

SAVCA Code of conduct

1. Introduction

- A. SAVCA is an association whose objectives include promoting the highest ethical and professional standards within the private equity and venture capital industry.
- B. Full and Associate Members of SAVCA ('Members') shall abide by this code of conduct ('Code of Conduct') and any other standards issued from time to time by the board of directors of SAVCA (the 'Board').
- C. Members shall require their directors, employees and representatives to abide by this Code of Conduct.
- D. Definitions contained in the Memorandum of Incorporation of SAVCA apply to this Code of Conduct.

2. General principles of integrity and professional conduct

- A. Members shall promote and maintain ethical standards and shall at all times deal fairly and honestly with Members and with companies seeking private equity and/or venture capital.
- B. Members shall conduct business in a professional way, and will not engage in practices that may be damaging to the image and reputation of SAVCA or those involved in the investment of private equity and venture capital funds primarily in unlisted companies ('the Industry'). Members shall not malign, defame or unfairly criticise any other member in any dealings with proposed client companies or otherwise
- C. In business dealings, Members will identify conflicts of interest diligently and disclose them to all parties involved.
- D. Members who sponsor investment syndications with other parties, whether members of SAVCA or not, must operate on the basis of full disclosure to such other parties.
- E. Members shall respect confidential information supplied to them by companies seeking private equity or venture capital or by companies in which they have invested.
- F. Members will not accept into their private equity funds under management ('Fund') capital from unspecified sources, other than Funds listed on the JSE Limited.
- G. Members will not use their Funds to promote their own interests or the interests of their directors, managers, employees and representatives, except to the extent that they benefit from the success of such Fund through established compensation and/or profit-sharing contracts.
- H. Members shall not misuse or take improper advantage of their position in SAVCA.

3. Investor relationships

- A. Standards should be met for:

- I. Record keeping, to ensure that proper records are kept to describe accurately, completely and fairly the services provided.
 - II. Reporting, to ensure that each Investor receives a full, fair, timely and clearly stated account of the management of their investment.
- B. Fund agreements, where applicable, should detail agreed investment objectives and investment powers.
4. Relevant legislation, compliance and monitoring
- A. Members shall ensure strict observance of all laws and regulations relevant to the conduct of their business.
 - B. As laws and regulations for doing business vary by jurisdiction, Members must be diligent in establishing the laws and rules applying in all markets in which they operate, and must ensure strict observance of such laws and rules.
 - C. Members shall deal with regulators in an open and co-operative manner and keep them informed of relevant matters concerning their activities.
5. Investee Relationships
- A. Members recognise that their primary business is building the value of investee companies, which will result in the Fund generating medium to long-term capital gains.
 - B. Membership implies an active involvement by Members in investee companies. Conflicts of interest that may arise as a result of the Member's nominee director attempting to ethically discharge his fiduciary duties as a director of the investee company, must be declared to the relevant parties.
6. Performance measurement and reporting
- A. Members shall endeavour, where appropriate, to adopt standards for measuring and reporting investment performance that conform with the valuation guidelines adopted by SAVCA.
7. Industry surveys
- A. Objective measurement of the industry is a credible way to justify the performance of private equity as an asset class. The perception of private equity as an asset class is of vital importance to the industry, at both a wholesale and retail level. To obtain an objective measurement of the performance and status of the Industry, SAVCA will from time to time distribute to Members performance and other surveys for completion. Members are strongly encouraged to complete such surveys.
8. Advertising
- A. Members must ensure that in placing advertisements for their services or products, that they comply with regulatory requirements and meet professional and ethical standards.

9. Media Comment

- A. Members should exercise care when talking to members of the media, and should make every effort to convey an accurate representation of the facts. In situations where members of the media misconstrue information supplied by a Member, that Member has a duty to request the journalist to publish a correction in as prominent a manner or position as the original information.

10. Investigation and disciplinary action

- A. If a complaint is made to SAVCA regarding the conduct of a Member, or if the Board believes that the conduct of a Member should be investigated, then the Board will appoint a committee to investigate the matter (the 'Committee'). The Committee will comprise five members, one of whom will be the chair. For a person to be eligible for appointment to the Committee, the Board shall be satisfied that the prospective appointee has no bias toward the Member whose conduct is the subject matter of investigation.
- B. The Committee shall be entitled to require any Member to give an explanation of, or provide any information or access to information, required by the Committee regarding any conduct or alleged conduct of such Member which the Committee considers is or may be:
 - I. prejudicial to the objectives of SAVCA;
 - II. prejudicial to the image and reputation of SAVCA; or
 - III. is in breach of this Code of Conduct.
- C. Unethical conduct includes, but is not limited to, any evasive action intended to conceal non-compliance with this Code of Conduct.
- D. If the Committee finds that a Member is guilty of conduct which is in breach of this Code of Conduct, is otherwise unbecoming of a member or is prejudicial to the objectives of SAVCA, the Committee will have the power to censure, suspend or expel the Member.