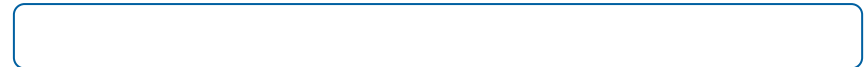


Private Equity & Venture Capital: Corporate Governance

EVCA, The Voice of European Private Equity Industry since 1983



ecoDA Event

**Georges Noel, EVCA
Director**

Brussels, 24 March 2010



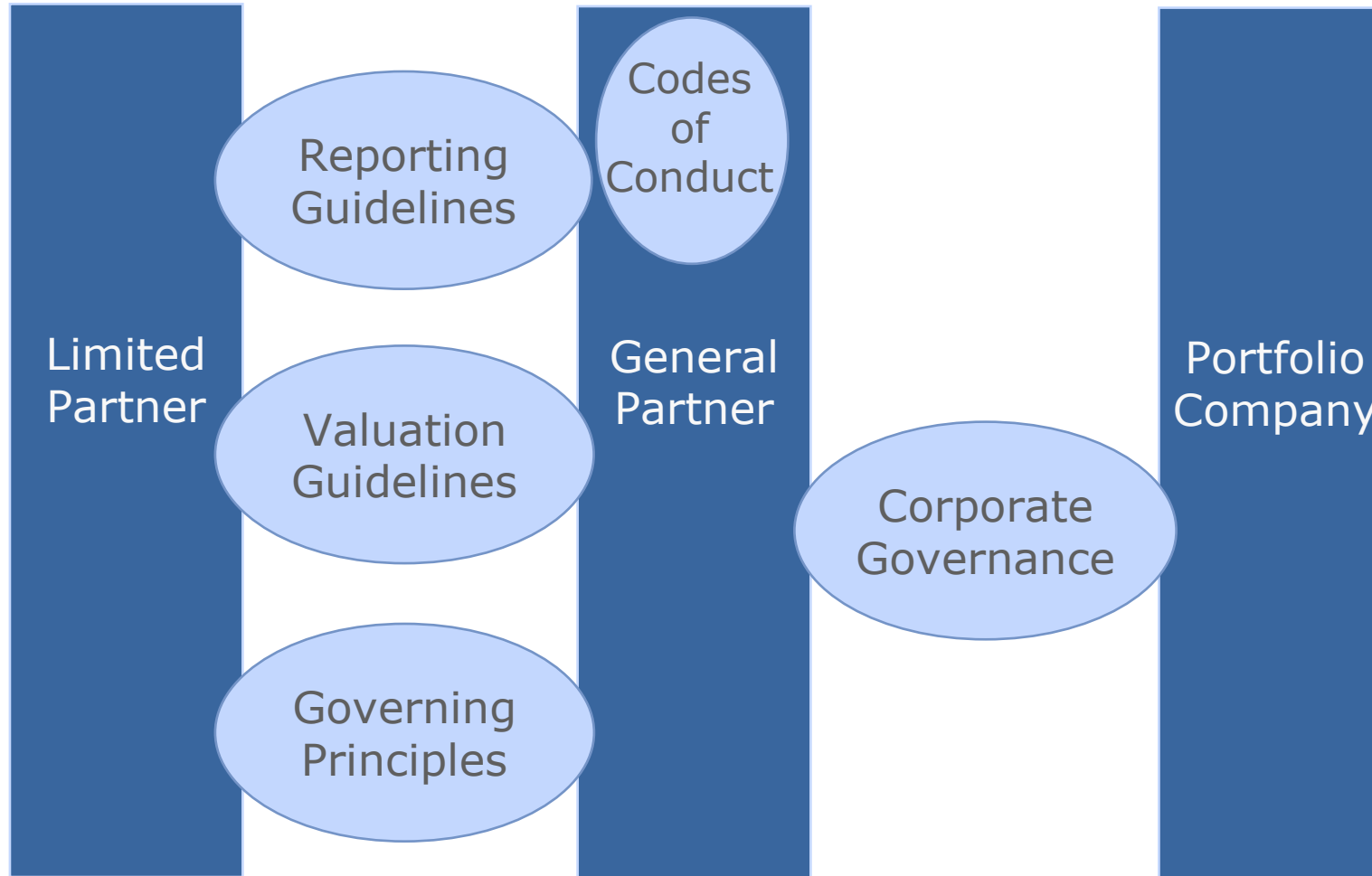
EUROPEAN
PRIVATE EQUITY &
VENTURE CAPITAL
ASSOCIATION

About EVCA

- Established in 1983 and based in Brussels
- Represents the European private equity and venture capital (PE/VC) industry and promotes the asset class within Europe and throughout the world
- 1,286 members in 60 countries, representing more than 80% of European Assets under Management
- 25.000 Portfolio companies
- 4 Platforms (VC, MMBO, LMBO, LP)
- PA Executive
- Secretariat



EVCA: Set of Professional Standards



EVCA: Corporate Governance

Two-Tier System:

- Limited Partner-General Partner
- General Partner-Portfolio Company

Governing Principles

Relationship Limited Partners-General Partners

Published May 2003 – Updating in 2010 by ESG
Aspects

9 Principles:

- Respect of Legal Requirements
- Respect of Contractual Terms & Conditions
- Manage Business with Integrity
- Manage Fund with Skill, Care and Diligence
- Adequacy of Financial & Operational Resources
- Due regard to Investors' Interests
- Ensure Transparency
- Fair Management of Conflicts of Interest
- Protect Investors' Assets



CG Guidelines: Principles of Good Governance

Relationship General Partner-Portfolio Company - Published May 2005 - 7 Principles:

- Accordance with Law and regulations
- Act in Integrity
- Establish a Partnership with Portfolio Company
- Take a Long term view
- Conduct Business with Respect for Shareholders and Manage Conflicts of Interest appropriately
- Act & Communicate in Transparency
- Respect Confidentiality



CG is a Key Element of the PE/VC Business Model

Strengths:

- In VC: Entrepreneur **chooses** its shareholder
- Alignment of interest: Shareholder-Board-Management
- Small Boards & Fast decision-making: 100-Days implementation Plan
- Correlation between good GC and company value / better exit opportunities

Principal issues:

- Principal/Agent issues = managing conflicts of interests

Other aspects:

- High levels of CG drives Country Attractiveness for Investors (IESE)
- PE/VC Funds catalyst for implementing good CG