

**Фонд за иновациону делатност
Немањина 22-26
11000 Београд, Србија**

**Innovation Fund
22-26, Nemanjina Str.
11000 Belgrade, Serbia**

In accordance with Article 46 of the Law on Innovation Activities ("Official Gazette of RS" no. 110/2005 and 18/2010), Article 20, item 8 of the Statute of the Innovation Fund of February 28, 2011, approved by the Government of the Republic of Serbia in its decision 05 number 110-3008/2011 of April 21, 2011 ("Official Gazette of RS", no. 029/2011), on May 30th, 2011, the Acting Director of the Innovation Fund (hereinafter referred to as the: "Fund") renders the following:

CONFIDENTIALITY POLICY

AND

PREVENTION OF CONFLICT OF INTEREST POLICY

INTRODUCTORY PROVISIONS

Article 1

These Rules on protection of confidentiality of information and prevention of conflict of interest (hereinafter referred to as the: "Rules") regulate the ban of access contrary to the interests of the Fund, protection of the confidentiality of information and prevention and elimination of the conflict of interest.

These Rules apply to all the activities of the Fund, all entities engaged in the activities of the Fund, and particularly related with the issues of importance for objective and impartial undertaking of the evaluation process, consulting, planning and implementation of the work of the Fund, and which processes are used by the Fund to acquire and manage financial assets for the purpose of financing innovation activities.

Taking into consideration a broad range of individuals included in above described processes, as well as other activities related with the financing of the innovation activities, as well as that these persons are related with different organizations, legal entities and natural persons, and due to that fact, there may be a material interest contrary to the interests of the Fund, there is a legitimate fear that these circumstances could lead to real or possible conflict of interest related with the work of the Fund, as well as that such situations may jeopardize the confidentiality of information.

In order to prevent such situations and possibility of the conflict of interest and breach of confidentiality of information, these Rules define: entities to which these Rules apply, guidelines for determining the existence of the conflict of interest, methods for disclosure of the conflict of interest and methods for implementation of the Rules.

Article 2

In order to protect all the information, decisions and data in general, which the individuals may receive in the processes of acquiring and managing of financial assets for the needs of financing innovation activities, these Rules especially regulate the obligation of an individual to preserve the confidentiality of information and data which may be available in the activities of the Fund.

PERSONS TO WHICH THE RULES APPLY

Article 3

The persons to which the Rules apply and which, in that respect, have obligations towards the Fund are:

1. Member of the Board of Directors,
2. Members of the Supervisory Board,
3. Director of the Fund,
4. Employees in the Fund (employees for definite and indefinite period of time),
5. Hired officers, who are not employed,
6. Members of all committees and/or advisory bodies (including the members of the Investment Committee),
7. Consultants,
8. Volunteers,
9. Researches,
10. All third parties which, due to the activities of the Fund, or other persons listed under items 1-9, come in contact or have knowledge of business activities of the Fund, except for the publicly available information.

The obligations of the persons listed in the previous paragraph of this Article towards the Fund are reflected in their obligation to act conscientiously and loyally in the activities of the Fund, which includes compliance with these Rules.

GUIDELINES FOR DETERMINING THE EXISTENCE OF THE CONFLICT OF INTEREST

Article 4

A conflict of interest exists if the person from Article 3 paragraph 1 or a member of his immediate family or some other natural person with whom that person has a close personal, business and /or professional relationship, and /or legal entity which can be considered as related entity pursuant to regulations that apply to companies (to the extent the provisions of this Article apply to legal entities), has one or more of the following relationships with any entity which uses the services of the Fund (hereinafter referred to as the: "Applicant"):

1. Owns, directly or indirectly, any equity interest in the Applicant including the ownership of over 1% of the outstanding shares of publicly traded companies;
2. Is an officer, director, employee, consultant, trustee of, or has a significant ownership, governance, or management relationship with the Applicant;
3. Owns, directly or indirectly, in whole or in part, any tangible or intangible property that the Applicant uses in the conduct of its business;
4. Is owed any amount by the Applicant, owes any amount to the Applicant, or is in business relationship with the Applicant or is philanthropically associated with the Applicant;
5. Is a party to any agreement for future employment or other agreements or arrangements with Applicant;
6. Has received any gifts with a value, or payments in excess of 100 EUR from an Applicant;
7. Has any cause of action against, any dispute with, any long-standing scientific or personal differences with, or any claim whatsoever against, the Applicant;
8. Is or was (within the last 1 year) a student or a teacher of the Applicant or involved in a scientific collaboration with the Applicant;
9. Is a close friend of the Applicant or any other person in senior management of the Applicant;
10. Has a significant ownership, governance, or management relationship with a direct competitor of an Applicant, such that a conflict of interest could be alleged should the Applicant's grant request be rejected; or
11. Has such other direct or indirect relationship with an Applicant, which could reasonably be considered as the conflict of interest.

Members of the immediate family from paragraph 1 of this Article could be:

- (a) His spouse or /and parents, brother or sister of the spouse;
- (b) His child, parents, brother, sister, grandchild or a spouse of any of these persons;
- (c) His blood relative in direct line or side line up to the second inheritance order, adopter or adoptee, in-law relative concluding with the first level of kinship;
- (d) Other persons who live together with that person in the same household.

Natural persons which are in close personal, business and/or professional relationship with the person from paragraph 1 of this Article, are persons who have partnership, co-founding, co-authorship or other professional or collegial relationship.

Applicant, from paragraph 4 of this Article, includes every natural person, legal entity, association (profit and non-profit), state authority, educational institution or any other form of

organization whose application for investment was submitted to the Fund, and which entity might have direct or indirect benefits from the Fund.

Article 5

The conflict of interest may also exist in respect to the activities of the Fund in relation to the processes of financing the preparation, implementation and development of the project program and other activities for execution of innovation policy and financing programs (including allocation and priority of financing and evaluation of the effectiveness of research strategy).

Article 6

Persons from Article 3 of the Rules must be aware of the potential existence of the conflict of interest which may arise from ownership, governance, or management relationship with one or more legal entities participating in the work of the Fund.

Each of these persons bears personal responsibility in case it is determined that there is a conflict of interest in respect to that entity.

DISCLOSURE OF THE EXISTENCE OF THE CONFLICT OF INTEREST

Article 7

If a person from Article 3 of the Rules determines the existence of some of the cases defined in Article 4 paragraph 1 item 1)-11) of these Rules, that person shall notify immediately the director of the Fund about the existence of the conflict of interest by submitting a written notice including complete and accurate information and description of the existing conflict of interest. In case the director of the Fund has a conflict of interest, he is under obligation to send written notification to the President of the Board of Directors.

The Director of the Fund (i.e. President of Board of Directors in case the director has the conflict of interest) shall submit this information to the Board of Directors on the next meeting of the Board, and at that time, the Board of Directors is obliged to decide whether there is a conflict of interest in the specific case, except in case there seems to be the conflict of interest on the side of the President of the Board of Directors, then the Supervisory Board decides in those cases.

Person who submitted the notice from paragraph 1 of this Article is under obligation to, until the time the decision from paragraph 2 of this Article is rendered, withdraw from any activity which is in relation to the existing conflict of interest.

Each disclosure of the conflict of interest, as described in paragraph 1 of this Article, shall be kept secret and except for the director and the members of the Board of Directors (i.e. Supervisory Board, as described in paragraph 2 of this Article) no one shall have access to the issued written notice. The decision rendered, in regards to the existing of the conflict of interest, shall be made in form of the Minutes from the meeting of the Board of Directors. If the existence of the conflict of interest is established, the person with established conflict of interest may express his opinion during the discussion at the meeting, but does not have the voting right in that respect, therefore,

after stating his opinion this person shall be removed from the meeting. After completion of the voting process, the person, whose conflict of interest was the subject of decision making process, may return to the meeting.

The decision from this Article must also include an order to the person with established conflict of interest how to act.

METHODS FOR IMPLEMENTATION OF THE RULES

Article 8

Each of the persons listed in Article 3 of the Rules shall sign the statement attached as Annex 1, which constitutes the part of these Rules, and, by this statement, confirm he is completely informed about the contents of these Rules, that he understands all the provisions and terms used, as well as that he agrees with application of these Rules.

Article 9

In case the person described by Article 3 breaches the obligation prescribed by these Rules, i.e., after realizing there is a potential conflict of interest, fails to inform the president of the Board of Directors or director of the Fund, she or he shall be liable to pay the damages to the Fund.

CONFIDENTIALITY OF INFORMATION

Article 10

Confidential information related with the work of the Fund shall be every information related with the work of the Fund, which is known by any person from Article 3 of the Rules in any way, including but not limited to information related to:

1. Professional and other activities related with the acquiring assets for the Fund, managing and use of those assets;
2. Intermediation in regards to financing innovation activities by using the assets of the international organizations, financial institutions and authorities, as well as national and international legal entities and natural persons, especially in the field of science and technology established as priority by the strategic documents;
3. Managing database about programs, projects and other activities in the field of innovation activities financed by the Fund, as well as necessary finances for their implementation;
4. Encouraging, establishing and maintaining cooperation with the international and national financial institutions and other legal entities and natural persons in order to finance innovation activities pursuant to innovation policy and other strategic plans and programs, as well as concluded international treaties for legally prescribed purposes.

(Hereinafter: Confidential information)

In order to avoid any doubt, confidential information shall be all information provided by the Applicant, except for the information about the Applicant which is publicly available or which was made publicly available by the Applicant.

Publicly available information or information disclosed by the Fund to the media or on the Internet presentation shall not be considered as confidential.

Persons from Article 3 of these Rules shall not, without the approval of the director of the Fund, during the term of employment or work or any other engagement, neither after termination of work engagement, disclose any Confidential information, except in cases when such a disclosure is necessary, pursuant to the law.

TRANSITIONAL AND FINAL PROVISIONS

Article 11

These Rules come in force within eight (8) days after the day they were posted on the notice board in the premises of the Fund, and after previously obtaining the approval from the Board of Directors.

By coming in force of these Rules, all previous Rules and general acts of the Fund which are not in compliance with these Rules cease to be valid.

Innovation Fund

Acting Director

LJILJANA KUNDAKOVIĆ, PhD

This charter was approved by the Board of Directors at the meeting held on June 14th, 2011.

This charter was displayed on the Fund's notice board on the following date: June 15th, 2011.

Attachment 1: Statement on acceptance of the Rules on prevention of conflict of interest and protection of confidentiality of information

Statement on acceptance of the Rules on prevention of conflict of interest and protection of confidentiality of information

I hereby sign this statement confirming, under full criminal accountability and liability, that I am fully aware of the contents of the Rules on prevention of conflict of interest and protection of confidentiality of information, that I understand all its provisions and terms used, that I am completely and without exceptions bound by them, and that I agree with their application.

In Belgrade, on _____

Statement issued by:
