

APPROVED:

by the General Meeting of Founders of Eurasian  
Duty Free Association

MINUTES unnumbered dated June 8, 2012.

AMENDMENTS ARE APPROVED:

by the General Meeting of Members of Eurasian  
Duty Free Association

MINUTES No. 1 dated June 13, 2013.

AMENDMENTS ARE APPROVED:

by the General Meeting of Members of Eurasian  
Duty Free Association

MINUTES No. 2 dated October 9, 2013.

AMENDMENTS ARE APPROVED:

by the General Meeting of Members of Eurasian  
Duty Free Association

MINUTES No. 10 dated November 23, 2016.

AMENDMENTS ARE APPROVED:

by the General Meeting of Members of Eurasian  
Duty Free Association

MINUTES No. 12 dated June 28, 2018.

# **CHARTER**

**of**

**Eurasian Association of Duty Free Shop  
Owners and Duty Free Shop Suppliers**

**(Eurasian Duty Free Association)**

(new edition)

Moscow  
2018

## 1. GENERAL PROVISIONS

**1.1.** Eurasian Association of Duty Free Shop Owners and Duty Free Shop Suppliers (hereinafter referred to as “the Association”) is a voluntary union of legal entities – commercial organizations created to ensure protection of their rights and representation of common property interests before state and other bodies, international and other organizations.

**1.2.** The Association acts in accordance with the Constitution of the Russian Federation, Civil Code of the Russian Federation, Federal Law “On Non-Profit Organizations” and other effective laws of the Russian Federation, Memorandum of Association of the Association and this Charter.

**1.3.** Full name of the Association:

in Russian:

**Евразийская ассоциация владельцев магазинов беспошлинной торговли и поставщиков товаров для магазинов беспошлинной торговли;**

in English:

**Eurasian Association of Duty-free Shop Owners and Duty-free Shop Suppliers.**

**1.4.** Abbreviated name of the Association:

in Russian:

**Евразийская Ассоциация Беспощлинной Торговли;**

in English:

**Eurasian Duty Free Association.**

**1.5.** The Association is located at:

**125167, Russian Federation, Moscow, Leningradsky prospect 37, building 3.**

**1.6.** The Association is a legal entity as from the date of its state registration under the statutory procedure, owns isolated property, has its independent balance and is entitled to open bank accounts. In order to achieve its statutory goals, the Association is entitled to acquire on its behalf property and personal non-property rights, bear obligations, be a plaintiff and defendant in courts of law, courts of arbitration and other courts in the Russian Federation and abroad.

**1.7.** The Association has a round seal containing its full name in Russian. The Seal may also contain the name of the Association in a foreign language. The Association is entitled to have stamps and letterheads with its name and an emblem registered under the statutory procedure.

**1.8.** The Association is set up for an indefinite term.

**1.9.** The Association is liable for its obligations with its property which may be forfeited under the effective laws. The Association is not liable for the obligations of its members.

**1.10.** The Association is entitled to establish branches and representative offices. Upon its state registration the Association has neither branches nor representative offices.

## 2. PURPOSES AND ACTIVITIES OF THE ASSOCIATION

**2.1.** The Association is set up to coordinate commercial activities of its members – legal entities, which are duty free shop owners and/or duty free shop suppliers, as well as organizations, the main activity of

which is associated with operation of duty free shops and representation and protection of their common property interests.

**2.2.** The activities of the Association are as follows:

- assistance in creation of favourable legal conditions to operate and develop modern infrastructure of duty free shops, assistance in development of duty free industry and its integration into the economic system of the Russian Federation and the Eurasian Economic Union (hereinafter referred to as “the EEU”);
- consolidation of the Association members to determine and solve current and future tasks of the duty free industry, formation of the positive image of the duty free industry;
- rendering of information and analytical, methodical and consulting assistance to the Association members;
- assistance in development of entrepreneurial activities in the field of trade in duty free shops, its integration in the economic system of the Russian Federation and the EEU;
- study of public opinion on the thematic of the Association;
- rendering of consultancy to the Association members on the issues of commerce and management;
- constructive cooperation with the customs bodies of the Russian Federation and the EEU countries in respect of creation, opening and operation of duty free shops;
- assistance in implementation of progressive elements enhancing trade facilitation solutions;
- assistance in improvement of quality of service of duty free shops, development of standards and recommendations referring to mutual relations between duty free shop owners, on the one hand, and their customers, on the other hand;
- establishment and development of contacts with foreign unions in the field of operations of duty free shops and international and national associations, unions with regard to the Association;
- organization of cooperation between legal entities carrying out commercial activities and Russian state bodies in the field of foreign economic activities;
- study and analysis of the entrepreneurial activity, implementation of existing rules and practices in this field and introduction of offers on their improvement;
- publishing activities and publishing of its own edition and other printed materials for promotion and information support of business activity in the field of duty free commerce;
- protection and representation of all Association members as represent rights and interests of the association members in state bodies and non-governmental international organizations, courts and law-enforcement agencies;
- organization of seminars in respect of international legal regulation in duty free commerce;

- presentations in mass media covering of Association activities and/or duty free industry as the information source and expert;
- public awareness-building on significant for the duty free industry and Association members;
- provision of informational and consulting services on a reimbursable basis to the organizations that are not members of the Association, but the activities of which are related to the functioning of duty free shops.

### **3. MEMBERSHIP IN THE ASSOCIATION**

**3.1.** The membership in the Association is voluntary.

**3.2.** The members of the Association are founders and legal entities that joined the Association after its state registration and paid their admission fee and are ready to observe and meet the requirements of the current Charter and other documents of the Association, resolutions of the Association bodies adopted within their competence, and pay in due time their regular fees in accordance with the procedure, in the amount and within the term specified herein and the Regulations on Membership Fees, and other fees as per the resolution of the General Meeting of Members of the Association. The information about members of the Association is subject to inclusion into the register of Association members (hereinafter referred to as “the Register of Association Members”).

**3.3.** All Association members have equal rights and bear equal obligations. The Association members reserve their legal and economic independence.

**3.4.** Upon admission as a member of the Association, the applicant must provide:

**3.4.1.** crediting the Association bank account with the admission fee in the amount and within the terms specified in the Regulations on Membership Fees;

**3.4.2.** payment of a monthly membership fee in the amount and within the terms specified in the Regulations on Membership Fees.

**3.5.** Other issues concerning the amount, terms and procedure of payment of fees shall be regulated by the Regulations on Membership Fees, approved by the General Meeting of Members of the Association.

**3.6.** The members of Association are admitted by the resolution of the General Meeting of Members of the Association based on the application filed to the President of the Association subject to obligatory submission of information (documents) according to the list approved by the Supervisory Board. Lack of the said information (documents) is the grounds to leave the application of applying organization without consideration.

**3.7.** The General Meeting of Members of the Association, within three (3) months after receipt of the application together with all the information (documents), shall adopt a resolution on admission of the applicant to the membership of the Association or on a refusal. The applicant’s representative shall attend the General Meeting of Members of the Association as an invited person for a discussion of the applicant admission to the Association or on a refusal. The applicant must contribute the admission fee (in the amount established by the Regulations on Membership Fees) and the first regular membership fee for the

current month (in the amount established by the Regulations on Membership Fees) within ten (10) calendar days after adoption of the resolution on its admission to the membership of the Association. The applicant becomes a member of the Association upon introduction of data to the Register of Association members. Regardless of the date of admission to the Association, the Association member must contribute its first regular membership fee for the current calendar month.

**3.8.** The President of the Association shall ensure maintenance and storage of the Register of Association members. The list of data about Association members specified in the register and the procedure for maintenance of the register shall be approved by the Supervisory Board upon the recommendation of the President of the Association.

**3.9.** The rights of the Association member cannot be transferred to third parties.

**3.10.** The Association members shall be entitled:

**3.10.1.** to participate in management of the Association affairs, to attend the meeting of the General Meeting of Members of the Association and to vote in respect of the issues within its competence in accordance with the procedure stipulated by the law and this Charter;

**3.10.2.** to receive information about activities of the Association and to examine accounting records and other documents of the Association. The said information shall be provided and the access to the documents (including accounting records) shall be provided to the Association member within seven (7) calendar days after receipt of the enquiry from the Association member;

**3.10.3.** in accordance with the procedure stipulated by the law, to appeal against the resolutions of the bodies of the Association that are leading to civil and legal consequences;

**3.10.4.** to dispute any transactions made by the Association and to demand indemnification of losses caused to the Association in cases provided for by the law;

**3.10.5.** to use free of charge unless otherwise provided by the law, the services rendered by the Association on equal terms with other its members;

**3.10.6.** to participate in the events held by the Association;

**3.10.7.** to withdraw from the Association at its own discretion by filing a written application addressed to the President of the Association.

**3.11.** The members of the Association have other rights in accordance with the laws and this Charter.

**3.12.** The Association members must:

**3.12.1.** contribute to achievement of the Association goals;

**3.12.2.** observe and meet the requirements of the Charter and other documents of the Association adopted by the bodies of the Association within their competence;

**3.12.3.** execute the resolutions adopted by the bodies of the Association within their competence;

**3.12.4.** participate in formation of the property of the Association in accordance with the procedure, in the amount, by the way and within the terms provided by this Charter and the Regulations on Membership Fees, including admission and membership fees payment as well as additional property contributions by the resolution of the General Meeting;

**3.12.5.** not disclose confidential information about the activities of the Association;

**3.12.6.** not perform actions which are in all cases aimed at causing damage to the Association whose member it is and to its other members;

**3.12.7.** not permit cases of improper conduct and abuse of membership in the Association;

**3.12.8.** participate in adoption of resolutions if a member participation is required for adoption of such resolutions in accordance with the laws or this Charter.

**3.13.** The members of the Association shall bear other obligations in accordance with the laws and this Charter.

**3.14.** A member of the Association may be expelled from the Association by the resolution of the remaining members if such member violates its obligations or with its actions (inaction) makes it impossible for the Association to carry out its activity or hampers it materially including but not limited to:

**3.14.1.** delay in payment of membership fees for more than sixty (60) calendar days since the start of the month or since adoption of the resolution on admission to the Association;

**3.14.2.** non-disclosure by the Association member of information causing impossibility of its membership in the Association in accordance with the requirements of the effective laws of the Russian Federation, the Charter and other documents of the Association adopted by the Association bodies within their competence;

**3.14.3.** continuous failure to meet the requirements of the Charter and other documents of the Association including resolutions of the General Meeting or Supervisory Board adopted by the Association bodies within their competence;

**3.14.4.** causing material damage by its actions to the Association and/or damage to its goodwill;

**3.14.5.** in case of acknowledgement of insolvency (bankruptcy) of the Association member in accordance with the procedure stipulated by the effective laws;

**3.14.6.** in case of obstruction of the Association activities including by means of failure to participate in General Meetings which has caused multiple absence of quorum required to hold the General Meeting of Members of the Association;

**3.14.7.** in case of performance of actions that contradict the goals and scope of the Association activities.

**3.15.** The expulsion of the Association member may be initiated by:

- a member of the Association;
- President of the Association;

- a member of the Supervisory Board of the Association.

**3.16.** In case of any grounds for expulsion of the Association member from the Association, the President must adopt a resolution on convocation of the General Meeting of Members of the Association within ten (10) calendar days after it has become aware of the said circumstances or after receipt of a relevant claim from a person entitled to initiate the expulsion.

**3.17.** The resolution on expulsion from the Association shall be executed in writing and contain:

- a statement of reasons that contains arguments required to expel a member from the Association;
- a resolution (resolution on expulsion) signed by the President and the secretary of the General Meeting of Members of the Association (if they are vested with such right).

**3.18.** The Association member is considered as expelled after introducing relevant amendments to the Register of Association members.

**3.19.** The information on expel from the Association shall be delivered to the expelled Association member by registered mail or otherwise when the fact of receipt is confirmed.

**3.20.** Upon termination of membership on any grounds, monetary contributions and other property transferred to the Association to ensure its activity shall not be returned to the expelled member.

#### **4. ASSOCIATION BODIES**

**4.1.** The Association shall be managed by:

**4.1.1.** the supreme body of the Association – General Meeting of Members of the Association;

**4.1.2.** the constantly acting collegial executive body of the Association – Supervisory Board;

**4.1.3.** the sole executive body of the Association represented by its President.

#### **5. GENERAL MEETING OF MEMBERS OF THE ASSOCIATION**

**5.1.** The supreme body of the Association is the General Meeting of Members of the Association (hereinafter referred to as “the General Meeting”). The main function of the General Meeting is to ensure compliance with the goals of the Association for which the Association was established.

**5.2.** The following issues are within the competence of the General Meeting:

**5.2.1.** determination of the main activities of the Association, principles of formation and use of the property of the Association;

**5.2.2.** amendments to the Charter and the Foundation Agreement of the Association;

**5.2.3.** election and early termination of the powers of one or several or all members of the Supervisory Board;

**5.2.4.** election of the Chairman of the Supervisory Board;

**5.2.5.** appointment and early termination of the powers of the President;

**5.2.6.** approval of the annual report and annual balance sheet;



- 5.2.7.** adoption of a resolution on incorporation of other legal entities by the Association;
- 5.2.8.** adoption of resolutions on participation (termination of participation) of the Association in other legal entities, on incorporation (termination) of branches and opening (termination) of representative offices of the Association;
- 5.2.9.** adoption of resolutions on reorganization or liquidation of the Association, appointment of the liquidation commission (liquidator) and approval of the liquidation balance sheet;
- 5.2.10.** election of the auditing commission (internal auditor) and appointment of the audit company or individual auditor (professional auditor) for the Association;
- 5.2.11.** amendments to the Regulations on Membership Fees on the procedure establishing the terms, determining the amount and the method of payment of membership and target fees, as well as on granting of indulgence, payment by instalments or exemption from payment of admission and/or membership fees;
- 5.2.12.** adoption of a resolution on additional target contributions of the members of the Association and the amount of their subsidiary liability on the Association's obligations, if such liability is provided for by law or this Charter;
- 5.2.13.** approval of the financial plan of the Association and amendments to such plan;
- 5.2.14.** approval of the annual budget of the Association and amendments to such budget;
- 5.2.15.** determination of the procedure for admission to the membership of the Association and expulsion from the Association; adoption of a resolution on admission of new members to the Association and expulsion of a member from the Association;
- 5.2.16.** stipulation of terms and conditions of the employment agreement with the President, alteration of terms and conditions of the employment agreement (except for amendments based on the effective laws); stipulation and any alteration of terms and conditions of termination of the employment agreement with the President; determination of a person authorized to sign an employment agreement with the President (including amendments) on behalf of the Association or an agreement on termination of this employment agreement;
- 5.2.17.** approval of a transaction provided by article 27 of the Federal Law "On Non-profit Organizations" when a member of the Supervisory Board is interested in completion of such transaction;
- 5.2.18.** settlement of other issues referring to the competence of the General Meeting in accordance with this Charter and effective laws.
- 5.3.** Each member of the Association has one proxy having one vote at the General Meeting. All members of the Association are entitled to attend the General Meeting, participate in discussion of items on the agenda and vote in making decisions. The items referred to in sub-clauses 5.2.1 - 5.2.12 are within the exclusive competence of the General Meeting. The resolutions of the General Meeting except for the issue referring expulsion of a member from the Association shall be adopted by the qualified majority – two thirds (2/3) of votes of the Association members present. When considering the issue of expulsion of a member from the Association, the expelled member of the Association does not vote.

**5.4.** The General Meeting shall be chaired by the chairman elected prior to voting referring items on the agenda. The secretary shall provide maintenance of the minutes of the General Meeting. The secretary is elected by the General Meeting on the suggestion of the chairman prior to voting of items on the agenda, and such secretary assists the chairman in holding the General Meeting. If the General Meeting has failed to elect a chairman and a secretary, the duties of the chairman shall be fulfilled by the oldest proxy of the Association members who participate in the General Meeting, and the duties of the secretary shall be fulfilled by the youngest proxy.

**5.5.** The General Meeting shall be convened not less than once a year (annual General Meeting) and as may be necessary to solve issues within the competence of the General Meeting (extraordinary General Meeting).

**5.6.** The General Meeting is competent if more than half of the total number of the Association members is present. If the quorum is not present, the adjourned meeting of the General Meeting must be held within ten (10) days from the date of the General Meeting at which the quorum is not present.

**5.7.** The annual General Meeting shall be held from March 1 to June 30 each year. The resolution on convocation and holding of the General Meeting shall be adopted by the President. The Association members are entitled to give their suggestions referring the agenda of the annual General Meeting to the President not later than February 28 (29).

**5.8.** If the Association members fail to receive a notice of convocation of the annual General Meeting before May 31 inclusive, the annual General Meeting must be held on the last business Monday in June at the place of location of the Association and the agenda shall be in accordance with clause 5.13 hereof. If the last business Monday in June coincides with the last calendar day of a month, the annual General Meeting shall be adjourned to the penult business Monday in June.

**5.9.** The extraordinary General Meeting may be convened by the President on his initiative, on demand of the Supervisory Board, the auditor and the Association members making in total not less than one third of the total number of the Association members.

**5.10.** The President shall, within five (5) working days after receipt of the demand to hold the extraordinary General Meeting, consider such a demand and take a decision to hold an extraordinary General Meeting or on a refusal to hold it. The President shall, within two (2) working days, notify the person who demands an extraordinary General Meeting and all Association members. Such notice shall state the term within which the suggestions to be included into the agenda of the coming extraordinary General Meeting shall be provided.

**5.11.** The decision on a refusal to hold an extraordinary General Meeting may be adopted by the President only in the following cases:

**5.11.1.** the procedure provided by this Charter for making a claim to convene the General Meeting is not observed;

**5.11.2.** none of the items suggested to be included to the agenda of the General Meeting is within its competence or meet the requirements of the effective laws.

**5.12.** The President shall notify in writing all Association members regarding convocation of the General Meeting within five (5) calendar days prior to such meeting. The notice on convocation of the General Meeting shall state the following:

- date, time and place of the meeting;
- the body that decided to convene a meeting, date of such decision, a person on whose initiative (demand) such decision is made;
- the agenda of the General Meeting and the list of issues not included into the agenda on the suggestion of the Association members specifying the reasons.

**5.13.** The agenda of the extraordinary General Meeting is formed on the basis of the issues specified in the demand on convocation and the suggestions of the Association members received by the President within the specified term. The agenda of the annual General Meeting shall include the items specified in clause 5.2.5 hereof, issues on approval of the President's report about operations of the Association for the previous year and approval of the President's powers (termination of the current President and election of a new President or extension of the powers of the current President) and the issues suggested by the Association members and received by the President within the specified term. The President may include on his initiative any additional items to the agenda. The issues which do not meet the requirements of clause 5.11.2 hereof are not included into the agenda.

**5.14.** If a person (body) demanding convocation and holding of the extraordinary General Meeting, is not notified by the President referring the adopted decision within the term specified in clause 5.10 hereof or if the President makes a decision on refusal, the powers of the President regarding convocation and holding of the extraordinary General Meeting shall transfer to a person (body) demanding convocation of the extraordinary General Meeting, and such person (body) shall notify the President and all Association members hereof.

**5.15.** The issues which are not specified in the notice on convocation of the General Meeting cannot be put to voting except for election of a chairman at this meeting and a secretary, and when all Association members participate in the General Meeting and the revised agenda is approved unanimously.

**5.16.** A member of the Association may be represented by the head of the legal entity or the authorized proxy acting on the duly executed power of attorney at the General Meeting.

**5.17.** The minutes of the General Meeting shall be executed within ten (10) calendar days after closing of the General Meeting in two copies. Both copies are signed by the chairman and the secretary of the General Meeting. The copy of the minutes shall be delivered to all members of the Association within ten (10) calendar days after execution of the minutes.

**5.18.** Other issues which are not connected with the convocation and holding of the General Meeting may be regulated by internal documents of the Association approved by the General Meeting.

## **6. SUPERVISORY BOARD OF THE ASSOCIATION**

**6.1.** The Supervisory Board of the Association is a continuous collective executive body of the Association. The meetings of the Supervisory Board are held as may be necessary, but not less than once a quarter.

**6.2.** The Supervisory Board consists of six (6) members elected by the General Meeting on the suggestion of the Association members for one (1) year.

The term of powers of the members of the Supervisory Board starts from the moment of their election by the ordinary General Meeting and lasts until the moment of the ordinary General Meeting when the powers of the current members of the Supervisory Board are terminated, except for the cases of early termination of powers by resolution of the General Meeting. The Supervisory Board may consist of individuals and legal entities – members of the Association<sup>1</sup>. One person may be elected to the Supervisory Board on the suggestion of one member of the Association. In case of election of members of the Supervisory Board, the voting shall be held separately in respect of each member at the General Meeting. The persons elected to the Supervisory Board may be re-elected unlimited times. Other issues connected with formation of the Supervisory Board may be regulated by the Regulation on the Supervisory Board approved by the General Meeting.

**6.3.** The powers of one or more members of the Supervisory Board may be early terminated at any time by the resolution of the General Meeting. A member of the Supervisory Board shall be entitled to withdraw from its membership at any time on its initiative. In case of withdrawal or expulsion of a member of the Supervisory Board – legal entity from the Association, its membership in the Supervisory Board as well as the membership of an individual elected to the Supervisory Board on its suggestion shall be terminated upon the withdrawal (expulsion) of a legal entity from the Association.

**6.4.** If the Supervisory Board is not formed or the powers of the members of the Supervisory Board have terminated or the powers of the Supervisory Board have been early terminated or the number of the members of the Supervisory Board becomes less than three (3) and the new Supervisory Board has not been elected at any time and for any reason, the resolutions in respect of all the issues which are within the competence of the Supervisory Board are to be adopted by the General Meeting.

**6.5.** The members of the Supervisory Board – individuals participate in the operations of the Supervisory Board in person. The members of the Supervisory Board – legal entities participate in the operations of the Supervisory Board through heads of legal entities or duly authorized proxies. The member of the Supervisory Board – legal entity shall be entitled to supersede or revoke its proxy.

**6.6.** The Supervisory Board is chaired by the chairman of the Supervisory Board (hereinafter referred to as “the Chairman”) who is elected at the meeting of the Supervisory Board when all the members of the Supervisory Board are present, from among the members of the Supervisory Board by open voting. Each member of the Supervisory Board shall be entitled to nominate one candidacy including his own candidacy to be put to voting. The Chairman of the Supervisory Board shall be elected the General Meeting of Members of the Association for a term of one (1) year.

The term of the powers of the Chairman of the Supervisory Board starts from the moment of their election by the ordinary General Meeting and lasts until the moment of the ordinary General Meeting when the powers of the current members of the Supervisory Board are terminated, except for the cases of early termination of powers of the Chairman by resolution of the General Meeting of members of the Association.

**6.7.** The powers of the Chairman include the following:

- to organize and control the activities of the Supervisory Board;
- to convene the meetings of the Supervisory Board and to chair at them (or in case of absence to appoint the chairman from among the members of the Supervisory Board in respect of a certain meeting);

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<sup>1</sup> Such condition regarding membership in the Association refers only to legal entities

- to determine the agenda, date, time, place, form and procedure of the meeting as well as the materials which must be sent to the members of the Supervisory Board before or after meetings of the Supervisory Board;
- to maintain minutes of the meetings of the Supervisory Board, to make drafts of minutes of the Supervisory Board, to keep the books of minutes of the meetings of the Supervisory Board and to certify copies of minutes of any meeting of the Supervisory Board or extracts from them;
- to represent the Supervisory Board before other bodies of the Association and third parties, including signing of resolutions and notices on its behalf or on behalf of the Supervisory Board;
- to submit reports to the General Meeting and demand from the President and third parties to execute the resolutions of the Supervisory Board and resolutions of the General Meeting and submission of all and any data and documents referring to the operations of the Association to the Supervisory Board;
- in the case provided for by clause 7.1 hereof, to exercise power of the President of the Association, including acting on behalf of the Association without a power of attorney;
- other powers granted to the Chairman by this Charter and internal documents of the Association.

**6.8.** The meetings of the Supervisory Board may be either attendee or absentee. The meetings are convened by the Chairman. The agenda of the meetings, date, time, place, form and procedure of such meetings are determined and (or) approved by the Chairman. The meetings may be held in the Russian Federation or abroad.

**6.9.** Any member of the Supervisory Board or the President may demand from the Chairman to convene the meeting of the Supervisory Board and make suggestions to the agenda of such meeting. The Chairman must convene such meeting at the earliest convenience for the members of the Supervisory Board or within a reasonable time if the suggested agenda does not contain urgent issues.

**6.10.** The Chairman is not entitled to amend and exclude the suggested items of the agenda except for the cases when their consideration is not within the competence of the Supervisory Board or any such suggested item of the agenda contradicts the effective laws.

**6.11.** Unless otherwise agreed in writing by all the members of the Supervisory Board, the Chairman must notify each member of the Supervisory Board in respect of meeting by electronic mail or by fax within five (5) calendar days before the meeting.

**6.12.** The attendee meeting of the Supervisory Board is competent (has a quorum) if more than half of the members of the Supervisory Board are present. The absentee meeting of the Supervisory Board (has a quorum) if more than half of the elected members of the Supervisory Board participate in the meeting by submitting completed ballots to the Association.

**6.13.** The resolutions of the Supervisory Board are adopted by simple majority of votes of the members of the Supervisory Board who are present at the meeting unless otherwise provided by this Charter. If the number of members of the Supervisory Board is less than three (3), the Supervisory Board shall claim from the President to convene the General Meeting in order to elect new members to the Supervisory Board. The remaining members of the Supervisory Board shall be entitled only to take a decision to demand from the President to convene such General Meeting.

**6.14.** Each member of the Supervisory Board has one (1) vote. The member of the Supervisory Board shall not be entitled to transfer its vote to another member of the Supervisory Board or any other third party. In case of equal votes cast for and against, the Chairman has a cast vote.

**6.15.** The minutes of the meetings of the Supervisory Board are made in writing within ten (10) calendar days after the meeting and their signing by the Chairman (or a person who chairs at the relevant meeting of the Supervisory Board) becomes official minutes of the meetings of the Supervisory Board.

**6.16.** The signed copies of the minutes are sent to each member of the Supervisory Board, the President and members of the Association within ten (10) calendar days after their execution.

**6.17.** The following issues are within the competence of the Supervisory Board:

**6.17.1.** approval of: (i) the list of information (documents) submitted by the persons desiring to join the Association; (ii) the procedure for maintenance of the Register of Association members and a list of data (information) about the members of the Association specified in the register;

**6.17.2.** appointment of the audit of the Association, approval of the amount to be paid for the services of the audit company (individual auditor);

**6.17.3.** preliminary approval of the following actions and documents in respect of certain types of the employees of the Association, namely: (i) appointment to any position if the amount of salary and social benefits exceeds one million (1 000 000) rubles per year in total, except for the cases provided by clause 5.2.4 hereof; (ii) terms of employment agreements with the said types of employees, amendments to the terms of their employment agreements, agreements on termination of their employment agreements except for the cases provided by clause 5.2.15 hereof;

**6.17.4.** preliminary approval of opening and closing of bank accounts of the Association;

**6.17.5.** supervision of the activities of the President and preliminary approval of the annual report of the President regarding the operations of the Association before its approval by the General Meeting;

**6.17.6.** preliminary approval of accounting and financial statements of the Association prepared by the President for approval by the General Meeting;

**6.17.7.** preliminary approval of any charitable gifts of the Association;

**6.17.8.** preliminary approval of the resolution on increase of the staff of the Association by more than 10% during one financial year;

**6.17.9.** approval (adoption) of documents regulating the internal activities of the Association (internal documents) to the extent not contradicting the provisions of this Charter except for the documents which are to be approved by the General Meeting in accordance with this Charter;

**6.17.10.** preliminary approval of the following transactions:

- (1) any transaction or a series of interrelated transactions if the amount to be paid under the transaction or the value of property which is the subject of the transaction exceed five hundred thousand (500 000) rubles or the equivalent of the said amount in another currency;
- (2) any transaction connected with direct or indirect acquisition, disposal or possible disposal of real estate of the Association;
- (3) acquisition or disposal of shares (stock) in any legal entities by the Association as well as creation or termination of any pledge rights or other encumbrances in respect of shares (stock) of such legal entities;
- (4) obtaining of a bank credit or a loan by the Association, granting of a loan by the Association;
- (5) filing of an action or waiver or a claim, acknowledgement or non-acknowledgement of a claim, making payments in connection with an action and other resolutions made by the Association in respect of disputes or possible disputes with tax, customs or other state or municipal bodies or organizations;
- (6) any transactions regarding acquisition or disposal of licenses, patents, trade marks, and other rights to intellectual property;
- (7) any pledge, mortgage transactions or other encumbrance of any property owned by the Association;
- (8) issue of guarantees in respect of third parties' obligations;
- (9) incurrence of liabilities binding on the Association within a period not exceeding one year;
- (10) transactions provided by article 27 of the Federal Law "On Non-profit organizations" except for the cases provided by clause 5.2.16 hereof;

**6.17.11.** approval of the staff table of the Association;

**6.17.12.** authorization of the Association President activity and control over its execution;

**6.17.13.** other issues within the competence of the Supervisory Board according to this Charter and internal documents of the Association.

## **7. PRESIDENT OF THE ASSOCIATION**

**7.1.** The sole executive body of the Association – the President shall manage day-to-day activity of the Association. The President of the Association is elected by the General Meeting for one (1) year. In case of termination of the powers of the President, his duties are temporarily transferred to the Chairman of the Supervisory Board until election of a new President but not more than for one (1) year. In this case, the Chairman of the Supervisory Board shall exercise the powers of the President of the Association, including acting on the behalf of the Association without a power of attorney.

**7.2.** To the extent stipulated by the effective laws and to the extent that such powers are not within this competence and not limited by the resolutions of the General Meeting or the Supervisory Board, the President has the following powers:

**7.2.1.** organizes the work of the Association in accordance with its activities and statutory goals;

**7.2.2.** organizes fulfilment of the resolutions of the General Meeting and the Supervisory Board and controls their completion;

**7.2.3.** acts on the behalf of the Association without a power of attorney, represents its interests, enters on behalf of the Association into transactions, including transactions which in accordance with this Charter are subject to preliminary approval by the General Meeting or the Supervisory Board;

**7.2.4.** issues powers of attorney including with the right to transfer powers to third parties;

**7.2.5.** hires and dismisses employees, uses incentives and imposes disciplinary penalties;

**7.2.6.** prepares and submits any required recommendations, suggestions, materials and projects to be considered by the General Meeting and the Supervisory Board;

**7.2.7.** forms the executive body of the Association and approves the organizational structure to the extent determined by the staff schedule;

**7.2.8.** ensures maintenance and storage of the register of Association members and ensures storage of documents which, according to the effective laws, must be kept by the Association, certifies extracts from them and copies thereof;

**7.2.9.** ensures compliance of the effective laws by the Association;

**7.2.10.** fulfils the orders of the Supervisory Board of the Association and reports to the Supervisory Board in respect of their completion;

**7.2.11.** performs other management of day-to-day operations of the Association in respect of the issues which are not within the competence of the General Meeting and the Supervisory Board according to the effective laws and this Charter.

**7.3.** By the resolution of the General Meeting the powers of the President may be early terminated in case of gross violation of its duties, inability to manage the affairs in a due manner or in case of other material grounds.

## **8. PROPERTY OF ASSOCIATION AND SOURCES OF ITS FORMATION**

**8.1.** The Association may own buildings, constructions, equipment, money and other property required to ensure the operations of the Association provided by this Charter.

**8.2.** The sources of the Association property formation are as follows:

- regular and one-time contributions from the Association members;
- voluntary monetary and property contributions and charitable contributions;
- revenues from the property owned by the Association;



- revenues from provision of information and consulting services to the organizations that are not members of the Association;
- other sources not prohibited by the laws of the Russian Federation.

**8.3.** The Association owns the property transferred to the Association as contributions by its members and the property acquired by the Association under other grounds. The property of the Association cannot be used for distribution among the Association members.

**8.4.** The monetary funds of the Association are aimed to finance the programs, works and other events held in accordance with its activities and statutory goals of the Association, used for settlements with federal and local budgets and funds. The monetary funds of the Association cannot be distributed among its members and used for achievement of statutory goals.

**8.5.** By the resolution of the General Meeting of the Association, the following funds shall be created at the expense of target contributions made by the members:

- fund of capital investments;
- salary fund;
- commercial, reserve and other funds.

Composition, purpose and amounts of the respective funds shall be determined by the Supervisory Board.

**8.6.** The amount and the procedure for making admission fees, membership fees, target contributions are determined by the General Meeting and reflected in the Regulations on Membership Fees.

## **9. AUDITOR OF THE ASSOCIATION**

**9.1.** The Association is entitled, by the resolution of the Supervisory Board, involve a professional independent auditor appointed by the General Meeting in order to perform independence audit and verification of the annual accounting statements of the Association and to audit the current standing and perform the analysis of financial and economic activities of the Association.

**9.2.** The audit report on the results of annual audit of the Association shall be submitted to the General Meeting.

**9.3.** On demand of any member of the Association, the audit may be conducted by the professional auditor appointed by the Association. In case of such audit, the services of the auditor are paid at the expense of the Association member who has claimed such audit. The expenses of the Association member referring of payment of the auditor's services may be indemnified by the Association by the resolution of the Supervisory Board.

## **10. REORGANIZATION AND LIQUIDATION OF THE ASSOCIATION**

**10.1.** The Association may be reorganized in accordance with the procedure provided by the effective laws of the Russian Federation. The reorganization of the Association may be carried out in the form of

merger, acquisition, split-up, spin-off and transformation. The resolution on reorganization of the Association shall be adopted by the General Meeting.

**10.2.** The Association is deemed to be reorganized except for cases of reorganization in the form of acquisition as from the date of state registration of a new organization (organizations). In case of reorganization of the Association in the form of acquisition of another organization, the first organization is deemed to be reorganized as from the date of making an entry to the unified state register of legal entities regarding termination of the acquired organization. The Association is entitled to transform into a public organization, autonomous non-profit organization, non-profit partnership or fund.

**10.3.** All rights and obligations of the Association shall transfer to its successor (assignors) in accordance with the provisions of the effective laws.

**10.4.** The Association may be liquidated by the resolution of the General Meeting or by the court decision in cases provided by the laws of the Russian Federation. The liquidation of the Association causes termination of activities carried out by the Association as a legal entity without transfer of rights and obligations to other persons by way of succession.

**10.5.** Upon adoption of a resolution on liquidation, the General Meeting shall appoint the liquidation commission (receiver) and determine the procedure and term of liquidation in accordance with the effective laws.

**10.6.** All powers regarding management of the affairs of the Association shall transfer to the liquidation commission as from the date of its appointment. The liquidation commission shall appear in court on behalf of the Association.

**10.7.** The requirements regarding liquidation of the Association are determined by the effective laws of the Russian Federation. The Association shall strictly observe the said requirements.

**10.8.** In case of liquidation of the Association, its property that has remained after satisfaction of the requirements of its creditors shall be directed to the goals provided by the Charter of the Association. If it is impossible to use properly the property of the liquidated Association, it shall become the revenue of the state.

**10.9.** The liquidation of the Association is deemed to be completed and the Association is deemed to have terminated its existence after making an entry to the unified state register of legal entities.

## **11. FINAL PROVISIONS**

**11.1.** The amendments to the Charter of the Association shall be approved by the General Meeting and are subject to state registration. The state registration of amendments to the Charter is made in accordance with the procedure stipulated by the effective laws. The amendments to the Charter become effective upon their state registration.