

The Assembly of Croatian Private Equity and Venture Capital Association, held on January 28th 2005 at 15.00 hours in Zagreb, has reached the following:

STATUTE OF CROATIAN PRIVATE EQUITY AND VENTURE CAPITAL ASSOCIATION

GENERAL REGULATION

Article 1

The statute directs the regulations: on the name and residence of the association, the logo and the seal of the association; on the association objectives and the activities for accomplishing those objectives; on the representation of the association; on fulfilling the publicity of the association efforts; on membership, rights and liabilities of the association members; on internal organisation of the association; on the association bodies and their structure, authorities, decision making, and mandate duration; on assets and financing the association, the termination of the association, and on the treatment of the assets in case of the termination of the association.

Unless differently is derived from the meaning of the statute text, the word “association” stands for the association as defined in the following article.

ASSOCIATION NAME AND RESIDENCE

Article 2

2.1. The name of the association is: Hrvatska Private Equity and Venture Capital Asocijacija.

2.2. The abbreviated name of the association is: HVCA.

2.3. The name of the association in English is: Croatian Private Equity and Venture Capital Association.

2.4. The abbreviated name of the association in English is: CVCA.

2.5. The residence of the association is in Zagreb. The association Management Board reaches the decision on the residence of the association.

ASSOCIATION LOGO AND SEAL

Article 3

3.1. The decision on the appearance of the logo is reached by the association Management Board.

Article 4

4.1. The decision on the appearance and content of the seal is reached by the association Management Board, and the seal contains minimally the association name and the association place of residence.

4.2. The authorisation to use the seal is given to: the President, each of the vice-presidents, the secretary general of the association, and others authorised by the association Management Board.

FOUNDATION OF BRANCH-OFFICES AND CORPORATIONS

Article 5

5.1. The association is authorised to found branch-offices without legal personality. The association Management Board reaches the decision on the foundation of branch-offices.

5.2. The association can found corporations for executing for-profit actions in consistence with law.

REPRESENTING ASSOCIATION

Article 6

6.1. The President of the association and each of the vice-presidents of the association independently represent the association.

6.2. In case of disbursement, assuming liabilities, any use of assets, or concluding contracts for the association in the amount exceeding €5000, equivalent in Kuna according to the middle exchange rate of CNB (Croatian National Bank), the signatures of the two association representatives are needed.

ASSOCIATION OBJECTIVES AND ACTIVITIES

Article 7

7.1. The main objectives of the association are:

- Stimulation and development of private equity and venture capital financing as one of the key elements for development and growth of entrepreneurial sector, capital market, and economy in the whole;
- Development of investment and entrepreneurship culture in the Republic of Croatia with adherence to internationally accepted business and ethical norms.

Article 8

8.1. For the purpose of the gradual realisation of the objectives stated in provision 7., the activities of the association will include:

- Research of the market and opportunities for the development of private equity and venture capital financing, as well as its promotion among entrepreneurs and investors;

- Presentation, promotion, coordination and protection of its member's interests;
- Exchange of ideas and information among entities that operate in similar and related activities in Croatia and abroad;
- Finding solutions on legislative and judicial level, as well as on the level of local and government administration, for overcoming the obstacles in doing business and creating conditions for increasing the competitiveness of entrepreneurs and investors;
- Promotion of Croatia as an investments destination;
- Helping entities that are trying to get involved, or are already involved in economic activities;
- Cooperation with Croatian Chamber of Commerce, Croatian ministries, and other chambers or similar organisations;
- Offering its members business assistance and advising for the purpose of protecting and promoting their rights and interests;
- Executing programmes on account of gaining required knowledge and skills for the purpose of achieving international standards, and issuing certificates;
- Organising professional conventions (symposia, seminars, forums, etc.);
- Publishing (publishing and editing books, magazines, promotion materials, etc.) in the field of its activities.

PUBLICITY OF ASSOCIATION EFFORTS

Article 9

9.1. The efforts of the association are public.

9.2. The publicity of the efforts is realised through the media, association's publications, or other suitable ways.

9.3. The public can be excluded from the meetings of the Management Board or the Assembly if a strong reason exists, and on the basis of the decision of the Management Board.

MEMBERSHIP

Article 10

10.1. The association membership is voluntary.

10.2. The association membership, and all the privileges and commitments that arise from it, are gained by signing the book of association membership. The procedure and the way of signing the book of association membership, and other conditions for gaining the status of an association member is defined by the Management Board of the association.

10.3. By gaining the status of the association member, one immediately becomes the member of the organisations of which the association is a member, and in accordance with the basic documents of those organisations.

10.4. The association members that are natural persons participate in the association efforts personally or through an attorney, while the association members that are legal persons participate in the association efforts through representatives. Each member that is a legal person has the right to nominate one representative and one substitute for the member representative

10.5. The membership can be regular and honorary.

REGULAR MEMBERS

Article 11

11.1. The regular membership can be attained by any business efficient natural or legal person directly or indirectly connected to private equity or venture capital.

HONORARY MEMBERS

Article 12

12.1. The honorary membership can only be attained by business efficient natural persons appointed by the Management Board on the grounds of their merit and contribution to the association efforts, basic objectives to which the association aspires, or in case of a special interest for the association efforts, or on the basis of this statute.

12.2. The appointment for honorary membership should be accepted by the person appointed.

12.3. The honorary members are exempt from membership fee and registration fees.

12.4. The honorary member is authorised to use the title “honorary member”.

12.5. The honorary members are also the founders of the association.

MEMBERS’ RIGHTS AND LIABILITIES

Article 13

13.1. All members are obliged to respect and observe the statute regulations and other documents and decisions issued by the association bodies.

13.2. All members are obliged to protect and promote the reputation of the association, as well as acting in a way that does not offend the reputation of the association and its members.

13.3. The association members, except honorary members, are obliged to pay annual membership fee and registration fee in accordance with the decision of the Management Board.

13.4. Each association member has the right to participate in the association efforts, use the services and the advices of the association, and be informed on all association events and activities.

13.5. Each association member has the right to point out in a memorandum, business card, or any other promotion material his/hers membership in the association, as well as to use the association logo. An unauthorised usage is liable to appropriate sanctions.

MEMBERSHIP TERMINATION

Article 14

14.1. The association membership terminates with:

- The exclusion of a member;
- The withdrawal of a member;
- The death of a member-natural person or the loss of the legal personality of a member-legal person;
- The termination of the association.

MEMBER EXCLUSION

Article 15

15.1. An association member can be excluded only on the basis of a written and explained decision of the Management Board by reason of failure to pay membership fees or of a serious infringement of the statute, interests and the reputation of the association, in which cases the member must be warned in writing in advance and asked to adjust his conduct in an adequate way and within certain time or to pay membership fees.

15.2. The decision of the Management Board from the previous paragraph is reached by a $\frac{3}{4}$ majority vote of the present members of the Management Board, under condition that more than $\frac{1}{2}$ the members of the Management Board attend the meeting.

15.3. The right of objection against the decision stated exists within a period of 8 days from the delivery of the decision. The objection is submitted to the association Management Board, and is decided on by the association Assembly. The Assembly must be convened within 60 days from the receipt of the objection or it will be deemed that the Management Board decision on member exclusion is invalid. The time period from previous sentence herein will not be exceeded by the application of rules 23.4 and 23.5. of this statute. The motion of objection halts the execution of the Management Board decision on member exclusion. The decision of the Assembly is final.

MEMBER WITHDRAWAL

Article 16

16.1. A member can withdraw from the association on the basis of a written notice to the association Management Board.

ASSOCIATION BODIES

Article 17

17.1. The association bodies are:

- The Assembly,
- The Management Board,

- The President.

Article 18

18.1. Within the association different professional committees and commissions can be founded.

18.2. The association members can operate in several different committees and commissions.

18.3. The decision on the number, name and activity organisation of committees and commissions is reached by the association Management Board.

ASSEMBLY

Article 19

19.1. The Assembly is the supreme body of the association constituted by all association members.

Article 20

20.1. The Assembly has the following authorities:

- Introducing and amending the Statute and other general documents of the association;
- Appointing and relieving of duty the members of the Management Board;
- Introducing programme and establishing business policy in accordance with the objective and the activities of the association;
- Deciding on objections against the decisions of the Management Board;
- Approving a financial report, introducing a financial plan and annual accounts;
- Approving the President and/or Secretary General's report on the association efforts.

ASSEMBLY MEETING

Article 21

21.1. An Assembly meeting can be ordinary or extraordinary.

21.2. The ordinary Assembly meeting is held once a year, by December 31st for each year.

21.3. The extraordinary Assembly meeting is held as required.

21.4. The Management Board of the association convenes the regular Assembly meeting.

21.5. The Assembly meeting is presided over by the President of the association, and in the case of absence or being prevented one of his substitutes or a third association member.

21.6. The extraordinary Assembly meeting can be convened by the association President, jointly permanent members of the Management Board or 1/5 of Assembly members, indicating the reason of the Assembly's convening.

21.7. The ordinary Assembly meeting is convened not later than 21 days prior to it being held.

21.8. The extraordinary Assembly meeting is convened not later than 7 days prior to it being held.

21.9. The notice of the Assembly meeting should be sent to all member of the association and published in a daily paper indicating the date and the place of the meeting and a proposal of agenda or the indication of where it could be read unless the association has less than 10 members in which case the publishing of notice is not required.

21.10. The decisions reached at the Assembly meeting will be legally binding even if the meeting is not regularly convened but is attended by all association members.

21.11. Each association member can submit proposals to the convoker for a particular issue to be included in the agenda of the Assembly meeting. Proposals must be delivered to the convoker in written form not later than 24 hours prior to the date of the Assembly meeting. The convoker is obliged to put all proposals in the agenda.

21.12. During the meeting decisions cannot be reached on the issues that are not included in the agenda.

21.13. The final agenda will be determined at the beginning of the meeting.

ASSEMBLY MEETING MINUTES

Article 22

22.1. Minutes on the Assembly meeting are drawn up and signed by the chairman of the Assembly meeting and the keeper of the minutes.

22.2. Each Assembly decision is recorded in the minutes. Each association member has the right to request a copy of the minutes to be issued to him at his own expense.

QUORUM AND VOTING

Article 23

23.1. The Assembly meeting can be held only if at least $\frac{1}{4}$ of all association members are present.

23.2. Unless defined otherwise herein, the Assembly decides by the majority of the members' votes present at the time of voting for a decision.

23.3. In case of enacting or making amendments of the statute regulations, the Assembly decides by a $\frac{3}{4}$ majority of the members' votes present at the time of voting for a decision, on condition that $\frac{1}{2}$ of all association members are present at the meeting.

23.4. If, by reason of the lack of quorum, the meeting could not be held, the convoker is obliged to convene a new meeting within 15 days, in the same way the first one was convened with the application of a regulation 21.8. of this statute. For repeated meeting for which the quorum stated in a regulation 23.1 was needed a quorum of $\frac{1}{6}$ of the association members is sufficient, and in case of repeated meeting for which the quorum stated in a regulation 23.3. was needed a quorum of $\frac{1}{4}$ of

the association members is sufficient. The amount of quorum has to be stated in the notice of the repeated meeting.

23.5. If for any reason the meeting could not be held, except for the reason of the case from regulation 23.4. the meeting will be postponed for the amount of time needed to eliminate the reason of the meeting not being held, at the most for 24 hours. Insofar as the meeting could not be held even after the expiration of 24 hours, the convoker is obliged to convene a new meeting within 15 days, with the application of regulation 21.8. of this statute.

23.6. The Assembly efforts are public, unless defined differently by this statute.

23.7. The voting during the Assembly meeting is public, unless defined differently by this statute.

NUMBER OF ASSOCIATION MEMBERS' VOTES

Article 24

24.1. Each association member has the right to 1 vote in the Assembly.

MANAGEMENT BOARD

Article 25

25.1. The Management Board is the executive body of the association.

25.2. The Management Board consists of permanent and elected members.

25.3. The permanent members of the Management Board are all the founders of the association.

25.4. The Management Board members should represent different business and professional areas of the association activities.

ELECTION OF MANAGEMENT BOARD MEMBERS

Article 26

26.1. The Assembly elects up to 9 members of the Management Board from the association membership by a secret vote to a four-year term and with a possibility of re-election.

26.2. The Assembly relieves the elected Management Board members of duty at the proposal of at least 4 Management Board members. The Management Board members can only be relieved of duty if they are not fulfilling their duties in accordance with this statute for a longer period of time, or for other serious violation of the statute, interests and reputation of the association. A new Management Board member must be elected during the same Assembly meeting at which a Management Board member was relieved of duty, in the manner defined by this statute.

26.3. By being relieved of duty, a Management Board member does not automatically lose other authorities or functions he might have.

AUTHORITIES OF MANAGEMENT BOARD

Article 27

27.1. The Management Board of the association has the following authorities:

- Executing the decisions of the Assembly;
- Deciding on the amount of membership and registration fees;
- Electing and relieving of duty the President and his deputies;
- Electing and relieving of duty the secretary general of the association;
- Deciding on the foundation and activities of association's professional committees, and supervising them;
- Supervising the secretary's office of the association;
- Issuing documents important for the efforts and functioning of the association;
- Deciding on the association's membership in other organisations;
- Introducing and executing other decisions in accordance with the statute and other documents of the association body, objectives and activities of the association, and being responsible for the association's business;
- Debates and decides on every other issue not under authority of other association bodies.

CONVENING MEETINGS, QUORUM AND MANAGEMENT BOARD DECISION MAKING

Article 28

28.1. The Management Board convenes as necessary, and at least once in three months.

28.2. The Management Board meeting is presided and convened by the association President. In case of inability of the association President, the Management Board meeting is presided by one of President's deputies.

28.3. The Management Board meeting can also be convened by at least 3 Management Board members.

28.4. The Management Board meeting has to be convened at least 48 hours prior to being held.

28.5. The notice for the Management Board meeting has to be sent to all Management Board members as a recommended letter or as an e-mail, if a member of a Management Board consents to that.

28.6. The Management Board passes the decisions by a majority vote of all present Management Board members at the time of voting for a decision.

28.7. Each Management Board member has the right to 1 vote.

28.8. In case of a decision receiving equal vote for and against, the presiding member has a casting vote.

28.9. The Management Board meeting can be held insofar as the majority of all Management Board members are present.

PRESIDENT

Article 29

29.1. The President of the association:

- Stands for and represents the association;
- Presides over the association Management Board meeting;
- Presents to the Assembly the candidates for the association Management Board;
- Submits reports on his own work and the work of the association Management Board;
- Conducts other affairs entrusted to him by the Assembly or the association Management Board.

29.2. The President must be a Croatian national.

ELECTION OF PRESIDENT

Article 30

30.1. The President of the association and the 2 vice-presidents are elected among the Management Board members to a two-year term and can be re-elected.

30.2. The vice-presidents conduct all President's affairs in case of him being prevented.

30.3. The Management Board can relieve of duty the President and the vice-presidents on the proposal of at least 4 Management Board members. The President and the vice-presidents can be relieved of duty only if they are not fulfilling their duties in accordance with this statute for a longer period of time or for other serious violation of the statute, interests and reputation of the association. Against the decision of the Management Board on the relief from duty, the person that has been relieved of duty of the President, i.e. vice-presidents, has the right to convene within 15 days an extraordinary Assembly meeting and ask to for a vote of confidence. In case that the Assembly votes for a confidence in the President i.e. vice- presidents, the costs of convening the Assembly meeting must be settled by the association.

Until the Assembly reaches the decision on confidence in the President, i.e. vice-president, i.e. until the deadline of 15 days from the decision making day insofar as the Assembly meeting was not convened, the association must not take up business dealings that go beyond the scope of usual business.

30.4. The persons from the previous subsection remain Management Board members even after being relieved of duty.

SECRETARY'S OFFICE OF ASSOCIATION

Article 31

31.1. The secretary's office of the association is the association's operating body that conducts administrative and technical affairs, financial and accountancy affairs, and other current affairs, particularly taking care of executing liabilities of the association, as well as other liabilities according to this statute, handles public relations, manages the membership list, organises the execution of enactments, conducts other affairs by order of the President and the association Management Board.

31.2. At the head of the secretary's office is the secretary general who represents the secretary's office and conducts routine current affairs of the secretary's office and the association.

31.3. The secretary general is elected to a three-year term and can be re-elected

ASSETS AND FINANCING

Article 32

32.1. The association is financed by collecting registration fees and membership fees, grants, donations, and other acceptable manners.

32.2. The association Management Board decides on the distribution and use of financial resources and assets.

32.3. The financial year commences on January 1st and ends with December 31st of the current year.

32.4. In case of the termination of the association all association's assets, after settling the liabilities, are divided in equal parts among the association members.

FINAL REGULATIONS

Article 33

33.1. The association can be terminated on the basis of the Assembly decision, and in other cases prescribed by law or another regulation.

33.2. The Assembly decision on the termination of the association is reached by the $\frac{3}{4}$ majority of the association members' votes present at the time of voting for a decision, on condition that the Assembly meeting is attended, at the time of voting, by at least $\frac{1}{2}$ of all association members.

33.3. If by the decision of the association body any rights and/or conditions entitled to particular association members on the basis of this statute are being annulled and/or belittled and/or amended, directly and/or indirectly, that decision is invalid if, before the decision was reached, all association members whose rights are being annulled and/or belittled and /or amended have not given their consent in a written form to annulment and/or belittling and/or amendment of those rights and/or conditions.

33.4. The association statute takes effect on the day of the adoption.

33.5. The total founding expenses will be reimbursed to the founders of the association.

Mirna Marović
The President