

**CHARTER  
OF  
THE POLISH PRIVATE EQUITY ASSOCIATION**

**WITH ITS SEAT IN WARSAW**

*Unified text as of April 5, 2004*

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**CHAPTER I**

**NAME, SEAT, TERRITORY AND LIFETIME**

**§ 1**

An association, hereinafter referred to as the “Association”, is a corporate, voluntary, self-governing organisation acting on the basis of the Associations Act of April 7, 1989 (unified text: Journal of Laws of 2001, No. 79, item 855) and this Charter.

**§ 2**

The name of the Association is: **”Polish Private Equity Association”**.

**§ 3**

The seat of the Association is Warsaw.

**§ 4**

1. The Association operates in the territory of the Republic of Poland and abroad.
2. The Association may be a member of domestic and international organisations having similar objectives.

**§ 5**

The Association is established for an indefinite period of time.

**§ 6**

The Association may use its seal and logo as well as its name in compliance with applicable law.

**CHAPTER II**  
**OBJECTIVES**

**§ 7**

The Association's objectives are:

- 1) to develop the private equity market and to facilitate private equity investments,
- 2) to establish the working basis for co-operation of the private equity market players,
- 3) to spread the knowledge of the private equity industry in Poland and its benefits,
- 4) to safeguard the interests of private equity entities and represent the interests before state and local government authorities, other institutions, natural and legal persons,
- 5) to promote ethical and professional standards among the Association's members and other private equity market players,
- 6) to build the good name of the private equity industry in Poland and foster confidence in it.

**§ 8**

The Association achieves its objectives by:

- 1) co-operation and mutual assistance of the Association's members,
- 2) providing advice, organisational and business assistance as well as training to members and other entities taking interest in the development of private equity market, organising meetings and conferences on private equity investment,
- 3) preparing, presenting and publishing of analyses, other opinions and studies on the private equity market and its environment,
- 4) co-operating with the state administration, local governments and non-government organisations,
- 5) participating in domestic and international organisations and associations having objectives similar to those of the Association,
- 6) promoting and conducting research on the private equity market,
- 7) integrating the Association's members through cultural and social events,
- 8) working out the rules of professional ethics (code of conduct) in the private equity investment,
- 9) providing a possibility of an amicable and conciliatory settlement of disputes among the Association's members,
- 10) other actions serving the implementation of statutory objectives of the Association.

**§ 9**

1. The terms used in this Charter have the following meanings:
  - 1) **capital investment** shall mean *private equity* investment, including *venture capital* investment,
  - 2) **private equity** shall mean investment in unquoted enterprises in order to make medium- and long-term returns on the increased value of their capital; the investor usually plays an active role in the management of such enterprises;.
  - 3) **venture capital** shall mean private equity investment in enterprises at their early stages of development in order to support their start-up or expansion.
  
2. As regards the entities taking part in the private equity market (“**private equity market players**”), for the purposes of this Charter, the following groups can be distinguished:
  - 1) **private equity investor** – natural persons, legal persons, non-corporate organisational units, partners in partnerships whose primary business activity is making, managing and exiting private equity investments,
  - 2) **entities supporting the private equity sector** – natural persons, legal persons, non-corporate organisational units, partners in partnerships whose business activity supports the private equity sector, in particular through legal, tax, financial, investment advising, as well as research and training activity.

**§ 10**

The Association may conduct business activity in order to achieve its objectives.

**§ 11**

1. The scope of the Association’s business activity is as follows:
  - 1) publishing (PKD<sup>1</sup> 22.1),
  - 2) printing (PKD 22.2),
  - 3) reproduction of recorded media (PKD 22.3),
  - 4) wholesale trade and commission trade, except for motor vehicles (PKD 51),
  - 5) tourism (PKD 63.30),
  - 6) other financial intermediation, not elsewhere classified (PKD 65.23.Z),

- 7) data processing (PKD 72.30.Z),
  - 8) data base activities (PKD 72.40.Z),
  - 9) research and development in social and legal sciences and humanities (PKD 73.20.A),
  - 10) market research and public opinion polling (PKD 74.13.Z),
  - 11) business and management consultancy (PKD 74.14.A),
  - 12) technical testing and analysis (PKD 74.30.Z),
  - 13) advertising (PKD 74.40.Z),
  - 14) organisation of fairs and exhibitions (PKD 74.84.A),
  - 15) extramural and other forms of education, not elsewhere classified (PKD 80.42.Z),
  - 16) activities of business organisations and organisations of employers (PKD 91.11.Z),
  - 17) activities of professional organisations (PKD 91.12.Z),
  - 18) activities of other membership organisations, not elsewhere classified (PKD 91.33.Z),
  - 19) motion picture projection (PKD 92.13.Z),
  - 20) activities of galleries and exhibition rooms (PKD 92.31.E),
  - 21) other service activities, not elsewhere classified (PKD 93.05.Z).
2. If the business activity requires from the Association to obtain any consent, permit or concession, such a business activity shall be carried out after such a consent, permit or concession is granted.

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<sup>1</sup> Polska Klasyfikacja Działalności (Polish Classification of Activities)

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**CHAPTER III**  
**MEMBERSHIP**

**§ 12**

The Association's members may be:

- 1) ordinary,
- 2) supporting,
- 3) honorary.

**§ 13**

1. The ordinary membership in the Association is available to Polish or foreign citizens, including those not residing in Poland, who:
  - 1) hold a recommendation of a private equity investor,
  - 2) are involved in the operation of the private equity market in Poland and willing to develop it,
  - 3) undertake to observe the Charter of the Association.
2. One private equity investor can recommend only one person to get an ordinary membership of the Association.
3. A candidate for ordinary membership should also present to the Board of the Association two recommendations from ordinary members of the Association.

**§ 14**

1. The supporting membership in the Association is available to legal persons (including those having its seat abroad) and natural persons (including those not residing in Poland) who:
  - 1) are private equity investors, or
  - 2) are entities supporting the private equity sector,and, in addition, satisfy the following criteria:
  - 3) are involved in the operation of the private equity market in Poland and willing to develop it, and
  - 4) undertake to observe the Charter of the Association.

2. A candidate for associate membership should also present to the Board of the Association two recommendations from ordinary members of the Association.

**§ 15**

The membership in the Association is granted by the Board upon its resolution and after the examination of the candidate's application. The Board may prepare the specimen application form for ordinary and supporting membership.

**§ 16**

The ordinary membership in the Association ceases in the case of:

- 1) voluntary resignation – on the day the Association's Board receives a relevant statement;
- 2) death of the Association's member (natural persons);
- 3) removal of the Association's supporting member from the relevant register (legal persons);
- 4) a delay in the payment of the membership fee for four months – by a resolution of the Association's Board;
- 5) exclusion from the Association pursuant to § 18 below,
- 6) failure to satisfy the requirements specified in § 13 point 1) (ordinary members) or § 14 point 1) (supporting members) of this Charter; including withdrawal of the recommendation by a private equity investor – on the day these requirements are no longer satisfied; in particular on the day of receipt of the private equity investor's decision regarding the cancellation of the recommendation; the fact that the membership ceases is confirmed by a relevant resolution of the Association's Board.

**§ 17**

If the ordinary membership in the Association ceases pursuant to § 16 point 6) above, the private equity investor, who employs the leaving ordinary member at a managerial position pursuant to § 13 above, may recommend another person as a candidate for ordinary member in the Association. Such a recommendation supersedes the recommendation referred to in § 13 point 3) above. The said recommendation is valid within 6 (six) months from the day on which the membership of the leaving ordinary member ceases.

**§ 18**

If an Association's member persists in infringing the provisions of this Charter or in taking actions which grossly contradict the Association's objectives, the General Meeting of Members may adopt a resolution excluding such a member from the Association. To be valid, the said resolution requires the 2/3 majority of votes.

**§ 19**

An Association's member has the right:

- 1) to elect and be elected to the Association's governing bodies, pursuant to this Charter;
- 2) to participate in all Association's works and initiatives;
- 3) to propose and trigger actions aimed at achieving the Association's objectives;
- 4) to receive any opinions, publications, analyses or studies prepared by the Association.

**§ 20**

An Association's member has the duty:

- 1) to comply with the provisions of this Charter and the resolutions of the Association's governing bodies;
- 2) to increase the role and importance of the Association by appropriate attitude and actions;
- 3) to uphold the Association's reputation;
- 4) to promote and implement the Association's objectives, in particular, to support its initiatives;
- 5) to furnish the Association with any information necessary for its operation, except for that constituting the member's business or professional secrecy;
- 6) to pay the membership fee timely and regularly.

**§ 21**

1. The Association's honorary membership is granted to natural or legal persons, including those being the Association's ordinary or supporting members, for their outstanding contribution to the Association's undertakings or the implementation of the Association's statutory tasks.
2. The Association's honorary membership is granted by the General Meeting of Members.

3. An Association's honorary member may be deprived of membership only in the event of a gross departure from the Association's objectives, upon a resolution of the General Meeting of Members adopted by the 4/5 majority of votes.
4. The founders of the Association enjoy the right to use the title of the Founding Member of the Association, as long as they remain members of the Association. The title is confirmed by a relevant resolution of the Association's Board.

**CHAPTER IV**

**GOVERNING BODIES OF THE ASSOCIATION; REPRESENTATION**

**A. GENERAL PROVISIONS**

**§ 22**

The Association's governing bodies are:

- 1) General Meeting of Members,
- 2) Board,
- 3) Audit Committee,

**§ 23**

1. The resolutions of all the Association's governing bodies shall be adopted by a simple majority of votes, unless this Charter stipulates otherwise.
2. The resolutions adopted by the Association's governing bodies are valid provided that all members of the particular governing body have been notified about its meeting, and at least 50% of the members were present at such a meeting, however the aforesaid quorum requirement does not refer to the General Meeting of Members.
3. If all members of a particular governing body of the Association are present at the meeting, valid resolutions may be adopted irrespective of whether or not the members have been notified about the meeting.
4. The Association's governing bodies shall adopt resolutions in open voting. A secret voting shall each time be ordered in personal matters or in other matters if at least one member of a given governing body requires so.

**B. GENERAL MEETING OF MEMBERS**

**§ 24**

The General Meeting of Members is the Association's supreme authority.

**§ 25**

1. Resolutions of the General Meetings of Members may be adopted only by the Association's ordinary members.
2. Each ordinary member of the Association has one vote at the General Meeting of Members.
3. Supporting and honorary members of the Association as well as its guests may act only as advisors at the General Meeting of Members.
4. Member of the Association shall participate in the General Meeting of Members personally.

**§ 26**

The General Meeting of Members may in particular:

- 1) adopt Association's long-term plans of action and lay down their guidelines;
- 2) examine and approve the Board's report on the Association's activity in the preceding year and the report of the Audit Committee;
- 3) examine and approve the Association's financial statement for the preceding year;
- 4) give the members of the Board and the Audit Committee the vote of acceptance of the tasks performed by them in the preceding year;
- 5) appoint or recall the members of the Board and the Audit Committee pursuant to this Charter;
- 6) amend the Charter pursuant to Chapter VI hereof;
- 7) adopt a resolution dissolving the Association pursuant to Chapter VII of this Charter;
- 8) adopt the organisational by-laws of the General Meeting of Members;
- 9) set, upon the Board's motion, the membership fee, and, if necessary, the rules of its payment;
- 10) adopt the by-laws of the Board and of the Audit Committee;
- 11) dispose of or acquire real estate or a share in it;
- 12) appoint an Association's representative to act on its behalf in concluding agreements and solving disputes with the Board's members;
- 13) handle other matters falling within the competence of the General Meeting of Members pursuant to this Charter and provisions of law.

**§ 27**

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The General Meeting of Members may be ordinary or extraordinary.

**§ 28**

1. The Ordinary Meeting of Members shall be convened not later than within 6 (six) months after the end of a given calendar year.
2. The Ordinary Meeting of Members shall:
  - 1) examine and approve the Board's report on the Association's activity in the preceding year as well as the Audit Committee's report;
  - 2) examine and approve the Association's financial statement for the preceding year;
  - 3) give the vote of acceptance to the members of the Board and the Audit Committee for the performance of their tasks in the preceding year.

**§ 29**

The Extraordinary General Meeting of Members shall be convened if the Association's governing bodies authorised to convene it or the entities authorised to request its convening consider it necessary.

**§ 30**

1. The Ordinary General Meeting of Members shall be convened by the Board.
2. The Extraordinary General Meeting of Members shall be convened by the Board on its own initiative or upon the request of the Audit Committee or of at least 10% of the Association's ordinary members. The Extraordinary General Meeting of Members shall be convened within 7 days from the date of submission of the request of an authorised person.
3. The date of the General Meeting of Members should be no later than within 7 (seven) weeks from the date of its convening.
4. If the Board does not convene the General Meeting of Members within the period specified in subparagraphs 2 and 3 above, the right to convene the General Meeting of Members will be exercised by the Audit Committee.

**§ 31**

General Meetings of Members are held in Warsaw or another location in the territory of the Republic of Poland.

**§ 32**

1. General Meetings of Members shall be convened by registered letters, faxes or e-mails sent to all members of the Association at least 2 (two) weeks before the date of the General Meeting.
2. The notification of the convening of the General Meeting of Members should specify the date, time and venue of the General Meeting of Members as well as its detailed agenda. In the case of the intention to amend the Association's Charter, the contents of the proposed amendments should also be specified.

**§ 33**

The General Meeting of Members may adopt resolutions only in matters placed on the agenda proposed in the notification. The adoption of resolutions in other matters requires the presence of all Association's ordinary members. Moreover, if all the Association's ordinary members are present the General Meeting of Members, the General Meeting of Members may adopt valid resolutions irrespectively it has been formally convened.

C. BOARD

**§ 34**

1. The Association's Board is composed of 3 (three) or more members, including the President of the Board. The number of the Board's members shall be determined by the General Meeting of Members. Save as otherwise provided in the resolution, the Board shall be composed of three members.
2. The term of office of the Board shall be 1 (one) year. The Board's members shall be appointed for the common term of office.
3. The Board's members shall be appointed from among the Association's ordinary members or other natural persons proposed by the Association's ordinary members.
4. The Board or its individual members may at any time be recalled by the General Meeting of Members. After the lapse of the term of office, the Board will perform its functions until the new Board is appointed. If the Board's member resigns, his term of office and the

duty to perform his function expires the day he is recalled from the Board or upon the lapse of one month from submitting his resignation, if during that time the Board's member is not recalled from the Board.

5. In case a member of the Board resigns, the Board may take a resolution to co-opt a new Board member from among ordinary members of the Association. The co-opted member's term of office expires with the next General Meeting of Members.

### **§ 35**

1. The Board is the Association's executive body.
2. The Association's Board manages the day-to-day operation of the Association, represents it and deals with other matters provided for in this Charter.
3. In case of disagreement among the Board's members regarding a proper arranging of a matter, or where such a matter does not fall within the ordinary course of the Association's activity, the Board shall adopt a relevant resolution.
4. The Board shall operate in compliance with its By-laws adopted by the General Meeting of Members.
5. In certain cases specified in this Charter, the action of the Board requires a resolution of the General Meeting of Members.
6. In exceptional, justified cases the Board shall be entitled to adopt a resolution on decreasing or even temporary suspension the duty to pay a membership fee due from particular Association's members. Such a resolution shall be approved by the nearest General Meeting of Members.

### **§ 36**

1. The Board represents the Association in the court and outside the court.
2. If the Board is composed of more than one member, the Association is to be represented by the President and one other member of the Board acting jointly.
3. The Association may also be represented by proxies appointed by the Association's Board, in particular by the Secretary General of the Association acting on the basis of the power of attorney .

4. In a contract between the Association and the Board's members, likewise in a dispute with the Board's members, the Association is represented by a proxy appointed by the General Meeting of Members.

**§ 37**

1. The Board may appoint and recall the Secretary General of the Association.
2. The Secretary General of the Association performs executive functions, in particular manages the day-to-day operation of the Association and is accountable for his actions to the Association's Board.

**§ 38**

1. By May 31 of each year, the Association's Board provides the Audit Committee and then the General Meeting of Members, with an annual report on the Association's activity during the preceding calendar year and with the Association's financial statements.
2. At the request of the Audit Committee or any of its members, the Board is obliged to provide all information and documents that refer to the activity of the Association or the Board.

**D. AUDIT COMMITTEE**

**§ 39**

1. The Association's Audit Committee shall be composed of 3 (three) or 5 (five) members, including the Chairman of the Audit Committee and other members performing functions in the Audit Committee. The number of the Audit Committee members and their functions shall be determined by the General Meeting of Members. Unless otherwise agreed by a resolution, the Audit Committee shall be composed of three members.
2. The term of office of the Audit Committee shall be 1 (one) year. The Audit Committee members shall be appointed for a common term of office.
3. The Audit Committee members shall be appointed from among ordinary members of the Association or other natural persons proposed by the Association's ordinary members.
4. The Audit Committee or its individual members may at any time be recalled by the General Meeting of Members. After the lapse of the term of office, the Audit Committee

continues to perform its functions until the new Audit Committee is appointed. If an Audit Committee member resigns, his term of office and the duty to perform his function cease on the day he is recalled from the Audit Committee or, if an Audit Committee member is not recalled from the Audit Committee, after one month from the day of submitting his resignation.

5. In case a member of the Audit Committee resigns, the Audit Committee may take a resolution to co-opt a new Audit Committee member from among ordinary members of the Association. The co-opted member's term of office expires with the next General Meeting of Members.

#### **§ 40**

1. The Audit Committee is the Association's controlling body.
2. The duties of the Audit Committee include:
  - 1) exercising the day-to-day supervision and control over the Association's activity, in particular its finances,
  - 2) evaluating the Board's annual reports on the Association's activity and its financial statements,
  - 3) providing the Ordinary General Meeting of Members with an annual report on the performance of the duties referred to in points 1) and 2) above, containing an opinion on giving the vote of acceptance to the Board's members for the performance of their duties.

**CHAPTER V**  
**ASSOCIATION'S ASSETS**

**§ 41**

The Association raises funds from:

- 1) membership fees,
- 2) donations, inheritance and bequests,
- 3) subsidies and subventions,
- 4) proceeds from collections, auctions, competitions, exhibitions, courses and other public events,
- 5) bank interests on deposited funds,
- 6) proceeds from business activity,
- 7) other proceeds and revenues.

**CHAPTER VI**  
**AMENDMENTS**

**§ 42**

The Association's Charter may be amended upon the resolution of the General Meeting of Members adopted by the 2/3 majority of votes, however, to amend § 42 and § 44 of this Charter the 4/5 majority of votes is required.

**§ 43**

Any amendment to the Association's Charter shall be registered.

**CHAPTER VII**  
**WINDING UP AND LIQUIDATION OF THE ASSOCIATION**

**§ 44**

1. In the cases specified by law, the Association is subject to winding up and liquidation following the procedures provided for by law.
2. The Association may be wound up by its own resolution adopted by the General Meeting of Members by the 4/5 majority of votes.

**CHAPTER VIII**  
**FINAL PROVISIONS**

**§ 45**

The first Board and the first Audit Committee are appointed by the resolution of the founding committee of the Association. Member fees may be defined by the resolution of the founders of the Association and such a resolution shall be as effective as a resolution of the General Meeting of Members.

**§ 46**

Any matters not regulated in this Charter are subject to applicable provisions of law, in particular to the Associations Act of April 7, 1989 (unified text: Journal of Laws of 2001, No. 79, item 855).