

# Swedish Private Equity & Venture Capital Association (SVCA)

## Supervisory Board

### Instruction

#### *Duties*

##### **Section 1**

SVCA's Supervisory Board (the Supervisory Board) shall supervise compliance with the SVCA's Code of Conduct (the Code of Conduct) and administer that Code.

#### *Supervision*

##### **Section 2**

The purpose of the supervision is to ensure public confidence in that private equity firms act responsibly and professionally.

##### **Section 3**

The supervision shall be carried out through review of individual cases where a question of violation of the Code of Conduct has arisen, in accordance with what is stated below.

Supervision in individual cases may be initiated after notification from SVCA's Board of Directors or at the initiative of the Supervisory Board itself. Members have the right to notify the Supervisory Board of a request for supervision, whereupon the Supervisory Board shall decide whether to commence a so called initiative matter. Individuals who are personally affected by such activity as is described in Section 7 of the Code of Conduct have the right to request supervision, which shall then be commenced. However, if it is evident that a notification or request does not concern an issue that could lead to criticism for violation of the Code of Conduct, the Supervisory Board may reject the notification or request without performing an investigation.

##### **Section 4**

Supervision may also be exercised in the form of a general review of the industry's compliance with the Code of Conduct.

Supervision in the form of a general review is resolved by the Supervisory Board, after consulting with SVCA's Board of Directors.

##### **Section 5**

The Supervisory Board may obtain information, verbal or written, from a private equity firm being the object of supervision. The Supervisory Board may also request such firm to respond

in writing to issues being reviewed. The Supervisory Board may not criticize a private equity firm without having given it the opportunity to respond.

According to the Articles of SVCA, its members are obligateded to submit true and complete information and statements to the Supervisory Board.

The Supervisory Board shall treat information and statements confidentially. This means that they are not public information, and that the Supervisory Board shall phrase its resolutions so that factual information and personal data submitted by a private equity firm are not disclosed unless they are already known or can be disclosed without harm to the firm.

## **Section 6**

A supervision matter shall be concluded with a resolution in which the Supervisory Board states whether its review has resulted in criticism for violation of the Code of Conduct. The Board also has the right to make such statements as it otherwise feels are justified, as part of its resolution. The Supervisory Board's resolution shall be submitted to SVCA's Board of Directors, which shall determine whether the resolution shall cause any action by SVCA.

## **Section 7**

The Supervisory Board shall continuously report on current supervisory matters, and otherwise look after the public's and mass media's interest of insight.

The Supervisory Board's decisions shall be public once they have been submitted to SVCA's Board of Directors.

Notifications and other documents submitted to the Supervisory Board in the course of supervisory matters are not public, unless their content is already known or publication will not harm the party that submitted the document.

The Supervisory Board may delegate to an administrative official of the Board the right to determine which information and documents shall be made public. A party who has requested but not received a document is entitled to request a ruling by the Supervisory Board on the issue.

## *Administration*

## **Section 8**

The Supervisory Board shall administer the Code of Conduct by continuously determining whether it is functioning well and notify SVCA's Board of Directors of any need for action.

The Supervisory Board is responsible for ensuring that the Code of Conduct Commentary is updated. Updates shall be notified to SVCA's Board of Directors.

The Supervisory Board's administrative duties include promoting public awareness of the purpose and content of the Code of Conduct, serving as a referral body, and otherwise to submit information in contexts concerning public confidence in the activities of private equity firms.

*Organization etc.*

## **Section 9**

The Supervisory Board shall consist of three members appointed by SVCA's Board of Directors for a term of three years. One of the members shall be designated chairman. During a term, a member may not be removed from office unless having committed a crime or another similar action likely to seriously affect public confidence in the member.

Member appointees shall be suitable for the assignment and known for their honesty, and shall have shown integrity and independence in previous assignments. Members must not be active in the private equity business, nor have assignments from any particular private equity firm.

The Supervisory Board has the right to adjoin one or more experts to the Board for the handling of a matter, when there is a need for special knowledge which can add valuable review expertise to the Board.

## **Section 10**

The Supervisory Board's resolutions in supervisory matters shall be taken by three members, or, when conflict of interest or illness prevents one member from participating, by two members. A member who does not agree with the resolution has the right to render a dissent, which shall be attached to the resolution.

An expert has the right to participate in the preparation of the matter, to see all documentation and to be heard at Supervisory Board meetings. The expert does not have a right of vote when resolving the matter, but the expert is entitled to render an opinion and have it attached to the resolution.

*Conflicts of Interest*

## **Section 11**

The Supervisory Board shall apply the Administrative Act's (Sw. "*Förvaltningslagen*") provisions on conflict of interest in its activities. This means, i.a., that anyone being aware of a circumstance that could be assumed to be disqualifying shall voluntarily make this known.

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