



## **ARTICLES OF INCORPORATION Of the Bulgarian Industrial Capital Association**

### **First Chapter: General provisions**

#### **Article 1.**

- (1) The association is a non-profit organization for doing business in private interest, which acts on the ground of the Non-profit Legal Entities Act.
- (2) The appellation of the organization is Bulgarian Industrial Capital Association /BICA/, referred to as the “Association”. The English language version of association’s appellation is Bulgarian Industrial Capital Association /BICA/.
- (3) The association is legal entity with head office in the city of Sofia and registered address in 15, “Trakiya” Str.
- (4) The association does not perform political, trade union and religious operations.
- (5) The association could open branches.
- (6) The association performs its operations while using the annual and voluntary instalments of its members. The association does not create and distribute profit.
- (7) The association has round seal with the inscription: “Bulgarian Industrial Capital Association – city of Sofia”. In its international correspondence and in the deeds drawn in foreign language, the Association could use round seal with its appellation written in English language in conformity with paragraph 2.

#### **Article 2.**

The objectives of the Association are the following:

1. protection of the common interest of its members;
2. improvement of the business environment in Bulgaria, promotion of entrepreneurship and improvement of Bulgarian economy’s competitiveness;
3. improvement of the corporate governance and development of capital markets;
4. enhancement of the business of the economic subjects that provide and develop modern, quality and accessible services of common interest;
5. provision of favourable national and international environment for supporting small- and middle-sized enterprises in Bulgaria.

#### **Article 3.**

The Association achieves its objectives with the following means:

- (1) Arranges for the exchange of ideas, experience, knowledge and other information in the area of corporate governance and investment process;
- (2) Coordinates and unites the efforts in order to achieve the most favourable legislative conditions and for achieving interaction with the national and international institutions for the development of corporate governance and investment environment in Bulgaria;
- (3) Cooperates for the enforcement of the European norms and standards in the particular industries of Bulgarian economy and services;
- (4) Makes its members aware of the funding opportunities provided by the EU funds and participation in the European single market.
- (5) Represents its members in international and national employer organizations.
- (6) Performs representation in national and regional bodies.

#### **Article 4.**

The subject matter of Association's business is the following:

- (1) Collection and distribution of information about the legislation in the country and abroad, as well as any other information that is beneficial to the business of the Association and its members;
- (2) Organizations of forums to exchange ideas, experience and other information in the area of corporate governance, investment process and European integration;
- (3) Cooperation for the internal and external communications of its members;
- (4) Coordination of research work, projects and activities of its members' common interests;
- (5) Other activities not forbidden by the Bulgarian legislation.

#### **Article 5.**

The Association does not perform additional business.

## **Second Chapter: Membership, rights and obligations**

#### **Article 6.**

Association members could be Bulgarian and foreign legal entities and physical persons of legal capacity.

#### **Article 7.**

- (1) Membership in the Association is voluntary.
- (2) Every member has the right to participate in the management of the Association, receive information about its activity, use its property and the results of its business in the manner provided for in the articles of incorporation.
- (3) The Association member should pay regularly its membership instalment and not to ruin association's goodwill with its actions or omissions.
- (4) The Association members could incorporate local (district, municipal) structures in conformity with country's administrative arrangement.

- (5) Association's collective members could be industrial organizations, branch organizations, other organizations of employers and associations.
- (6) The members of legal entities – collective members and economic groups take advantage of the business and are being represented by the Bulgarian Industrial Capital Association in trilateral dialogue.

#### **Article 8.**

- (1) The Association is not responsible for the obligations of its members.
- (2) The Association member is not responsible for the obligations of the association.

#### **Article 9.**

The acceptance of new members is performed by the National Council of the Association on the grounds of application in writing to which the following documents are attached: resolution of the competent body on the membership in the Association, declaration that the applicant accepts the terms and conditions of these Articles of Incorporation, as well as recommendations issued by two members of the Association.

#### **Article 10.**

- (1) The membership in the Association is terminated with:
  1. Unilateral declaration of will to the attention of the General Meeting or the National council of the Association;
  2. Dismissal;
  3. Suspension because of not paying the established membership instalment and/or not taking part in the operations in systematic manner. The suspension would be established with resolution issued by the National council. From the date of the resolution issued by the National council onwards, the member is deemed to have lost his membership rights.
  4. Termination of the Association and/or its members;
- (2) The membership in the Association would be terminated in the case of dismissal upon the resolution of the National council, if the particular member does things that ruin Association's goodwill and prestige, develops activities that are not consistent with the objectives, tasks and the Articles of Incorporation of the Association, violates the rules of good commercial practices that have been established by the General Meeting.
- (3) In all cases of membership termination, the Association does not repay the member that has terminated its membership, was dismissed or suspended the membership instalment paid for the year of termination.

### **Third chapter: Bodies of the Association**

#### **Article 11.**

- (1) Association's bodies are the General Meeting, the National Council, the Management Board, the Control Board and the Secretary-General.
- (2) The members of the management bodies of the Association, except for the secretary-general do their work on community grounds and do not receive payment for their labour.

## **Article 12.**

The General Meeting is the supreme body of the Association. It consists of all Association's members.

## **Article 13.**

- (1) The General Meeting is summoned at least once annually by the Management Board in the populated area where association's head office is located. If necessary and upon the initiative of the Management Board, of the Control Board or of 1/3 (one-third) part of Association's members extraordinary meeting could be summoned by initiators. In the latter case should the Management Board does not send in one-month term invitation in writing for summoning the general meeting, it would be summoned by the court whose jurisdiction is for Association's head office upon request in writing sent by the stakeholder members or a person authorized by them.
- (2) The invitation for session of the General Meeting and its agenda should be made public in a central daily newspaper and placed at the announcement board in the building where Association's management is located, at least one month before the scheduled day.
- (3) The invitation contains the agenda, the date, time and location of holding the general meeting and the initiative upon which it is summoned.
- (4) The General Meeting is regular if attended by the authorized representatives of more than half of Association's members. If there is no quorum, the meeting would be postponed for an hour later with the same agenda and it would be deemed legal, irrespective of the number of representatives that appeared.
- (5) Every representative has one voting right.
- (6) A member of the general meeting does not have voting right when it comes to solving issues that refer to legal entities in which it is manager or could set or hinder any decision-making process.
- (7) One person could represent not more than thirty members of the General Meeting on the grounds of power of attorney in writing. Re-authorization is not allowed.

## **Article 14.**

- (1) The General Meeting:
  1. Defines the main direction of Association's development;
  2. Modifies and supplements the Articles of Incorporation;
  3. Passes other internal deeds;
  4. Elects and dismisses the members of the National council, the Management and Control Boards;
  5. Passes resolution on the transformation and termination of the Association;
  6. Verifies Association's budget;
  7. Verifies the activity report of the National council and the Management Board;
  8. Approves of the report of the Control Board;
  9. Repels the resolutions of other bodies of the Association that contradict law, these Articles of Incorporation or other internal deeds;

10. Passes other resolutions provided for and resulting from the Articles of Incorporation.
- (2) The resolutions of the General Meeting are mandatory to the other bodies of the Association;
- (3) The resolutions of the General Meeting are subject to judicial control in view of their lawfulness and conformity with the Articles of Incorporation;
- (4) The resolutions of Association's bodies that have been passed in violation with law, the Articles of Incorporation or previous resolution of the General Meeting could be challenged before the General Meeting upon the request of stakeholder members or of other body of the Association sent in one-month term from getting to know about them, but not later than one year from the date of passing the resolution.
- (5) The disputes under paragraph 3 could be referred to the attention of the court at Association's registration by every member or body of the Association or by the prosecutor in one-month term from getting to know about them, but not later than one year as of the date of passing the resolution.

### **Article 15.**

- (1) During a session, the work of the General Meeting is being managed by a chairperson elected by the session.
- (2) The General Meeting passes its resolutions with ordinary majority of the attending members except for the resolutions under point 2 and point 5 of article 14 paragraph 1, which are passed with qualified majority of 2/3 of the attending members. In view of issues not included in the agenda announced in the invitation, no resolutions could be passed.

### **Article 15a.**

- (1) The National council is body of the General Meeting that acts in the periods in-between the sessions of the General Meeting.
- (2) The National council is elected by the General Meeting according to the terms and conditions of article 14, paragraph 1, point 4 and consists of physical persons among which we could have representatives of the holding, investment and other business entities, of the local structures under article 7, paragraph 4 and of the branch chambers under article 7, paragraph 5.
- (3) The National council cannot include more than one representative that is an Association member as well. Holding structures or related parties under the Commercial Act cannot have more than one representative in the National council.
- (4) No persons could be elected in the National council that are married, relatives in the straight line of descent or are brothers or sisters with a member of the National or Control Board.
- (5) The Members of the National council are elected for a term of four years and could be re-elected for unlimited period.
- (6) The National council:
  1. Defines the directions of Management Board's operations;
  2. Performs the functions of the General Meeting in the period in-between its sessions, except for the rights under article 25, paragraph 1, point 1, 3, 7, 9, 11 and 12 of the Non-profit Legal Entities Act;
  3. Accepts and dismisses members of the Association;
  4. Passes resolution on opening and closing branches;

5. Passes resolution on participation in other organizations;
  6. Passes the main directions and programme of association's business;
  7. Protects the interests of Association's members before all bodies and organizations in the country and abroad;
  8. Passes resolutions concerning the due and payable membership instalment and its amount;
  9. Elects and appoints Secretary-General of the Association;
  10. Reports its activity to the General Meeting;
- (7) The National council could establish standing and temporary commissions on issues significant to Association's members and define their competency. Every commission elaborates draft-resolutions, opinions and suggestions on the issues of its competency.
  - (8) The sessions of the National council are summoned at least once in every 2 (two) months and are managed by the chairperson of the Management Board.
  - (9) The sessions of the National council are regular if attended by more than half of its members and the resolutions are passed with ordinary majority of the attendees.
  - (10) If there is no quorum under the previous paragraph, the session would be postponed for one hour later with the same agenda and it would be believed to be legal, irrespective of the number of representatives that appeared.

#### **Article 16.**

- (1) The Management Body of the Association is the Management Board. It consists of 3 (three) to 10 (ten) physical persons and it is elected by the General Meeting.
- (2) The members of the Management Board are elected for a term of four years and they could be re-elected for unlimited term.
- (3) The Management Board elects among its compounds chairperson and deputy-chairperson for a term of four years, and the latter could be re-elected for unlimited term.

#### **Article 17.**

- (1) The sessions of the Management Board are summoned and managed by the chairperson. The chairperson should summon session of the Management Board upon request in writing by one-third of its members. Should the chairperson not summon session of the Management Board in one-week term it could be summoned by every stakeholder member of the Management Board. If the chairperson is absent, the session would be managed by the deputy-chairperson or by another member nominated by the Management Board;
- (2) The Management Board could pass resolution if its session is attended by more than half of its members;
- (3) An attendee is also a person with whom we have established bilateral telephone or other connection that ensures the verification of his/her identity and makes his/her participation in the discussion and passing resolutions possible. Voting this article should be certified in the minutes by the person chairing the session.

- (4) The resolutions are passed with majority – by all members.
- (5) The Management Board could pass resolution without holding a session, if the minutes for the passed resolution are signed without reserves and objections to this end by all members of the Management Board.

### **Article 18.**

The Management Board:

1. Defines the scope of representative power of its individual members;
2. Ensures the implementation of the resolutions passed by the General Meeting and the National council;
3. Elaborates and suggests directions for Association's development;
4. Within the framework of the competency provided by the National council it provides the protection of Association members' interests before all bodies and organizations in the country and abroad;
5. It disposes with the property of the association in conformity with the requirements of the Articles of Incorporation;
6. It reports on the performed operations before the General Meeting and in the period in-between the General Meetings – before the National council;
7. Elaborates and submits to the National council for discussion and in the General Meeting draft of the annual budget;
8. Elaborates and installs annually in the National council for discussion and in the General Meeting activity report of the Association;
9. Defines the rules and arranges for the performance of association's business and bears responsibility to this end;
10. Defines association's address;
11. Passes resolutions on all issues that by law or according to the Articles of Incorporation are not within the scope of other body's rights;
12. Performs other obligations provided for in the Articles of Incorporation.

### **Article 19.** The Chairperson of the Management Board:

1. Arranges for and manages the work of the Management Board;
2. Summons the Management Board of the Association at a session at least once monthly;
3. Enters contract with the Secretary-General elected by the National council;
4. Represents the Association in the country and abroad;
5. Enters contracts on behalf of the Association;
6. Performs other actions that result from its powers defined in the Articles of Incorporation.

### **Article 20.**

- (1) The Control Board is body of Association's General meeting. It consists of 3 to 7 physical persons and cannot include more than one representative of whatever Association's member. Holding structures or related persons under the Commercial Act cannot have more than one representative in the Control Board.
- (2) The members of the Control Board are elected for a term of four years and one and the same person cannot hold the title for more than two consecutive mandates.
- (3) The Control Board elects amidst its members a chairperson. The chairperson is elected for a term of four years and one and the same person cannot hold the title for more than two consecutive mandates.
- (4) The chairperson arranges for and manages the work of the Control Board.
- (5) The Control Board performs the comprehensive revision-control activity when it comes to the implementation of the resolutions of the General Meeting, the Management Board and the ones that result from the regulations and the internal documents. It holds sessions regularly, once in quarterly periods.
- (6) In view of performing its functions, the Control Board has the right to access all Association's documents.
- (7) In the case of establishing violations of the financial, contractual and statute discipline, the Control Board should notify the Management Board and could summon extraordinary General Meeting.
- (8) The Control Board reports before the General Meeting.

## **Article 21.**

- (1) The sessions of the Control Board are being summoned and managed by the chairperson. The chairperson should summon session of the Control Board upon request in writing submitted by 1/3 (one-third) of its members. Should the chairperson not summon session of the Control Board in one week, it could be summoned by every stakeholder member of the Control Board. If the chairperson is missing, the session would be chaired by another member nominated by the Control Board.
- (2) The Control Board could pass resolution if the session is attended by more than half of its members.
- (3) An attendee is also a person with whom we have established bilateral telephone or other connection that ensures the verification of his/her identity and makes his/her participation in the discussion and passing resolutions possible. Voting this article should be certified in the minutes by the person chairing the session.
- (4) The resolutions are passed with majority of the attendees.
- (5) The Control Board could pass resolution without holding a session, if the minutes for the passed resolution are signed without reserves and objections to this end by all members of the Control Board.

## **Article 22.**

- (1) The Secretary-General is elected and appointed by the National council.
- (2) The Secretary-General:
  1. Arranges for the implementation of the resolutions of the National council and the Management Board of the Association;
  2. Arranges for the business of the Association, performs the operational management, ensures the management and protection of its property;

3. Disposes with the means for running the Association within the verified budget;
4. Enters contracts /appoints and dismisses/ with employees of the Association in conformity with the payroll verified by the Management Board;
5. Participates in the sessions of the management board with the right to advisory vote;
6. Represents the Association under resolution of the Management Board.

## **Fourth Chapter: Property**

### **Article 23.**

- (1) Association's property consists of money, items, material rights and others that are necessary for its business that according to the legislation could be elements of Bulgarian legal entity's properties.
- (2) Association's property consists of annual membership instalments, donations, testaments from the country and abroad and other revenues not forbidden by law.
- (3) Upon the resolution of Association's general meeting we could make up target funds and the manner of their raising and rules for use are defined upon the resolution for their formation.

## **Fifth Chapter: Termination and Liquidation**

### **Article 24.**

- (1) The Association is terminated in the following cases:
  1. Upon resolution of the General Meeting;
  2. Upon resolution of the district court with jurisdiction for the head office of the Association in the cases provided by law.
- (2) Upon Association's termination we would perform liquidation to which the applicable rules are the ones of the Commercial Act;
- (3) The liquidation is performed by the Management Board or by person nominated by it. If the liquidator is not nominated under paragraph 2, it is nominated by the district court with jurisdiction for the head office of the Association.
- (4) The property of the Association that remains after satisfying the creditors is evenly distributed among the members.

## **Transitory and final provisions**

§ 1. The Association is incorporated for indefinite term.

§ 2. These Articles of Incorporation were passed at the constituent meeting of the Association held in the city of Sofia, on the 5<sup>th</sup> of December 1996 and was modified and supplemented by the general meetings of the Association held in the city of Sofia on the 6<sup>th</sup> of June 1998, the 28<sup>th</sup> of September 2001, the 5<sup>th</sup> of July 2002, the 12<sup>th</sup> of March 2004, the 21<sup>st</sup> of October 2005, the 21<sup>st</sup> of September 2007, the 11<sup>th</sup> of December 2008, the 29<sup>th</sup> of February 2012, the 2<sup>nd</sup> of November 2012, the 15<sup>th</sup> of May 2015 and on the 8<sup>th</sup> of July 2016.