



APPROVED by
the General Meeting of Founders
Protocol No.3 dated 17th of August 2022



CHARTER

of
Consumer Cooperative
«Slovak Consumer Cooperative ROD»

Bratislava 2022

PREAMBLE

Consumer Cooperative “Slovak Consumer Cooperative ROD” (hereinafter referred to as the “Cooperative”) - a voluntary association of personal entities and legal entities, created on the basis of membership by combining property share, voluntary target and other contributions by its members for organizational, commercial, purchasing, procurement, production, consolidation (consolidation of consumer, investment, production, innovation, surety and other resources of the Cooperative) activities, exchange, increase or decrease of a share size of each of the members, due to the interactions between the members of the Cooperative, as well as other activities in order to meet the material and other needs of its members; the highest body of the **Consumer Cooperative “Slovak Consumer Cooperative ROD”** is the **“HIGHEST COUNCIL”**.

This Charter is guided by cosmic rules that apply to every person who becomes a regular member of the SPDR Cooperative and is obliged to comply with them.

CHAPTER I. GENERAL PROVISIONS

Article 1. Basic Terms

For the purposes of this Charter, the following basic concepts are used:

- 1.1 regional, district, areal, republican, central union of consumer societies** (hereinafter also referred to as union) - voluntary association of consumer societies based on decisions of Annual membership meeting of consumer societies;
- 1.2 consumer cooperation organizations** - institutions, business Cooperatives and other legal entities whose only founders are the Cooperative;
- 1.3 full member (shareholder) of the Cooperative** - a legal or private person who has made admission and share (annual) contributions determined by the Annual membership meeting of the Cooperative for full members (shareholders) of the Cooperative, having the right to participate in managing the affairs and assets of the Cooperative;
- 1.4 associate member of the Cooperative** - a citizen or a legal entity who has made admission and share contributions defined by the Annual membership meeting of the Cooperative for associate members and who do not have the right to participate in the management of the cooperative's affairs and assets;
- 1.5 member of the Cooperative** - a full or associate member of the Cooperative, who have made admission and share (annual) contributions and accepted into the Cooperative according to the regulation of this charter;
- 1.6 cooperative sector** (Sector of the Cooperative), which unites a certain number of members of the Cooperative and is created in accordance with this Charter on a territorial, target, share, production or project basis;
- 1.7 Cooperative event** - an event of the Cooperative held by the Cooperative or a separate Sector of the Cooperative - a fair, festival, forum, sporting event, exhibition of consumer goods and other events held by the Cooperative;



- 1.8 participant of the Cooperative event** - associate member of the Cooperative, who made the admission fee determined by the Cooperative Board of Directors for specific events and projects of the Cooperative and does not have the right to vote, as well as participate in managing the affairs and assets of the Cooperative, having the right to receive results from activities, individual events and projects of the Cooperative;
- 1.9 authorized agent from the Cooperative** - a shareholder elected at a meeting of shareholders of the Cooperative Project and authorized to resolve issues at an Annual membership meeting the Cooperative authorized agents. The authorized agent is the link between the Cooperative and the shareholders, he or she organizes the activities of the Cooperative in a specific Sector or Project of the Cooperative. The level of representation of Cooperative authorized agents, as well as their rights and obligations are determined in accordance with this Charter;
- 1.10 the Annual meeting of the Cooperative** is the supreme body of the Cooperative, which is held in the form of a Annual membership meeting of the full members (shareholders) of the Cooperative or in the form of a Annual membership meeting of authorized agents of the Cooperative;
- 1.11 representatives of the Cooperative in the unions of consumer Cooperatives** - shareholders of the Cooperative, elected at the general meeting of the Cooperative for participation in the Annual membership meeting of representatives of consumer societies and unions where the Cooperative is included;
- 1.12 admission fee** - a sum of money directed to cover the costs associated with joining the Cooperative;
- 1.13 share contribution** - a property contribution of a shareholder to a share fund of the Cooperative with money, securities, a land plot or a land share, other property or property or other rights that have a monetary value;
- 1.14 additional contribution** - a contribution made by a full member (shareholder) of the Cooperative in accordance with the decision of the General Meeting of the Cooperative to cover the resulting losses of the Cooperative;
- 1.15 share fund (joint capital)** - a fund consisting of share, annual, voluntary and other contributions to the share fund made by the shareholders when creating or joining the Cooperative and this fund is one of the sources for the formation of the Cooperative's property;
- 1.16 reserve fund** - a fund that is intended to cover the costs and losses of the Cooperative from extraordinary circumstances, the procedure for the formation and use of this reserve fund is determined in accordance with this Charter;
- 1.17 insurance fund** - a fund created for the purpose of insuring various risks associated with the activities of the Cooperative, the procedure for the formation and use of this fund is determined in accordance with this Charter;
- 1.18 indivisible fund** is a part of the Cooperative share fund, which is not subject to distribution among shareholders, the procedure for the formation and use of this fund is determined in accordance with this Charter and the provisions of the Cooperative. The decision on the creation and the procedure for forming an indivisible fund may be taken by the Council of the Cooperative with the approval issued by the HIGHEST COUNCIL ;
- 1.19 Cooperative development fund** - a part of the Cooperative share fund used to improve data transmission systems, organize the transportation of goods and documents, provide services, provide financial and other calculations, and solve other production and organizational issues;
- 1.20 Fund for investments** and development of infrastructure of the Cooperative (Investment Fund of the



- Cooperative) - created on the basis of regulations and agreements of the Cooperative approved by the Council of the Cooperative and having on this basis a special status property fund formed by target contributions of the cooperative shareholders for the purpose of integrated development of the entire spectrum of market and other direct infrastructure -interaction of the consumer and the producer, as well as the development of the investment activity of the consumer, as well as in the form of creating consumer's property by means of production;
- 1.21 voluntary target share contribution (target project contribution)** - shareholder's property contribution to the target unit association (Project of the Cooperative) in cash, securities, land or land share, other property or property rights, intellectual, creative, having a monetary value. It is considered as a joint capital of the Cooperative and on the personal account of each shareholder;
- 1.22 target share association (Cooperative Project)** - uniting part of the Cooperative shareholders within the framework of the Cooperative Development Fund on the basis of a provision approved by the governing bodies of the Cooperative to achieve specific goals related to meeting the material and other needs of the Cooperative shareholders. Each Project Cooperative has its own name and purpose for which it is created;
- 1.23 shareholder of the Cooperative Project** - shareholder of the Cooperative as a contributor to the Cooperative Project;
- 1.24 dividend of the Cooperative Project** - the share of profits of a specific Cooperative Project paid to the participants of this Cooperative Project according to the regulations contained in the provisions on this Project approved by the Management and Board of Directors the Cooperative;
- 1.25 voluntary target contribution (target contribution)** - returned and non-refundable target contributions of shareholders in monetary and non-monetary form to the Cooperative Development Fund - the purchase of goods, services, participations for members of the Cooperative, other goals important for the contributor;
- 1.26 contribution to the development of the infrastructure of the Cooperative (hereinafter - CDC)** - non- refundable target contribution in cash for the development of the Cooperative in accordance with the provision of the Cooperative about the Cooperative Development Fund and CDC, belonging to the category of targeted revenues to the non-profit organization and its statutory activities;
- 1.27 system of accounting of share contributions** - the system of internal accounts in the Cooperative designed to record the movement of target contributions of members of the Cooperative: for the development of the Cooperative; to pay for goods, services, participations for members of the Cooperative; target share contribution (target share contributions) to the target share associations of the Cooperative - Cooperative Projects;
- 1.28 fund of material support for members of the Cooperative** - target contributions from members of the Cooperative aimed at material support for participants of target mutual associations - Cooperative Projects in accordance with the provisions on targeted share associations;
- 1.29 property of the Cooperative Development Fund** - aggregate property of shareholders, target share associations - Cooperative Projects owned by the shareholders and managed by the Cooperative, as well as the total amount of contributions made by the CDC (cooperative development contributions);
- 1.30 Share-Fund** - the part of the Cooperative Development Fund transferred to the management of the full member of the Cooperative, shareholder of the Cooperative Development Fund, based on the rules approved in accordance with this Charter and the provisions of the Cooperative;
- 1.31 Share / Account (Share/Account)** - the shareholder's internal account that reflects the movement of



the Cooperative's assets given to the shareholder's management;

1.32 exchange of shares of full and associate members of a Cooperative - the procedure of transferring a complete share or its part by a full or associate member of a Cooperative to another full or associate member of the Cooperative, in exchange for an equivalent or agreed share or part of a share. The exchange of shares is made on the basis of the provisions adopted by the Management and Board of Directors of the Cooperative and this Charter.

1.33 participation in the business activity of the Cooperative - purchase of goods, participations and services through the Cooperative, use of the services of the Cooperative, supply of goods and agricultural products to the Cooperative and (or) other participation in business operations as a consumer, organizer or supplier;

1.34 cooperative payments - part of the income of the Cooperative distributed among the shareholders in proportion according to their participation in the business activities and Cooperative Projects or their share contributions.

Article 2. Social and legal grounds for the operation of the Cooperative.

2.1 The Cooperative is a non-profit organization in the form of a consumer cooperative which is a voluntary association of citizens and legal entities on the basis of membership, it operates by combining cash, property and other contributions from its members to carry out various activities (organizational, research, production, trade, procurement, consulting, consolidation, etc.) in order to meet the material, social, spiritual and other needs of the members of the Cooperative.

2.2 The Cooperative is guided in its activities by this Charter, the Civil Code of the Slovak republic, the Law "On Consumer Cooperatives in the Slovak republic", other legislative acts of the Slovak republic, relevant international acts, the charter of the International Cooperative Alliance.

2.3 The Cooperative may be included into various unions of consumer societies, other state, cooperative and non-profit аШансы, associations and unions, including international, with the preservation of its full autonomy and the rights of a legal entity.

2.4 The Cooperative independently develops programs and plans for its social and economic development, improves its management structure, including the structure of the Cooperative Development Fund as the basis for the initiative of the members of the Cooperative.

2.5 The relations of the Cooperative with the relevant executive authorities are determined by agreements.

2.6 The relations of the Cooperative with municipal, cooperative, Cooperative enterprises and organizations, associations, unions and other legal entities are built on the basis of agreements and contracts concluded on a mutually beneficial voluntary basis.

2.7 The Cooperative is created for an indefinite (not limited in time) period.

2.8 The Cooperative maintains accounting and statistical reports in the manner established by the legislation of the Slovak republic.

2.9 Full name of the Cooperative in Russian is « Словацкий Потребительский Кооператив РОД».

2.9.1 Abbreviated name of the Cooperative in English is «**SCCR**».

2.9.2 **The full name of the Cooperative in English is "Slovak Consumer Cooperative ROD".**

2.10 Location of the Cooperative: **Slovak republic, Bratislava.**

2.11 The fiscal year in the Cooperative begins on January 1 of the coming year and ends on December 31



of the past year.

Article 3. Purpose and subject of the activity of the Cooperative.

- 3.1 Realization of legal rights and legal interests, creation and receipt of material and non-material benefits, rights, etc. of Cooperative members through organizing their own system of measures to fully meet their social, scientific, technical, energy, food, ecological, material and other needs and interests by creating them at cooperative sectors or at facilities owned by members of the Cooperative, both in the Slovak republic and beyond.
- 3.2 The purposes of the Cooperative based on the consolidation of the funds of its members are to meet the needs of the members of the Cooperative by:
- 3.2.1 creation of integrated life support systems for members of the Cooperative;
 - 3.2.2 strengthening the economic and social status of members of the Cooperative;
 - 3.2.3 creation of development infrastructures in the interests of the Cooperative members;
 - 3.2.4 creation of conditions for improving the welfare of members of the Cooperative;
 - 3.2.5 creation of a material and production base to meet the needs of the members of the Cooperative;
 - 3.2.6 provision of scientific, technological, production and financial services to members of the Cooperative, protection of their property, financial and other interests.
- 3.3 The subject of the activity of the Cooperative is the achievement of the goals set by the Charter.
- 3.4 To achieve its goals the Cooperative carries out the following:
- 3.4.1 Management of holding companies.
 - 3.4.2 Management of financial and industrial groups.
 - 3.4.3 Managing financial markets.
 - 3.4.4 Business and management consultancy.
 - 3.4.5 Technical testing, research, analysis and certification.
 - 3.4.6 Research and development in the field of natural and technical sciences.
 - 3.4.7 Research and development in the social sciences and humanities.
 - 3.4.8 The activities of advertising agencies.
 - 3.4.9 Market research and public opinion polling.
 - 3.4.10 Activities of recruitment agencies.
 - 3.4.11 Activities to provide other support services for businesses, not included in other groups.
 - 3.4.12 Activities for the creation and use of databases and information resources.
 - 3.4.13 Monetary intermediation.
 - 3.4.14 Provision of other financial services, except insurance and pension services, not included in other groups.
 - 3.4.15 Financial lease activities (leasing / subleasing).
 - 3.4.16 Brokerage activities in transactions with securities and goods.
 - 3.4.17 Other auxiliary activities in the field of financial services, except for insurance and pensions.
 - 3.4.18 Real estate agencies on a fee or contract basis.

- 3.4.19 Legal activities.
- 3.4.20 Activities for the provision of services in the field of accounting, financial audit, tax advice.
- 3.4.21 Provision of other personal services not included in other groups.
- 3.4.22 Organization of exhibitions, fairs and expositions.
- 3.4.23 Organization of feed points for members of the Cooperative, participants of events, target programs and projects of the Cooperative;
- 3.4.24 Organization and holding of festivals, holidays, sporting events, fees, master classes, seminars and trainings;
- 3.4.25 Food production, agro-industrial production.

The Cooperative is entitled to engage in any other commercial activity not prohibited by the legislation of the Slovak republic for consumer cooperatives.

Article 4. Basic principles of the creation and operation of the Cooperative.

- 4.1 The Cooperative is created by means of admission and share contributions, share investments (voluntary target share contributions, voluntary target contributions), contributions to the development of the Cooperative, it carries out organizational, research, expert, trade, procurement, production, mediative, consolidation and other types of activities.
- 4.2 The Cooperative is created and operates on the basis of the following principles:
 - 4.2.1 voluntariness of joining and leaving the Cooperative;
 - 4.2.2 mandatory payment of admission and share contributions;
 - 4.2.3 democratic management of the Cooperative (one shareholder - one vote, with the approval of the Board of Directors, members of the Board of Directors and members of the Control Committee may have more than one vote), mandatory accountability to the Cooperative Annual membership meeting by other managing bodies, control bodies, free participation of the full member of the Cooperative in the elected bodies of the Cooperative);
 - 4.2.4 obligatory for full members of the Cooperative to participate in the management and economic activity of the Cooperative, mutual assistance and provision of the economic benefit to the shareholders participating in the economic and other activities of the Cooperative;
 - 4.2.5 the obligation to make contributions to the development of the Cooperative for the Cooperative members who take advantage of its opportunities, in accordance with the basic principles of the international cooperative movement according to which those who make more use of the Cooperative's opportunities contribute more to its development;
 - 4.2.6 availability of information about the activities of the Cooperative for all shareholders of the Cooperative;
 - 4.2.7 larger involvement of women for participation in management bodies and control bodies;
 - 4.2.8 concerns about improving the educational, professional and cultural preparedness of the members of the Cooperative, their level and quality of life.



Article 5. Authorities of the Cooperative.

- 5.1 The Cooperative as a legal entity owns separate property and is liable with its property for the debts, the Cooperative has the right to acquire and exercise property and personal non-property rights, bear obligations, be a complainant and a defendant in court on its own behalf. The Cooperative has its own balance, round stamp, corner stamp, letterhead with its name and other details.
- 5.2 The Cooperative has the right to open invoice account and other accounts in banks.
- 5.3 The Cooperative created as a non-profit organization in the form of a consumer cooperative is a legal entity and has the following authorities:
- 5.3.1 to engage in activities aimed at meeting the needs of shareholders in the acquisition by the lowest cost of the best products, participation and services;
 - 5.3.2 to carry out business activities insofar as this serves the achievement of the goals for which it was created;
 - 5.3.3 to have their own representative offices and branches (including abroad), to create business societies and institutions, to exercise their rights in the manner established by the legislation of the Slovak republic;
 - 5.3.4 to develop independently a system and procedures for financing the shareholders, a system of guarantees and control over the timely return of funds.
 - 5.3.5 to participate in economic societies, cooperatives, to be an investor in trust partnerships;
 - 5.3.6 to create funds of the Cooperative provided for by the current legislation;
 - 5.3.7 to distribute income between shareholders in accordance with this Charter;
 - 5.3.8 to attract borrowed funds from shareholders and third parties;
 - 5.3.9 to provide financial assistance in accordance with the current legislation and this Charter and issue loans to members of the Cooperative, to issue sureties by their obligations;
 - 5.3.10 to carry out foreign economic activity in the manner established by the legislation of the Slovak republic;
 - 5.3.11 to appeal in a judicial order to acts of state bodies, acts of bodies of local self-government, the actions of their officials violating the rights of the Cooperative and / or members of the Cooperative;
 - 5.3.12 to exercise other rights of a legal entity necessary to achieve the goals provided for by this Charter.

Article 6. Specifics of labor relations in the Cooperative.

- 6.1 The Cooperative hires workers independently and determines the conditions and amounts of their remuneration in accordance with the legislation of the Slovak republic on labor, the Law "On consumer cooperation in the Slovak republic", this Charter and the charters of unions where the Cooperative is a member.
- 6.2 Disciplinary penalties (up to dismissal) on the chairman of the board of the Cooperative and the chairman of the audit commission of the Cooperative are imposed only by the bodies that elect these chairmen.
- 6.3 The elected officials of the Cooperative who violate the rights of shareholders, the Law "On Consumer Cooperatives in the Slovak republic", this Charter, or allow abuse of consumer cooperatives and



- impede inspections of the Cooperative's activities, may be dismissed including suspension of payments of their salary, by councils of the unions where this consumer cooperative is a member, proposed by the boards of the mentioned unions.
- 6.4 In such cases, the Management and Board of Directors of the Union decided to dismiss the elected official of the Cooperative, it is obliged to organize a general meeting of the Cooperative within 30 days from the date of the decision.
- 6.5 The Board of the Cooperative has the right, in accordance with the legislation of the Slovak republic, to dismiss the heads of organizations (created by the Cooperative, the organizations of consumer cooperation and Cooperative projects) violating the shareholders rights, charters and allowing the abusive actions which cause harm to the organizations of consumer cooperatives.
- 6.6 The head of organization of consumer cooperation and Cooperative project (created by the Cooperation) is appointed for the term of up to five years in accordance with the procedure established by the legislation of the Slovak republic and corresponding qualification requirements determined by the Management and Board of Directors of the Cooperative.

CHAPTER II. MEMBERSHIP IN THE COOPERATION

Article 7. Cooperative Members.

7.1 Citizens, including foreigners, who:

- 7.1.1 They have reached 18 years of physical age, as well as legal entities, regardless of the form of ownership, subject of activity and other characteristics (including non-residents according to the legislation of the Slovak Republic).
- 7.1.2 Who expressed their written consent by signing the contract to which these Statutes apply. And at the same time, they assumed obligations regarding contractual arrangements.
- 7.1.3 Who deposited the (mandatory) basic entry fee of 1 Euro (in the word One Euro).
- 7.1.4 Equity deposits (voluntary) in the prescribed manner.

The general meeting of the cooperative may make additional requirements for those who are going to join the cooperative.

7.2 The cooperative has two categories of members:

- 7.2.1 Regular members of the cooperative, who have a decisive vote on all matters of the existence and activity of the cooperative, participate in the management of the cooperative's property, including the property of the cooperative's Development Fund through share accounts, participate in the economic and other activities of the cooperative through their work and subsidiary responsibility for the cooperative's obligations;
- 7.2.2 Associated members of the cooperative using its services and abilities in accordance with these Statutes. An associate member of the cooperative does not have a decisive vote in the cooperative, except in cases of introduction of changes in these Articles related to the conditions of his membership in the cooperative, and he is not subsidiarily liable for the



obligations of the cooperative;

- 7.3 By decision of the Chairman of the Cooperative Council, it is possible for a regular member to become an associate member and vice versa.
- 7.4 A legal entity that is a member of a cooperative is represented in the cooperative by a natural person authorized by a duly executed power of attorney.

Article 8. Admission to the Cooperative.

- 8.1 A citizen or legal entity wishing to become a full or associate member of the Cooperative shall submit a written application to the Cooperative Council for admission to the Cooperative. A citizen's application should indicate his or her last name, first name, patronymic (if any), place of residence, passport details (if necessary), and contact information. The application of the legal entity should indicate its name, location and bank details. Citizens who do not have independent earnings, as well as who do not receive state benefits, retirement or scholarship, should report this in the application.
- 8.2 The application for admission to membership of the Cooperative should contain obligations to comply with the requirements of this Charter including making the admission and share contributions determined by the general meeting of the Cooperative, bearing subsidiary liability for the obligations of the Cooperative and performing other duties of full or associate member of the Cooperative.
- 8.3 The application for admission to the Cooperative should be reviewed within 30 days by the Council of the Cooperative. An incoming person shall be recognized as a full or associate member from the moment the decision is made by the Council of the Cooperative and full payment of the admission contribution determined by the general meeting of the Cooperative and the share contribution or part thereof established by this Charter of the Cooperative.
- 8.4 A reasoned decision to refuse the admission to membership in the Cooperative shall be communicated to the applicant in writing. The applicant has the right to appeal this decision to the Annual membership meeting of the Cooperative. After a decision on refusal has been taken by the Annual membership meeting, an application for admission to membership of the Cooperative can be submitted again after the elimination of the reasons for the refusal.
- 8.5 People admitted to the Cooperative and having made admission and share contributions will receive a document certifying their membership: a full members will receive a membership book, associate members will receive an officially certified extract from the register of associate members of the Cooperative, which indicate the amount of the paid admission and share contributions in euro and the timing of their actual payment. By decision of the Annual membership meeting of the Cooperative, additional information may be indicated, such as:
- 8.5.1 form of share contribution (monetary, land, property, non-property rights or other);
 - 8.5.2 the amount of cooperative payments credited to the share contribution and the dates of their crediting;
 - 8.5.3 the amount of payments of the cost of share contributions and the date of these payments;
 - 8.5.4 the size of the paid cooperative payments and the date of their implementation.



Article 9. Rights and obligations of full members of the Cooperative.

9.1 Full members (shareholders) of the Cooperative have the right to:

9.1.1 join the Cooperative and leave it on a voluntary basis;

9.1.2 participate in the activities of the Cooperative, elect and be elected to the management and control bodies, make proposals for improving the activities of the Cooperative, eliminating shortcomings in the work of its bodies;

9.1.3 receive cooperative payments in accordance with the decisions of the Annual membership meeting of the Cooperative;

9.1.4 take precedence over other citizens and legal entities to acquire (receive) goods (services) in the organizations of trade and consumer services of the Cooperative, to carry out guaranteed sales of goods and products of personal subsidiary farms and trades, as well as other products through the organizational structures of the Cooperative on the basis of contracts;

9.1.5 enjoy the benefits provided for full members by the Annual membership meeting of the Cooperative. These benefits are provided by income derived from the business activities of the Cooperative;

9.1.6 to hand over to the organizations of the Cooperative, on a priority basis, agricultural products and raw materials for processing, other products, including on a give-and-take basis;

9.1.7 participate in the projects of the Cooperative (target share associations), manage part of the Cooperative Development Fund through the mechanism of the share fund;

9.1.8 to be accepted on a priority basis for work in the Cooperative in accordance with education, professional training and taking into account the need of the Cooperative in wage labor;

9.1.9 receive training assignment to educational institutions, including consumer cooperatives;

9.1.10 use social facilities under conditions determined by the Management and Board of Directors and the Annual membership meeting of the Cooperative;

9.1.11 receive information from the management and control bodies of the Cooperative on their activities;

9.1.12 address to the Annual membership meeting of the Cooperative with complaints of unlawful actions of other management and control bodies of the Cooperative;

9.1.13 appeal in court against decisions of the management bodies of the Cooperative affecting their personal interests.

9.2 Full members of the Cooperative are obliged to:

9.2.1 comply with this charter, implement the decisions of the Annual membership meeting of the Cooperative, other management and control bodies of the Cooperative;

9.2.2 fulfill their obligations to the Cooperative to participate, including personal labor, in its business and other activities.

9.3 The Annual membership meeting of the Cooperative may establish other rights and obligations of full members that do not contradict the legislation of the Slovak republic.

9.4 Full members (shareholders) of the Cooperative have subsidiary liability for their obligations to the extent determined by the amount of the annual contribution paid by them to the Cooperative.



Article 10. Rights and obligations of associate members of the Cooperative.

10.1 Associate members of the Cooperative have the right to:

10.1.1 join the Cooperative and leave it on a voluntary basis;

10.1.2 participate in the activities of the Cooperative, to make proposals for improving the activities of the Cooperative, eliminating shortcomings in the work of its bodies;

10.1.3 receive cooperative payments in accordance with the decisions of the Annual membership meeting of the Cooperative;

10.1.4 take precedence over other citizens and legal entities to acquire (receive) goods (services) in the organizations of trade and consumer services of the Cooperative;

10.1.5 enjoy the benefits provided for associate members by the Annual membership meeting of the Cooperative. These benefits are provided by income derived from the business activities of the Cooperative;

10.1.6 to be accepted on a priority basis for work in the Cooperative in accordance with education, professional training and taking into account the need of the Cooperative in wage labor;

10.1.7 use social facilities under conditions determined by the Board of Directors and the Annual membership meeting of the Cooperative;

10.1.8 address to the general meeting of the Cooperative with complaints of unlawful actions of other management and control bodies of the Cooperative;

10.1.9 appeal in court against decisions of the cooperative control bodies affecting their interests.

10.2 Associate members of the Cooperative are obliged to:

10.2.1 comply with this Charter, implement the decisions of the Annual membership meeting of the Cooperative, other management and control bodies of the Cooperative;

10.2.2 fulfill their obligations to the Cooperative to participate in its business and other activities.

10.3 The Annual membership meeting of the Cooperative may also establish other rights and obligations of associate members of the Cooperative that do not contradict the current legislation of the Slovak republic.

10.4 Associate members of the Cooperative shall not bear subsidiary liability for the obligations of the Cooperative.

Article 11. Termination of Cooperative Membership

11.1 Membership in the Cooperative is terminated in the following cases:

11.1.1 voluntary withdrawal of the shareholder;

11.1.2 shareholder exclusion;

11.1.3 liquidation of a legal entity which is a shareholder;

11.1.4 death of a citizen who is a shareholder;

11.1.5 liquidation of the cooperative.

11.2 The application of the shareholder on voluntary withdrawal from the Cooperative is considered by the Management and Board of Directors of the Cooperative. The application of a member of the Cooperative to withdraw from the Cooperative should be considered within 30 days. A member of the Cooperative is deemed to be dismissed from the moment the Management and Board of Directors of the Cooperative or an authorized cooperative sector decides on this issue and after this member has



- settled its obligations to the Cooperative. At the end of the fiscal year but no later than six months after the approval of the annual balance sheet, the former member of the Cooperative is allocated the share from the income of the Cooperative. Settlement with a former member of the Cooperative who voluntarily left the Cooperative or who was expelled from the Cooperative for gross or systematic violations of the Internal Regulations, other rules in the Cooperative and this Charter, is made in the same manner, but without payment of the mentioned share of income.
- 11.3 A shareholder, a participant in a project or an event of the Cooperative may be excluded from the Cooperative by a decision of the Annual membership meeting of the Cooperative in the event that it fails to fulfill its obligations to the Cooperative, established by this Charter, the rules and procedures in the Cooperative, the agreements with the Cooperative, the Cooperative projects and others members, or actions detrimental to the Company.
- 11.4 A shareholder should be notified by the Management and Board of Directors of the Cooperative in writing no later than 20 days before about the reasons for bringing the question of his or her exclusion from the Cooperative to the Annual membership meeting of the Cooperative and should be invited to the mentioned Annual membership meeting where he or she should be given the right to express his or her opinion. In case of the absence of a shareholder without a valid reason at the general meeting of the Cooperative, it is entitled to decide on his or her exclusion from the Cooperative. The cooperative does not reimburse the shareholder for the costs associated with their participation in the Annual membership meeting of the Cooperative and performance on it.
- 11.5 In the event of the shareholder's death, his or her heirs may be admitted to the Cooperative. Otherwise, the Cooperative shall transfer to the heirs his or her share contribution and payments in the manner provided for by this Charter.
- 11.6 A member of the Cooperative has the right, with the consent of the Cooperative, to transfer his or her share contribution to another person and thus withdraw from the Cooperative. In the case of a partial transfer of a share, withdrawal from the Cooperative is not mandatory.
- 11.7 The transfer of a share contribution to a citizen or organization that is not a member of the Cooperative is allowed only with the consent of the Management and Board of Directors of the Cooperative. In this case, members of the Cooperative enjoy the preemptive right to purchase such a share.
- 11.8 A member of the Cooperative may be expelled from the members of the Cooperative at the end of the current financial year in the following cases:
- 11.8.1 A member does not fulfill the obligations stipulated by this charter, despite a one-time warning in writing;
 - 11.8.2 A member submits unreliable data of financial statements or unreliable information about the operations performed in connection with the management of the Cooperative Development Share-fund or the use of the opportunities and services of the Cooperative;
 - 11.8.3 The society suffered damage by non-fulfillment by the member of the Cooperative of the obligations provided for by this Charter, or the society was presented claims as a result of non-fulfillment by the member of the Cooperative of its obligation on behalf of the Cooperative;
 - 11.8.4 If a member did not have the right to join the Cooperative or lost the right to be a member of the Cooperative in accordance with the requirements of this Charter.
- 11.9 The Annual membership meeting of the Cooperative has the right to provide for additional grounds, not contradicting the current legislation and this Charter, upon the occurrence of which a member of



the Cooperative may be excluded from the members of the Cooperative.

Article 12. Return of a share contribution and returnable target contributions to a shareholder who leaves or is excluded from the Cooperative

- 12.1 A shareholder who leaves or is excluded from the Cooperative is paid the cost of his share and cooperative payments in the amounts, in the terms and conditions stipulated by this Charter at the time of the shareholder's entry into the Cooperative.
- 12.2 The cost of a share contribution of a shareholder, leaving or excluded from the Cooperative, is paid on the basis of the actual value of the contribution made in monetary units (rubles). The payment of shares, as well as the production of the cooperative payments determined by them, is made by the Cooperative no later than six months after the approval of the annual report and balance sheet of the Cooperative by the Annual membership meeting of the Cooperative.
- 12.3 Refund of the returned targeted contributions of a member of the Cooperative (leaving or excluded from the Cooperative) is made on the basis of the documents regulating the activities of the target share association - the Cooperative project where a shareholder was a member, the provisions on the Cooperative Development Fund, internal agreements of the shareholder (leaving or excluded from the Cooperative) with other members of the Cooperative. The basis for settlements with a full member in this case is the current state of his or her Share-fund and share / account, and as for associated members - the state of their current account and depository account. According to the application of the shareholder (leaving or excluded from the Cooperative) the return of target contributions can be made by decision of the managing bodies of the Cooperative Development Fund in kind.
- 12.4 Share contribution and cooperative payments of a died shareholder will be transferred to his or her heirs at the end of the fiscal year, but no later than six months from the date of approval of the balance of the Cooperative. The rights of a shareholder related to participation in the activities of the Cooperative are not transferred to the mentioned heirs.
- 12.5 The refund of the returnable target contributions to the full member (withdrawing or excluded from the specific target share association - the Cooperative project), as well as to the heirs of the deceased full member of the Cooperative is made in accordance with the provision on this targeted share association - the Cooperative project and taking into account the implementation of the obligations taken by the full member of the Cooperative within the frames of the target share association. In case of agreement of the full member (his or her heirs), the refund of the returning target contributions can be made in kind.
- 12.6 If it is impossible (in accordance with existing agreements and other regulatory documents) to immediately withdraw the target contribution from the turnover and transfer it to the owner, the Cooperative guarantees the rights of the person who has left the Cooperative in relation to the results of using this person's remaining property, and the transfer of the results to this person in favor of this person, duly executed by his authorized representatives or his heirs.
- 12.7 In the event that a member of the Cooperative transfers his share to another person in accordance with clause 6 of Article 11 of this charter, no payment is made to the withdrawing member of the Cooperative.
- 12.8 The Cooperative is entitled (when effecting settlements with the person withdrawing the Cooperative) to deduct the debts of this person from the payment to this person to the society itself.



CHAPTER III. MANAGEMENT BODIES OF THE COOPERATIVE

Article 13. The structure of the management bodies of the Cooperative.

- 13.1 The management of the Cooperative is carried out by the managing organs of the Cooperative (The Annual membership meeting, the Management and the Board of Directors, the Executive officers).
- 13.2 The supreme body of the Cooperative is the Annual membership meeting of the Cooperative.
- 13.3 In the period between the Annual membership meeting of the Cooperative, the Cooperative is managed by the Management and Board of Directors which is the representative body of the Cooperative.
- 13.4 The executive body of the Cooperative is the Management and Board of Directors of the Cooperative.
- 13.5 The Audit Commission of the Cooperative controls over compliance with the provisions of this Charter, the financial and business activities of the Cooperative, as well as over the organizations and divisions created by it.

Article 14. Authorities of the Annual membership meeting of the Cooperative.

- 14.1 The Annual membership meeting of the Cooperative is authorized to resolve any issues related to the activities of the Cooperative including confirmation or cancellation of the decisions of the Board of Directors of the Cooperative.
- 14.2 The exclusive competence of the Annual membership meeting of the Cooperative includes:
- 14.2.1 adoption of the Charter of the Cooperative, making changes and additions to it;
 - 14.2.2 determination of the main activities of the Cooperative;
 - 14.2.3 election of the chairman and members of the Board of Directors and the Audit Commission of the Cooperative, as well as the termination of their powers, hearing reports on their activities, the definition of funds for their maintenance;
 - 14.2.4 determination of the size of admission and share contributions;
 - 14.2.5 exclusion of shareholders from the Cooperative;
 - 14.2.6 solution of questions about the creation of unions, entry into unions and withdrawal from them;
 - 14.2.7 election of representatives of the Cooperative in unions;
 - 14.2.8 development of orders for representatives of the Cooperative in unions for making decisions by Annual membership meeting of representatives of consumer societies of unions;
 - 14.2.9 approval of the development programs of the Cooperative, its annual reports and balance sheets;
 - 14.2.10 order of distribution of income from the business activities of the Cooperative among shareholders;
 - 14.2.11 procedure for covering losses of the Cooperative;
 - 14.2.12 alienation of the real estate of the Cooperative the value of which exceeds the value determined by the Annual membership meeting of the Cooperative;
 - 14.2.13 creation of economic societies;
 - 14.2.14 establishment of the procedure and norms for electing representatives to the General Meeting of authorized agents of the Cooperative;
 - 14.2.15 making decisions on the reorganization and liquidation of the Cooperative.



14.3 Other issues can be attributed to the exclusive competence of the Annual membership meeting of the Cooperative by the decision of the Annual membership meeting of the Cooperative.

Article 15. Meeting of Shareholders of the Cooperative Sectors. Annual membership meeting of Authorized agents of the Cooperative.

15.1 In the case when the shareholders of the Cooperative are residents of several localities or the number of shareholders is large, the cooperative sectors of the Cooperative may be created by the decision of the Board of Directors of the Cooperative, the highest body of which is the meeting of shareholders of the Cooperative sector. The activity issues of the Cooperative and the Cooperative Sector are considered at this meeting, and the authorized agents are elected in accordance with the procedure and norms, determined in accordance with the decision of the Annual membership meeting of the Cooperative. In such cases, the Annual membership meeting of representatives of the cooperative is held in the Cooperative.

15.2 The Annual membership meeting of authorized agents of the Cooperative has the right to decide all questions relating to the authorities of the Management and Board of Directors of the Cooperative in accordance with Article 14 of this Charter, except for the issues of creating unions, joining and leaving unions, transforming the Cooperative into another organizational and legal form and liquidation of the cooperative.

15.3 Questions about creating unions, entering into unions and withdrawing from them, about transforming the Cooperative into another organizational-legal form or its liquidation are mandatory submitted to the meetings of shareholders of all Cooperative sectors of the Cooperative.

15.4 The specified issues on the agenda of meetings of shareholders of the Cooperative sectors shall be submitted by written notice to the Management and Board of Directors of the Cooperative no later than 30 days before the start of the meetings. Their results shall be submitted to the Management and Board of Directors by a written protocol signed by the chairman and secretary of the meeting of the Cooperative sector no later than 10 days after the end of the meeting. The Management and Board of Directors of the Cooperative summarizes the meetings of the shareholders of the Cooperative sector in accordance with Article 17 of this Charter.

15.5 Authorized agents of the Cooperative are allowed to participate in the Management and Board of Directors of the authorized agents of the Cooperative with the availability of an extract from the minutes signed by the chairman and secretary of the meeting of shareholders of the Cooperative sector.

15.6 Other issues can be attributed to the exclusive competence of the Management and Board of Directors of authorized agents of the Cooperative by the Management and Board of Directors of authorized Cooperative.

15.7 Matters referred by the Law "On Consumer Cooperatives in the Russian Federation" and by this Charter of the Cooperative to the exclusive competence of the Management and Board of Directors of authorized agents of the Cooperative cannot be handed to them for the decision of the Management and Board of Directors of the Cooperative.



Article 16. The procedure for making decisions by the Annual membership meeting of the Cooperative, the Annual membership meeting of the authorized agents of the Cooperative, and the meeting of the shareholders of the Cooperative sector.

- 16.1 general meeting of a cooperative is legitimate if more than 50 percent of votes of the all shareholders of the cooperative are present. The decision of the general meeting of the Cooperative is considered to be adopted upon the condition that more than 50 percent of votes of the all shareholders presented at the meeting voted for it. The decision to withdraw the Cooperative from the union, to exclude the shareholder from the Cooperative, is taken if at least three-fourths of the members of the Cooperative voted for it. The transformation of the cooperative is made by unanimous decision of the shareholders of the cooperative.
- 16.2 The general meeting of authorized agents of the Cooperative is legitimate if more than three quarters of the authorized agents of the Cooperative are present. The decision of the General Meeting of authorized agents of the Cooperative is considered adopted if at least three-quarters of the authorized agents of the Cooperative presented at the general meeting voted for it.
- 16.3 A meeting of shareholders of the Cooperative sector is legitimate if more than 50 percent of the all shareholders of the Cooperative sector are present.
- 16.4 The decision, including the creation of unions, on the entry of the Cooperative into unions, is considered to be adopted if more than 50 percent of the all shareholders of the Cooperative sector presented at the meeting of the shareholders of the Cooperative sector, voted for it.
- 16.5 The decision to withdraw the Cooperative from the union is considered to be adopted if at least three - quarters of the Cooperative shareholders have voted for it.
- 16.6 The decision to transform the Cooperative into another organizational-legal form, liquidation of the Cooperative is considered to be adopted if all shareholders of the Cooperative sectors of the Cooperative voted for it.
- 16.7 The decisions of the meetings of the shareholders of the Cooperative sectors of the Cooperative on the creation of unions, joining the union and withdrawing it, on transforming the Cooperative into another organizational-legal form, liquidating the Cooperative are obligatory for consideration by the Annual membership meeting of authorized agents of the Cooperative. The decisions of the meetings of the shareholders of the Cooperative sectors of the Cooperative on other issues are obligatory for the authorized agents while making decisions at the general meeting of the authorized agents of the Cooperative.
- 16.8 The procedure for making decisions by the Annual membership meeting of the Cooperative, by the Annual membership meeting of the authorized agents of the Cooperative, by the membership meeting of the Cooperative sector (by secret or open vote) is determined by these meetings.
- 16.9 A shareholder and an authorized agent of the Cooperative shall have one vote when making decisions by the Annual membership meeting of the Cooperative, the meeting of shareholders of the Cooperative sector of the Cooperative.
- 16.10 Decisions of the Annual membership meeting of the Cooperative may be appealed in court in accordance with the legislation of the Slovak republic.



Article 17. Management and Board of Directors of the Cooperative.

- 17.1 The **Management and Board of Directors** is the management body of the Cooperative, it represents the interests of the shareholders of the Cooperative, protects their rights and reports to its Annual membership meeting. The Management and Board of Directors of the Cooperative exercises powers in accordance with the current legislation of the Slovak republic and this Charter of the Cooperative, with the exception of powers assigned to the exclusive competence of the Annual membership meeting of the Cooperative.
- 17.2 The Chairman and members of the Cooperative Management and Board of Directors are elected for a period of 5 (five) years from among its full members who have experience in consumer cooperation. The Management and Board of Directors of the Cooperative is headed by the Chairman of Management and Board of Directors, who is elected by the Management and Board of Directors of the Cooperative, unless such a decision is made by the Annual membership meeting of Shareholders of the Cooperative. The Chairman of the Management and Board of Directors of the Cooperative convenes a meeting of the Management and Board of Directors and chairs it. The Management and Board of Directors of the Cooperative is legitimate if more than half of its members are present at the meeting of the Management and Board of Directors. The Chairman of the or the Senior Executive Officer (CEO) of the Management and Board of Directors has a decisive vote at the meeting of the Management and Board of Directors.
- 17.3 The Management and Board of Director meets as necessary, but at least 1 (once) a year. Management and Board of Directors meetings can be regular and unscheduled. The regular meeting of the Management and Board of Directors shall be held no earlier than 2 (two) months and no later than 6 (six) months after the end of the fiscal year. Unscheduled meetings of the Management and Board of Directors shall be convened at the initiative of the Chairman of the Management and Board of Directors or the CEO of Management and Board of Directors of the Cooperative.
- 17.4 The Chairman of the Management and Board of Directors or the CEO of Management and Board of Directors of the Cooperative, without a power of attorney, acts on behalf of the Cooperative including representing its interests, issues orders and gives instructions binding for all employees of the Cooperative. The Cooperative Management and Board of Directors's officers exercise their powers on the Cooperative principles, the chairman of the Management and Board of Directors of the Cooperative exercises their powers, as a rule, on the Cooperative principles. The officership of the Cooperative Management and Board of Directors of the Cooperative is determined on the basis of the decision of the general meeting of the Cooperative. More than 50 percent of the officership of the Management and Board of Directors of the Cooperative should be shareholders who are not employees of the Cooperative. The procedure for reimbursement of expenses related to the exercise of powers by the chairman and members of the Cooperative Management and Board of Directors of the Cooperative is determined by the Annual membership meeting of the Cooperative. The Chairman and members of the Management and Board of Directors of the Cooperative of the Cooperative exercising their powers on a Cooperative principles, may be released from the exercise of powers at any time on the basis of a decision of the Annual membership meeting of the Cooperative. The Chairman of the Management and Board of Directors of the Cooperative or the CEO Management and Board of Directors of the Cooperative, who performs his duties on a paid basis, may be dismissed early on the basis of the decision of the Annual membership meeting of the Cooperative in



- accordance with the legislation of the Slovak republic on labor. The decision to dismiss the Chairman of the Management and Board of Directors of the Cooperative or the CEO of Management and Board of Directors of the Cooperative by his own volition (in order of transfer or by agreement of the parties) is taken by the Management or Board of Directors of the Cooperative. Within 30 days from the date of dismissal or deliverance from authorities of the Chairman or a member of the Management and Board of Directors of the Cooperative should organize the Special membership meeting of Consumer Cooperative on the issue of electing a new Chairman or a member of the Management and Board of Directors of the Cooperative. An early elected chairman or a CEO of the Management and Board of Directors of the Cooperative performs his duties (powers) until the five-year term of the previous chairman or CEO of Management and Board of Directors of the Cooperative expires.
- 17.5 The Management and Board of Directors of the Cooperative (by the approval of the Annual membership meeting of the Cooperative) has the right to transfer the questions not related to the exclusive competence of the Annual membership meeting of the Cooperative and the exclusive competence of the Management and Board of Directors of the Cooperative to the decision of the Management and Board of Directors of the Cooperative.
- 17.6 The Annual membership meeting of the Cooperative determines the competence of the Management and Board of Directors of the Cooperative, the procedure for making decisions by the Chairman of the Management and Board of Directors of the Cooperative and his deputies, and the procedure for their execution, as well as the issues which the Chairman of the Management and Board of Directors of the Cooperative and his deputies are free to take decisions alone.
- 17.7 The Chairman or the CEO of the Management and Board of Directors of the Cooperative, his deputies and other members of the Management and Board of Directors shall be responsible for the decisions taken by them in accordance with this Charter of the Cooperative and the laws of the Slovak republic.
- 17.8 The exclusive competence of the Management and Board of Directors of the Cooperative includes:
- 17.8.1 preparation and holding of Annual membership meeting of the Cooperative;
 - 17.8.2 determination of the powers of the Management and Board of Directors of the Cooperative and control over its activities;
 - 17.8.3 approval of the regulations on the Management and Board of Directors of the Cooperative and the report on its activities;
 - 17.8.4 approval of the budget of the Cooperative;
 - 17.8.5 appointment, dismissal, release from authority execution of the deputy chairmen of the cooperative board and CEOs, members of the cooperative Management and Board of Directors, appointment, dismissal of the chairman of the cooperative Management and Board of Directors, deputy chairmen of the cooperative Management and Board of Directors.
- 17.9 Decisions on issues of exclusive competence are made by Board of Directors members by a qualified majority (2/3) of those present at the meeting. The issues referred by this Charter to the exclusive competence of the Cooperative Board of Directors cannot be transferred to the decision of the Management of the Cooperative.
- 17.10 Meetings of the Cooperative Management and Board of Directors are held as needed, but at least once every six months. The Management and Board of Directors of the Cooperative is authorized to resolve issues if more than half of the total number of members of the Management and Board of Directors is present at its meeting, including the chairman or the CEO of the Management and Board



- of Directors or his deputy.
- 17.11 Full members of the Cooperative are entitled to participate in the meeting of the Management and Board of Directors of the Cooperative after an approval of the chairman or the CEO of the Management and Board of Directors of the Cooperative.
- 17.12 The Chairman or the CEO of the Management and Board of Directors of the Cooperative, his deputies and other members of the Management and Board of Directors are responsible for the decisions taken by them in accordance with this Charter of the Cooperative and the laws of the Slovak republic.
- 17.13 The Management and Board of Directors of the Cooperative shall report to the Annual membership meeting of the Cooperative at least once a year.
- 17.14 The distribution of powers among the members of the Cooperative Management and Board of Directors is carried out by the Management and Board of Directors of the Cooperative independently.
- 17.15 A member of the Management and Board of Directors cannot be a member of the Audit Commission of the Cooperative.
- 17.16 The Management and Board of Directors of the Cooperative is appointed by the Annual membership meeting of the Cooperative for a period of 5 years from among the full members of the Cooperative, except for the appointment of the Management and Board of Directors when creating the Cooperative, when such a decision is made by the General Meeting of the founders of the Cooperative.
- 17.17 Management and Board of Directors is the executive body of the Cooperative created in the Cooperative to manage the business activities of the Cooperative appointed by the Management and Board of Directors of the Cooperative and accountable to the Board of Directors of the Cooperative. Issues that are not related to the exclusive competence of the Annual membership meeting of the Cooperative and the exclusive competence of the Board of Directors of the Cooperative, can be transferred to the decision of the Management of the Cooperative. Decisions at a meeting of the Board of Directors are made by a simple majority of votes of the members of the Board present at the meeting. The Chairman of the Management and Board of Directors or the CEO of the Management and Board of Directors of the Cooperative, without a power of attorney, acts on behalf of the Cooperative, issues orders and gives instructions within his competence, binding for all employees of the Cooperative. The Management and Board of Directors of the Cooperative is responsible for the business activities of the Cooperative.
- 17.18 The distribution of responsibilities between members of the Management and Board of Directors of the Cooperative is carried out by the Management and Board of Directors of the Cooperative independently.
- 17.19 The Management and Board of Directors is appointed by the Management and Board of Directors of the Cooperative for a period of 5 (five) years from an odd number of its full members in the number of not less than 3 members, except for the appointment of the Management and Board of Directors when creating the Cooperative, when the General Meeting of the founders of the Cooperative founders makes such a decision.

Article 18. The Audit Commission of the Cooperative, its powers and the responsibility of the members of the Audit Commission

- 18.1 The Audit Commission of the Cooperative is formed at the Annual membership meeting of the Cooperative members within 1 (one month) after the state registration of the Cooperative itself, from an odd number of its members and in an amount of at least 3 people. The Audit Commission monitors compliance with this Charter, its economic and financial activities, as well as the activities of organizations, departments, representative offices and branches created by the Cooperative. The Audit Commission of the Cooperative reports to the Management and Board of Directors of the Cooperative.
- 18.2 The Audit Commission of the Cooperative shall elect from among its members, by open vote, the Chairman of the Audit Commission and the Deputy Chairman of the Audit Commission of the Cooperative.
- 18.3 Decisions of the Audit Commission of the Cooperative are reviewed and implemented by the Management and Board of Directors of the Cooperative within 30 days. In case of disagreement of the Audit Commission of the Cooperative with the decision of the Management and Board of Directors of the Cooperative or if the decision is not taken by the Management and Board of Directors, the Audit Commission of the Cooperative shall submit its decision to the Management and Board of Directors of the Cooperative.
- 18.4 The Audit Commission of the Cooperative shall be guided in its work by the current legislation of the Slovak republic, this Charter and the provision on the Audit Commission of the Cooperative approved by the Management and Board of Directors of the Cooperative.

CHAPTER IV. PROPERTY OF THE COOPERATIVE

Article 19. Property of the Cooperative, sources of its formation

- 19.1 The owner of the property of the Cooperative is the Cooperative as a legal entity.
- 19.2 The property of the Cooperative is not distributed by shares (contributions) between shareholders and citizens working under an agreement (contract) in the Cooperative.
- 19.3 Sources of formation of the property of the Cooperative are the share contributions of the shareholders of the Cooperative, income from the business and other activities of the Cooperative and organizations created by it, as well as income from placing its own funds in banks, securities, other sources not prohibited by the legislation of the Slovak republic.
- 19.4 Property formed by targeted share contributions of members of the Cooperative and contributions to the development of the Cooperative has a special status and is managed by the Cooperative in accordance with the provision on the Cooperative Development Fund adopted by the Cooperative.
- 19.5 A cooperative (to fulfill its statutory goals) may create business cooperatives, medical, educational and other institutions, branches and representative offices that meet the statutory goals of the cooperative, and may also be a member of economic societies, cooperatives, and contributor to trust partnership.
- 19.6 The property of the institutions established by the Cooperative is secured by the right of operational management.



Article 20. Amount of admission and share contributions.

- 20.1 The size of admission and share contributions, the composition and procedure for making admission and share contributions, liability for violation of obligations to make share contributions are determined by the Annual membership meeting of the Cooperative.
- 20.2 For citizens who do not have independent earnings, as well as for citizens who receive only state benefits, a pension or a scholarship, the Annual membership meeting of the Cooperative can set a smaller share of the contribution than for other shareholders.
- 20.3 By the decision of the Cooperative Management and Board of Directors, the shareholder may be given the opportunity to make a contribution in installments.
- 20.4 The admission contribution is not included in the share fund and is not refundable when the shareholder leaves the Cooperative.
- 20.5 The admission and share contributions, as well as target contributions cannot be levied on personal debts and obligations of shareholders.
- 20.6 The admission contributions does not give grounds for the accrual of cooperative payments, as well as other payments. The share contribution gives the right to receive cooperative payments in accordance with the current legislation and this Charter.

Article 21. The system of accounting and distribution of target contributions.

- 21.1 When a cooperative member joins the Cooperative, an internal account is opened to record the movement of target contributions to the target share associations - Cooperative Projects and contributions for the development of the Cooperative; to pay for goods, services, participations for members of the Cooperative.
- 21.2 The shareholder's internal account is managed by the shareholder using tools developed and maintained by the Management and Board of Directors of the Cooperative.
- 21.3 The shareholder can open additional internal accounts necessary to record his participation in the activities of the Cooperative.
- 21.4 The system of accounting and distribution of target contributions, target share contributions, dividends from participation in projects and events, of members of the Cooperative can be managed by a trustee (a commercial bank servicing the current accounts of the Cooperative, a financial or consulting company) appointed by the Cooperative Board of Directors.
- 21.5 The provision of the Cooperative on the system of accounting and distribution of target contributions, target share contributions, approved by the Cooperative Council on the proposal of the Board of the Cooperative, may have other functions that do not contradict this Charter.

Article 22. Voluntary target contributions of members of the Cooperative.

- 22.1 Voluntary targeted returnable and non-refundable contributions of shareholders in monetary and nonmonetary form intended for the development of the Cooperative, the acquisition of goods, participation, including investment, as well as services for shareholders, form the Development Fund of the Cooperative and have a special status defined by this Charter, the regulations of the Cooperative Development Fund and the Cooperative agreements.
- 22.2 Voluntary non-refundable target contributions are spent by the Cooperative in accordance with the



provisions of the Cooperative Development Fund, target mutual associations - Cooperative projects, as well as other documents of the Cooperative. Voluntary non-refundable target contributions are not refundable to the member of the Cooperative who contributed them and do not generate direct financial obligations of the Cooperative to the member of the Cooperative, except for relations arising within the framework of the Guarantee Surety Fund of the Cooperative (in accordance with the documents of the Cooperative regulating these relations).

22.3 Voluntary returnable target contributions are subject to return both when the member of the Cooperative withdraws from the membership and in the cases provided for by the relevant internal documents of the Cooperative and the provisions on target mutual associations - Cooperative Projects, primarily from the number of goods and services provided to the Cooperative members.

Article 23. Target shares of shareholders of the Cooperative.

23.1 The target share of the shareholder of the Cooperative is created from its voluntary target share contributions to the target share association (the Cooperative Project). Target shares are the material and financial basis for the development of the Cooperative. Relations of the Cooperative and its member regarding the target share are governed by this Charter, approved by the Council of the Cooperative by the provisions on target mutual associations - Cooperative projects, the internal agreements (contracts) between the Cooperative and its member, other internal regulations of the Cooperative, as well as internal agreements (contracts) between members of the Cooperation.

23.2 Target shares of full members of the Cooperative form their share funds and provide an opportunity to participate in the management of the Cooperative Development Fund (its constituent: property, cash and other assets). The management of the Development Fund of the Cooperative (through the mechanism of share funds) is carried out on the basis of the provisions adopted by the Annual membership meeting of the Cooperative as advised by the Board of Directors of the Cooperative.

23.3 Target shares of associate members of the Cooperative form their accounts (current and depositary account), taken into account within the overall balance of the Cooperative and allowing them to use the opportunities of the Cooperative, but not giving the right to form a share fund and to participate in the management of the Cooperative Development Fund.

23.4 The procedure for making target units, as well as responsibility for not making them (late payment) is established by each target unit association - the Cooperative Project independently on the basis of documents of the Cooperative regulating the activities of the Development Fund of the Cooperative and its member cooperative projects.

23.5 A shareholder of a Cooperative who has become a member of a specific Cooperative Project (target share association) is responsible for failing to fulfill obligations to make target contributions, as well as other liability related to the violation of its obligations to the target share association, in accordance with the provision the target share association of the Cooperative, as well as other constituent and administrative documents of the target share association. At the same time, the recovery of the obligations of the shareholder to the target share association may not be paid to the share contribution of the shareholder and determined by him the cooperative payments.

23.6 The accounting of the state of the share funds of full members, as well as the current account and invoice account of associate members of the Cooperative, as well as the interaction between them, is carried out on the basis of regulations approved by the Annual membership meeting of the Cooperative as advised by the Board of Directors of the Cooperative.



23.7 The return of the target share is carried out in accordance with the provision on the target share association (target share associations) of the Cooperation Projects. Target share can be returned in monetary and non-monetary terms as agreed with the shareholder.

Article 24. Share and other funds of the Cooperative

24.1 The Cooperative share fund consists of share contributions which are one of the main sources for the formation of the Cooperative's property.

24.2 While carrying out its activities, the Cooperative shall form the following funds:

24.2.1 indivisible;

24.2.2 Cooperative Development Fund;

24.2.3 investments and development of the infrastructure of the Cooperative;

24.2.4 reserve;

24.2.5 insurance;

24.2.6 guarantee-surety;

24.2.7 mutual assistance of members of the Cooperative;

24.2.8 other funds by decision of the Annual membership meeting of the Cooperative.

24.3 The size, order of formation and use of the funds of the Cooperative shall be established by the regulations approved by the Annual membership meeting of the Cooperative, as advised by the Board of Directors of the Cooperative.

Article 25. The income of the Cooperative and their distribution.

25.1 After making obligatory payments in accordance with the legislation of the Slovak republic, the income of the Cooperative received from its entrepreneurial activity are sent to the funds of the Cooperative for settlements with creditors and (or) cooperative payments.

25.2 The size of cooperative payments determined by the Annual membership meeting of the Cooperative shall not exceed 20 percent of the income of the Cooperative.

Article 26. Property responsibility of the Cooperative and its members.

26.1 The Cooperative is liable for its obligations with all property belonging to it.

26.2 The Cooperative is not responsible for the obligations of shareholders.

26.3 Within three months after the approval of the annual balance sheet, members of the Cooperative are required to cover the resulting losses from the reserve fund of the Cooperative or by making additional contributions by full members of the Cooperative, the procedure for their making is determined by the Annual membership meeting of the Cooperative.

26.4 The subsidiary liability of the full members (shareholders) of the Cooperative for the obligations of the Cooperative is set at the amount of the share (annual) contribution. Associate members of the Cooperative are not liable for their subsidiary obligations under the Cooperative.

26.5 Full members of the Cooperative shall bear subsidiary liability for its obligations within the unpaid part of the additional contribution of each of the full members of the Cooperative.

26.6 A person joined the Cooperative shall not be liable for the obligations that arose prior to his becoming



a member of the Cooperative.

26.7 The losses of the Cooperative caused to it by the fault of the member of the Cooperative, as well as those related to the non-fulfillment of the obligations of the members of the Cooperative provided for in paragraph 3 of this article are reimbursed by reducing the share contribution of this member or in another manner established by the current legislation, internal regulations Cooperative and decisions of the Annual membership meeting of the Cooperative. In cases specified by decisions of the Annual membership meeting of the Cooperative, these losses may also be attributed to the target shares of the members of the Cooperative.

CHAPTER V. FUNDAMENTALS OF ACTIVITY OF THE COOPERATIVE

Article 27. Accounting and financial statements of the Cooperative

27.1 The Cooperative is obliged to keep accounting statements, it also presents financial statements in the manner established by the legislation of the Slovak republic. The Management and Board of Directors of the Cooperative is responsible for the accuracy of the information contained in the annual report and balance sheet, the completeness and accuracy of the information provided to government agencies, unions of consumer societies, shareholders, as well as the accuracy of information provided for publication in the media.

27.2 The annual report on the financial activities of the Cooperative is subject to verification by the Audit Commission of the Cooperative in accordance with this Charter of the Cooperative and the provision on the Audit Commission of the Cooperative. The conclusion of the Audit commission is considered at the Annual membership meeting of the Cooperative.

Article 28. Procedure for maintaining the documents of the Cooperative

Registration of the admission and the list of shareholders, the reception of admission and share contributions, regulations and detailed documentation on the activities of target share associations - Cooperative Projects, keeping minutes of Annual membership meeting of the Cooperative, meetings of the Board of Directors of the Cooperative, meetings of the Cooperative and other documents as documents of strict internal reporting is organized by the Board of Directors of the Cooperative in accordance with the regulations and provisions approved by the Board of Directors of the Cooperative.

Article 29. Storage of documents of the Cooperative

The cooperative stores the following documents at the location of the Council or the Board of the Cooperative:

29.1 decision to establish the Cooperative;

29.2 document on its state registration;

29.3 this Charter, changes and additions made to it;

29.4 documents confirming the rights of the Cooperative to the property on its balance sheet;



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- 29.5 provisions on branches, representative offices of the Cooperative, organizations created by the Cooperative and target share associations, all financial information related to the organization of their activities;
- 29.6 accounting documents and financial statements;
- 29.7 minutes of Annual membership meeting of the Cooperative;
- 29.8 minutes of meetings of the Board of Directors of the Cooperative and decisions of the Board of Directors of the Cooperative;
- 29.9 minutes of meetings of the Audit Commission of the Cooperative;
- 29.10 conclusion of the audit organization and the Audit Commission of the Cooperative;
- 29.11 other documents stipulated by the legislation of the Slovak republic.

VI. REORGANIZATION AND LIQUIDATION COOPERATIVE

Article 30. Reorganization of the Cooperative

- 30.1 The reorganization of the Cooperative (merger, accession, division, separation) is carried by the general meeting of the Cooperative and other grounds provided for by the legislation of Slovak republic.
- 30.2 The transformation of the cooperative is carried out by the unanimous decision of all the the cooperative.

Article 31. Liquidation of the Cooperative

- 31.1 The liquidation of the Cooperative is carried out by decision of the Annual membership meeting of the Cooperative or by a court decision in accordance with the legislation of Slovak republic.
- 31.2 When the Annual membership meeting of the Cooperative makes a decision on the liquidation of the Cooperative, the Board of Directors of the Cooperative shall immediately notify the body in charge of the state registration of legal entities in writing.
- 31.3 The Annual membership meeting of the Cooperative or the body that has decided to liquidate the Cooperative shall appoint a liquidation commission (liquidator) and establish the procedure and terms for liquidation of the Cooperative.
- 31.4 When a Cooperative is liquidated, the property of its indivisible fund is not subject to division and is transferred to another (other) consumer society (consumer Cooperatives) based on the decision of the Annual membership meeting of the Cooperative.
- 31.5 The property of the Cooperative Development Fund, formed at the expense of the target shares of the shareholders and associate members of the Cooperative, shall be divided between them in accordance with the size and content of the share funds of the full members (shareholders) of the Cooperative and current accounts (depository accounts) of associate members of the Cooperative at the time of deciding on the liquidation of the Cooperative.
- 31.6 The property of the Cooperative remaining after the satisfaction of the claims of creditors, members of the target share associations of the Cooperative, with the exception of the property of the indivisible fund of the Cooperative, is distributed among the shareholders of the Cooperative in



proportion to the size of their shares. At the same time, associate members of the Cooperative are entitled to the payment of the value of their share contributions and announced but unpaid cooperative payments prior to the payment of the cost of share contributions to full members of the Cooperative.

VII. JURISDICTION OF THE STATUTES

All National Cooperatives will be legally governed by this Charter of the "Slovenské Podielové Družstvo ROD"

Emil Skirkanic

Chairman of the Board of Directors

David Skirkanic

Deputy Chairman of the Board of Director