GP should always consult with the LP Advisory Committee (“LPAC”) as part of this process. To facilitate the management of conflicts, LPs should ensure they declare their own conflicts of interest in any situation.

4. Act in fairness

Fairness means “playing by the rules,” whether legislative or not, based on facts and circumstances. Fairness must also take account of the impact of decisions and actions on others, both as individuals and groups, and how these actions would be perceived.

Rules for conducting business may vary between countries, regions, societies, legal systems and transactions. It is important that members understand the different rules that apply to their particular jurisdiction, business or situation as the fairness of their actions will often be judged by these rules, formal or informal.

“Fairness” can have a regulatory as well as a commercial dimension when considered in the context of relationships with investors. Whilst management of the fund by the GP must be in accordance with the fund’s strategy and objectives as agreed in the documentation, there are other occasions when a GP should consider the treatment of investors on an individual basis to be satisfied that it is treating them fairly. In particular, a GP should consider carefully whether any particular investor is being given preferential treatment and if so whether this has been disclosed to the other investors. Fairness may not always mean treating everyone the same way, but transparency in this context can be a key element of “fairness.” Legal and regulatory requirements may also make specific provisions relating to disclosures.

Consultation with the LPAC or all LPs, where relevant, helps to ensure fair treatment and an awareness of the issues of concern to these groups. An LP should pay due regard to the interests of the fund as a whole and how their individual behaviour may implicate or impact on the fund, the other LPs or the GP. LPs should engage with the GP and other LPs in a timely manner when situations arise which require consideration, particularly when they might lead to an LP vote under the fund documents.

Ensuring adequate information is available ensures actions are judged objectively for their fairness. A GP should pay due regard to the information needs of LPs in the fund, and communicate, within the confines of confidentiality, adequate information to them in a way which is timely, clear, fair and not misleading. Good investor relations for a GP depend upon clear disclosure and timely communication of relevant and material information. The GP will seek to establish transparent communication with

portfolio company management. LPs should also communicate clearly and promptly with the GP.

5. Maintain confidentiality

In the ordinary course of business, individuals and firms will obtain a range of financial and non-financial information from other market participants and through their role in the managing of investments. Some of this information will be publically available; however, some will be commercially sensitive and the dissemination of which could cause damage or a financial loss to the information's owner.

The GP will treat portfolio company or LP information as confidential in so much as they are made aware that, or should expect that, it is confidential or commercially sensitive. Any usage of such information should be restricted to what has been agreed with the owner of such information or may be mandated by law or regulation.

LPs should also comply with the contractual and regulatory requirements to maintain confidentiality, for example on receiving confidential information when carrying out due diligence on a fund (to which it may or may not decide to commit), or when receiving information that would be considered confidential as an LP in the fund.

In an effort to safeguard the commercial interests of disclosing parties, reasonable steps should be taken to protect information from inappropriate disclosure and due care should be taken to follow any agreed procedures.

6. Do no harm to the industry

Success in commercial enterprise requires the pursuit of competitive advantage.

The pursuit of competitive advantage is not in itself harmful to the industry. Industry members should, however, conduct their business in a responsible manner and not engage in practices that are foreseeably damaging to the public image and general interests of the industry and its stakeholders. All participants in the industry should promote best practices for the wider benefit of long-term, sustainable investment, economic growth and value creation.

Private equity plays an important part in today's economy. As such Invest Europe expects its members and the funds and portfolio companies they manage to comply with the applicable laws and regulations in the jurisdictions in which they operate.

Private equity aims at creating lasting value in the companies they own. Creating competitive advantages by violation of applicable laws and regulation for personal gain or higher fund returns is therefore considered harmful to the industry as a whole.

Compliance with the Code is **MANDATORY** for all PSIK members and it is expected that the member procures that its affiliates working with it will also adhere to the Code. Issues of non-compliance are dealt with through the Ethics Committee on behalf of the Board of PSIK. In the event of a proven serious case of misconduct by a member, PSIK can take actions against specific member that ultimately can result in expulsion of that member from PSIK.

Complaints about PSIK member firms should be addressed to:

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