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1. CODE OF CONDUCT

Definitions

The following words shall, unless otherwise stated or inconsistent with the context in which they appear, bear the following meanings:

"Associate Member"	a member of SAVCA, with associate membership, as contemplated in the Companies Act, with rights ranking <i>pari passu</i> with Voting-Members, other than such Associate Members having no vote as member as contemplated in item 1(7) of Schedule 1 to the Companies Act;
"Board"	the board of Directors of SAVCA;
"CEO"	the Chief Executive Officer of SAVCA;
"Chairperson"	the Chairperson of the Board of SAVCA;
"Client Companies"	in relation to Full Members, means investors and investees of the Full Member, and in relation to Associate Members, means clients of the Associate Member;
"Code of Conduct"	the code of conduct of SAVCA approved by the Board from time to time;
"Code of Conduct Committee"	a committee appointed by the Board, comprising a minimum of 5 individuals who are members of the Board and one independent representative from the legal fraternity;
"SAVCA"	Southern African Venture Capital and Private Equity Association NPC, registration number 2000/028170/08, a non-profit company incorporated in accordance with the laws of the Republic of South Africa and is defined as 'The Company' in the Memorandum of Incorporation;
"Complainant"	person or entity who refers a complaint (of whatsoever nature) in the prescribed form to SAVCA in the prescribed manner
"Director"	a Director of SAVCA;
"Disciplinary Rules"	the disciplinary rules set out in this Code of Conduct;
"Fund"	private equity, venture capital, or mezzanine funds under management by Members, which has as its

main business the making of equity, equity oriented, equity related investments or mezzanine finance in unlisted companies to earn income or capital gains;

"Full Member"

a member of SAVCA, with full membership as contemplated in the Companies Act, each of which holds one vote as member as contemplated in item 1(7) of Schedule 1 to the Companies Act.

"Institutional Investor"

a Member that invests into a Fund.

"Member"

for purposes of this Code of Conduct and the Rules, a member of SAVCA, including: Full Members; Associate Members; all employees and / or directors of Members, Parent or Subsidiary Companies; and any other appointed representative of a Member or Parent or Subsidiary Company who acts on behalf of the Member or Parent or Subsidiary Company;

"Parent or Subsidiary Company"

for purposes of this Code of Conduct and the Rules, a company that conducts private equity business or private equity advisory services and shares two or more common directors with a Member or Associate member, including all directors and / or employees of Parent or Subsidiary Companies;

"Respondent"

a Member whose conduct is the subject of any proceedings (of whatsoever nature, including a complaint or a decision whether or not to refer such conduct to investigation) under the Rules as well as the legal representative of such Member, if any;

"Rules"

the Disciplinary Rules of SAVCA, set out herein, as approved by the Board from time to time.

"SAVCA Executive"

an employee of SA

Introduction

- 1.1 SAVCA represents its members within the venture capital and private equity industry in Southern Africa with all interested stakeholders.
- 1.2 SAVCA and its members are committed to the highest level of sustainable, ethical, and professional investing and/or fundraising by utilising sound business practices. The Code of Conduct sets out the principles and standards to which SAVCA Members should adhere, and which enables the self-regulation of members and the industry in the public interest.
- 1.3 Members, shall abide by the Code of Conduct and any other standards which are issued by the Board from time to time:

2. Objectives of the Code

The objectives of the code of conduct are to:

- 2.1 Commit Members to high ethical standards and business practices in alignment with the expected industry best practices.
- 2.2 The Code of Conduct is important notwithstanding the legislation and regulation that governs the industry, because:
 - 2.2.1 Legislation and regulation do not necessarily distinguish between industry players that follow the highest ethical business practices and those who do not;
 - 2.2.2 A voluntary code of conduct can assist in ensuring the industry self-regulates and sets standards for ethical business practices, which ensure that the spirit of a code of conduct is followed and not only the letter of the law;
 - 2.2.3 A code of conduct followed by Members will ensure the good standing and reputation of the industry and contribute to the overall sustainability of the industry.

3. *General Principles*

Core Values:

3.1 3.1 Members shall promote and maintain the highest ethical standards and shall, at all times, deal fairly and honestly with Members; Client Companies, and companies seeking private equity and / or venture capital funding; and in the performance of all functions in their respective industries.

3.2 Members shall abide by the following fundamental principles:

3.2.1 *Integrity:*

to be ethical and honest in all professional and business relationships. Integrity includes, but is not limited to, fair dealings, truthfulness.

3.2.2 *Objectivity:*

the principle of objectivity imposes an obligation on all Members not to compromise their professional or business judgment because of, inter alia, bias, conflict of interest or the undue influence of others. Objectivity includes dealing with Institutional Investors on an arm's length basis.

3.2.3 *Professional competence and due care:*

to maintain professional knowledge and skill at the level required to ensure that any client receives competent professional services or investment advice or services based on current and ongoing developments in practice, legislation, rules and techniques and act diligently. Competent professional service requires the exercise of sound judgment in applying professional knowledge and skill in the performance of such service or investment advice or services. Diligence and due care encompass the responsibility to act in accordance with the core values set out in this Code of Conduct and to perform relevant duties carefully, thoroughly and timeously.

3.2.4 *Confidentiality:*

to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information in a manner that was not intended or agreed or for the advantage of the Member or third parties;

3.2.5 Professional behaviour:

to comply with relevant laws and regulations and avoid any action that discredits SAVCA or the private equity and venture capital industry or bring them into disrepute.

4. Conduct of Business

- 4.1 Directors, as representatives of the private equity and venture capital industry, are required to conduct business in a professional and ethical manner, at all times observing the core values in paragraph 3 above.
- 4.2 Directors shall be required to consent to:
 - 4.2.1 the disclosure of all information that may be required by the SAVCA Executive or Board to assess the Director's conduct, to the SAVCA Executive and/or the Board as and when required; and
 - 4.2.2 the independent verification of any information relating to the Director by the SAVCA Executive and/or the Board, including through third party service providers, as and when required.
- 4.3 Members shall conduct business in a professional way, and shall not engage in any business or practices that may be damaging to the image and good reputation of SAVCA or those involved in the investment of private equity and venture capital.
- 4.4 Members shall not malign, defame or unfairly criticise any other Member in any dealings.
- 4.5 In business dealings, Members must identify conflicts of interest diligently, deal with these as set out in their conflict of interest policy and disclose them to all parties affected by the conflict.
- 4.6 Members shall keep confidential all information in their possession which (a) has been obtained from a company which is seeking private equity or venture capital funding or (b) from companies in which they have invested and to which a duty of confidentiality is owed.
- 4.7 Members act in a fiduciary capacity in respect of third-party funds under management and will act in such capacity and as prescribed in the legal documents governing the Fund.
- 4.8 Members shall not misuse or take improper advantage of their position in SAVCA.

5. Relevant Legislation

- 5.1 Members shall ensure strict observance of all laws, regulations and rules relevant to the conduct of their business.
- 5.2 As laws, regulations and rules for doing business vary by jurisdiction and from time to time, Members must be diligent in establishing the laws, regulations and

rules applying in all markets in which they operate and must ensure strict observance of the same.

- 5.3 Members shall deal with regulators in all jurisdictions that may be relevant in an open and co-operative manner and keep them informed of relevant matters concerning their activities.

6. Portfolio Evaluation

- 6.1 Members shall adopt standards for reporting investment performance in a transparent manner, that conform with the International Private Equity and Venture Capital Valuation ("IPEV") guidelines adopted by SAVCA, unless another performance measurement standard is required under their fund legal contract or agreements.

7. Advertising

- 7.1 Members shall adopt standards for reporting investment performance in a transparent manner, that conform with the International Private Equity and Venture Capital Valuation ("IPEV") guidelines adopted by SAVCA, unless another performance measurement standard is required under their fund legal contract or agreements.

8. Media Comments

- 8.1 Members should exercise care when interacting with members of the media, and must convey an accurate representation of the facts in any particular matter.
- 8.2 Members will, at all times, be responsible for conducting themselves in a manner which complies with this Code of Conduct in any interactions with the media.

DISCIPLINARY RULES

9. Improper Conduct

- 9.1 SAVCA will consider and, where it is justified, consider and/or investigate and deal with any complaint, charge or allegation of improper conduct against a Member which may be laid before it in accordance with the procedure set out below. SAVCA's Code of Conduct Committee is empowered to impose any of the prescribed sanctions set out herein in respect of any improper conduct.
- 9.2 While the acts or omissions specified in the following paragraphs are not intended to be a complete list of acts or omissions which might constitute improper conduct on the part of a Member (and which are punishable in accordance with the provisions of the Code of Conduct and the Rules), a Member shall be guilty of improper conduct if such Member, –

DISCUSSION DOCUMENT: SAVCA CODE OF CONDUCT AND DISCIPLINARY RULES

- 9.2.1 contravenes or fails to comply with any provision of the Code of Conduct with which it is the Member's duty to comply;
- 9.2.2 contravenes or fails to comply with any provision of any other Act, regulation or rule with which it is the Member's duty to comply with in terms of the provision of investment advice or services or professional services;
- 9.2.3 has been found guilty in any other forum, including a Court, of any offence involving dishonesty and, in particular (but without detracting from the generality of these provisions), theft, fraud, forgery or uttering a forged document, perjury, bribery or corruption;
- 9.2.4 is dishonest in the performance of any work or duties devolving upon the Member in relation to:
 - 9.2.4.1 any professional services performed by a Member; or
 - 9.2.4.2 any office of trust which the Member has undertaken or accepted;
- 9.2.5 fails to perform any professional services or duties with such a degree of professional competence, due care and skill as in the opinion of SAVCA may reasonably be expected, or fails to perform the professional services or duties at all;
- 9.2.6 fails to answer or to deal with, appropriately and within a reasonable time or that which is stipulated, any correspondence or other communication from SAVCA or any other person, in relation to the Code of Conduct, which reasonably requires a response;
- 9.2.7 fails to comply, within the stipulated time, with an order, requirement or request of SAVCA;
- 9.2.8 behaves in a manner which may bring the private equity and venture capital profession into disrepute or damage the reputation and image of SAVCA, or
- 9.2.9 behaves in a manner which is contrary to the SAVCA core values set out in 3 above.
- 9.3 In the event of a circumstance, complaint or matter arising in relation to the actions of a member, which although not dealt with specifically in the Code of Conduct or Disciplinary rules, would fall within the remit of the SAVCA Code of Conduct, the Code of Conduct Committee will in good faith act in the best interests of the industry and SAVCA in determining how such circumstance, complaint or matter will be addressed.
- 9.4 The Code of Conduct Committee may at its discretion set aside any decision to deal with a matter that is the subject of litigation or a commercial matter between parties. Should a court determination at a future date provide additional evidence on a matter previously considered by the Code of Conduct Committee, the committee at its sole discretion is entitled to act (including imposing sanctions) at a later stage on such information.

10. Commencement of an inquiry into alleged improper conduct and / or breach of the Code of Conduct.

- 10.1 An allegation of improper conduct against a Member must be referred to the Code of Conduct Committee for consideration and/or investigation if it comes to the attention of the CEO or any member of the SAVCA Executive or the Board:
 - 10.1.1 Through information in the public domain, and he or she on reasonable grounds suspects that the Member has committed an act which may render such Member guilty of improper conduct;
 - 10.1.2 Through a complaint made by another Member, in accordance with the provisions of 11.2 below, if he or she:
 - 10.1.2.1 establishes that the person or firm complained about is a Member of SAVCA;
 - 10.1.2.2 establishes that the complaint falls within the jurisdiction of SAVCA; and
 - 10.1.2.3 is of the opinion that the complaint of improper conduct appears to be justified.
 - 10.1.3 Through a complaint made by any other person or entity, in accordance with the provisions of 11.2 below, if he or she:
 - 10.1.3.1 establishes that the person or firm complained about is a Member of SAVCA;
 - 10.1.3.2 establishes that the complaint falls within the ambit of the Code of Conduct; and
 - 10.1.3.3 is of the opinion that the complaint of improper conduct appears to be justified.

11. Lodging of complaints

- 11.1 A complaint submitted by a Member must be in writing and must set out clearly and concisely specific acts or omissions which give rise to the complaint of improper conduct (including all available evidence supporting the complaint) and, if possible, the provisions of the Code of Conduct which have allegedly been breached.
- 11.2 A complaint submitted by a person who or entity that is not a Member must be submitted in the prescribed form, that is available on SAVCA's website or can be requested by email at info@savca.co.za, and must be accompanied by a statement under oath that sets out clearly and concisely specific acts or failures to act that give rise to the complaint of improper conduct (including all available evidence supporting the complaint) and, if possible, the provisions of the Code of Conduct which have allegedly been breached.

- 11.3 SAVCA and / or the Code of Conduct Committee retains the right to consider any provision of the Code of Conduct as relevant even if a complainant has not raised it specifically.
- 11.4 In order to establish whether the grounds for referral to the Code of Conduct Committee referred to in 10.1.2 or 10.1.3 are present, the CEO or the Board who received the complaint may, in their discretion:
- 11.4.1 notify the Respondent in writing of the nature of the complaint and call upon that Respondent to furnish a written explanation in answer to the complaint within the time period stipulated in correspondence; and/or
- 11.4.2 request a complainant to provide further particulars on any aspect of the complaint.

12. Consideration and/or investigation of a complaint or allegations of improper conduct.

- 12.1 When a complaint or allegation of improper conduct against a Respondent is referred to the Code of Conduct Committee as set out in [10.1 above](#), the Code of Conduct Committee must consider and/or investigate such complaint or allegation and may:
- 12.1.1 take any steps which are not prohibited by law to gather information with regard to the complaint or allegation;
- 12.1.2 request a Complainant to provide further particulars on any aspect of the complaint;
- 12.1.3 request the Respondent to meet with the Code of Conduct Committee in order to assist it with its deliberations by notifying the Respondent of the time and place of the meeting; or
- 12.1.4 deliver a notice in writing to the Respondent, the Complainant or any Member, requiring that they produce to the Code of Conduct Committee, at a time and place stipulated in the notice, any information including, but not limited to, any working papers, statements, correspondence, reports or other relevant documents, which is in the possession or under the control of that Member or other person and which relates to the subject matter of the charge(s), complaint or allegations of improper conduct. If appropriate, the Code of Conduct Committee may inspect and retain any information provided pursuant to this paragraph and make copies of and take extracts from such information.
- 12.2 The Code of Conduct Committee shall not be obliged to disclose the source of a complaint.
- 12.3 If, in the course of its consideration and/or investigations, the Respondent admits to the Code of Conduct Committee that the Respondent is guilty of improper conduct and / or breaching the Code of Conduct, and the Code of Conduct Committee and the Respondent agree on a sanction to be recommended for such improper conduct / breach of the Code of Conduct, or if the sanction appears to the Code of Conduct Committee to be appropriate, the Code of Conduct Committee shall make a recommendation in respect of

the finding and the sanction to the Board as set out in 13 below.

- 12.4 The Code of Conduct Committee may dismiss a complaint if it is of the view that it has received insufficient evidence in order to commence and / or proceed with its consideration and/or investigation thereof. The Board must be notified of the dismissal at the next Board meeting.

13. Findings of the Code of Conduct Committee

- 13.1 After considering and/or investigating the allegations of improper conduct against a Respondent, the Code of Conduct Committee shall prepare a recommendation to the Board indicating its view as to whether the Respondent is guilty of improper conduct and / or a breach of the Code.
- 13.2 The recommendation of the Code of Conduct Committee should include the following:
- 13.2.1 If the Code of Conduct Committee is of the view that the Respondent is not guilty of improper conduct and/or a breach of the Code:
- 13.2.1.1 that there is a reasonable explanation for the Respondent's conduct;
- 13.2.1.2 that the conduct of which the Respondent may be guilty is of negligible nature or consequence; or
- 13.2.1.3 in all the circumstances it is not appropriate to sanction the Respondent for improper conduct and / or a breach of the Code of Conduct.
- 13.2.2 If the Code of Conduct Committee is of the view that the Respondent is guilty of improper conduct and/or a breach of the Code of Conduct:
- 13.2.2.1 that the Code of Conduct Committee is of the view that the Respondent is guilty of improper conduct and / or of breaching the Code of Conduct; and
- 13.2.2.2 the reasons for the Code of Conduct Committee's view.
- 13.2.2.3 In the event that the Code of Conduct Committee is of the view that the member is guilty of improper conduct and / or a breach of the Code, the Code of Conduct Committee must consider the appropriate sanction in terms of 15 below to be imposed and communicate to the Respondent that it intends to recommend a sanction contemplated in the Rules. The Code of Conduct Committee shall afford the member a reasonable time within which to make written submissions on the appropriateness of the Code of Conduct Committee's recommended sanction.
- 13.2.2.4 The Code of Conduct Committee shall consider the representation on sanction and shall formulate a recommended sanction to be imposed.

14. Tabling of recommendation(s) with the Board

- 14.1 The Code of Conduct Committee must table its recommendation(s) as to whether the Respondent is guilty of improper conduct, and what the appropriate sanction is, for consideration by the Board as soon as possible after the recommendation(s) have been finalised.
- 14.2 The Board must consider the recommendation(s) of the Code of Conduct Committee together with any supporting evidence or documents which it may call on the Code of Conduct Committee to provide, following which the Board shall determine whether the member should be found guilty of improper conduct and what the appropriate sanction is.
- 14.3 The finding and sanction (in cases where a sanction is imposed) shall be recorded by the Code of Conduct Committee on behalf of the Board in a written ruling and shall be communicated to the Member within a reasonable time.

15. Committee Sanctions

- 15.1 If a Respondent is found guilty of improper conduct and / or a breach of the Code of Conduct, the following sanctions may be imposed by the Board on recommendation of the Code of Conduct Committee:
 - 15.1.1 a caution or reprimand;
 - 15.1.2 suspension of membership from SAVCA for a specified time as may be determined by the Board;
 - 15.1.3 immediate expulsion of the Member from SAVCA.
 - 15.1.4 a disqualification from reapplying for membership of SAVCA for a period to be determined by the Board; and/or;
 - 15.1.5 that the Respondent be required to take such reasonable steps as the Board deems appropriate, including but not limited to the attendance of an ethics course or the provision of *pro bono* services for the benefit of the SAVCA membership and/or venture capital and private equity industry.
- 15.2 For the avoidance of doubt, the Board shall not be bound by the recommendation of the Code of Conduct Committee when imposing a sanction.
- 15.3 The Code of Conduct Committee may recommend and/or the Board may order that a sanction imposed in terms of 15.1.2 to 15.1.4 above is suspended for such time and on such conditions as the Code of Conduct Committee may determine.
- 15.4 The Code of Conduct Committee may recommend and/or the Board may order that any Respondent against whom a sanction is imposed in terms of this Code of Conduct pay such reasonable costs as the Code of Conduct Committee, or the SAVCA Executive, CEO or a Director, may have incurred

in connection with the consideration and/or investigation of a complaint or allegations of improper conduct, or such portion of those costs as the Code of Conduct Committee deems appropriate. Such costs may be recovered from a Respondent in civil proceedings in any court.

- 15.5 In the event that a sanction in terms of 15.1.2 to 15.1.4 above has been recommended by the Code of Conduct Committee and/or imposed by the Board, a Member may be readmitted as a Member of SAVCA by submitting an application for membership to a member of the SAVCA Executive or the Board:
 - 15.5.1 after serving out the period of the relevant sanction imposed by the Code of Conduct Committee in terms of 15.1.2 to 15.1.4 above; or
 - 15.5.2 after a period of 10 years, if a sanction in terms of 15.1.2 to 15.1.4 above has been imposed by the Code of Conduct Committee for an unspecified amount of time.
 - 15.5.3 The Code of Conduct Committee may recommend and/or the Board may order that the finding and sanction imposed by the Code of Conduct Committee against a Respondent is published in a manner to be recommended by the Code of Conduct Committee and/or determined by the Board.