

STATUTE OF THE INTERNATIONAL ASSOCIATION OF OIL TRANSPORTERS

PREAMBLE

The International Association of Oil Transporters,

encourages the comprehensive development and increase in the stability and security of the international trade of oil and oil products,

believes in the mutual respect for the economic and national interests of all its current and potential future members and their joint effort to promote a positive image of transport of oil and oil products with public authorities and the public, including NGOs,

recognizes the need to protect the environment together with the human right and the right of other legal entities to their free economic development as one of the highest values of our society,

is an international non-governmental organization established to support its members conducting business in the transport of oil and oil products and to effectively coordinate the efforts of its members to create the most efficient possible conditions for such activity.

I. GENERAL PROVISIONS

- 1) Mezinárodní asociace přepravců ropy, z.s. (the International Association of Oil Transporters) is established as a legal entity which is a voluntary, professional, non-governmental, non-profit, independent, non-political organization operating pursuant to Act No. 116/1985 Coll., on the conditions of the activities of organizations with an international element in the Czechoslovak Socialist Republic, as amended.
- 2) The name of the organization is “Mezinárodní asociace přepravců ropy, z.s.” (the International Association of Oil Transporters, hereinafter referred to as the “Association”).
- 3) The working languages of the Association are Czech, Russian and English. All documents of the Association are prepared in all of the working languages. In case of conflict in the language versions, the version drawn up in English shall prevail.

- 4) The Association is headquartered in Prague.
- 5) The Association carries out its activities in the Czech Republic and other countries.
- 6) The Association is established for an indefinite period of time.

II. OBJECTIVES OF THE ASSOCIATION

The basic objectives of the Association are as follows:

- a. to protect and promote the commercial interests of its members in the transport and storage of oil and oil products;
- b. to promote comprehensive development in the transport and storage of oil and oil products;
- c. to help members of the Association to consolidate and develop relations on international, regional and national markets;
- d. to establish and maintain contacts with professional organizations and professional institutions, as well as to represent members of the Association in its dealings with such entities;
- e. to monitor the development and implementation of regulations and standards relating to the transportation and storage of oil and oil products at an international, regional and national level;
- f. to cooperate with public authorities and the public, including NGOs, in discussing key issues pertaining to the members of the Association and to defend the opinions of the members of the Association;
- g. to promote a positive image of transportation and storage of oil and oil products with public authorities and the public, including NGOs;
- h. to support the comprehensive development and functioning of national transport systems of oil and oil products in order to ensure the security and stability of oil supply;
- i. to serve as a platform for the exchange of views and opinions on the harmonization and unification of standards and rules of international transportation and storage of oil and oil products, for the exchange of technical information, standards and other issues related to it in all related fields and also to promote the exchange of experiences and know-how in the transport and storage of oil and oil products;
- j. to develop standards for the common evaluation of new significant projects affecting the activities of members of the Association for the current focus on the efficient use of the existing infrastructure of pipeline transport.

III. ACTIVITIES OF THE ASSOCIATION

- 1) To achieve the set objectives the Association shall in particular:
 - a. bring together entities working professionally in fields dealing in any way with oil and oil products, especially transportation and storage of oil and oil products;
 - b. define, support, defend, formulate and implement the common positions and interests of the members of the Association in the transport and storage of oil and oil products, including their presentation in negotiations with public authorities and the public, including representatives of non-governmental organizations;
 - c. contribute to the mutual coordination of activities and awareness of members of the Association, government bodies and other entities in connection with the activities of the Association;
 - d. prepare opinions on the harmonization and unification of standards and rules of international transportation and storage of oil and oil products;
 - e. assess existing and forthcoming legislative regulations in the field of transport and storage of oil and oil products and propose amendments to the competent authorities, including the preparation of expert opinions and recommendations on an international as well as regional and national level;
 - f. provide specialized training and educational events focused on the acquisition of specific knowledge in the field of transportation and storage of oil and oil products;
 - g. provide expert information, consultation, advice and proposals for the development of opinions in the field of transportation and storage of oil and oil products;
 - h. provide information on the development of the field of transportation and storage of oil and oil products on an international, regional and national level;
 - i. publish analytical reports and professional publications on issues of transportation and storage of oil and oil products, and
 - j. in accordance with the above, organize conferences, seminars and exhibitions.

- 2) The goals and activities of the Association will always be in accordance with the rules and obligations related to the economic competition protection and the relevant provisions and regulations of the European Union law.

IV. ESTABLISHMENT AND TERMINATION OF MEMBERSHIP OF THE ASSOCIATION

- 1) The Founding Member of the Association is the company MERO ČR a.s., with its registered office at Kralupy nad Vltavou, Veltruská 748, Post Code 278 01, Czech Republic, Company Reg. No.: 60193468, registered in the Commercial Register of the Municipal Court in Prague, Section B, file no. 2334. Membership of the Founding Member of the Association arises by the founding of the Association. Membership of the founding member of the Association cannot be terminated otherwise than for the reasons included in Art. IV para. 5) letters a., b., and c.
- 2) Any legal entity interested in membership of the Association, is registered in a public register and develops regular business activity in which the subject is in any way dealing with oil and oil products, especially storage and transportation of oil and oil products, as well as well as extraction, refining and sale of oil and oil products can become a member of the Association. Members of the Association may use the title “Member of the International Association of Oil Transporters”.
- 3) In addition to the conditions referred to in the preceding paragraph the conditions of membership of the Association are as follows:
 - a. submission of a written application for membership of the Association;
 - b. payment of a non-refundable fee for the submission of an application for membership (hereinafter referred to as the “**application fee**”);
 - c. payment of the annual membership fee;
 - d. absence of a decision to decline the candidate for membership of the Association or rejection of an insolvency petition submitted to the candidate for membership of the Association due to lack of assets, as well as the absence of the facts included in Art. IV. para. 5) letter d. iii and iv, for which it is possible to decide on the termination of membership of a member of the Association;
 - e. discussion of the submitted application by the Board of the Association; and
 - f. decision of the Assembly of Association Members on the acceptance of the applicant as a member of the Association.
- 4) Membership of the Association shall come into effect on the day of the decision of the Assembly of Association Members on the acceptance of the applicant as a member of the Association pursuant to Art. IV. para. 3) letter f. The provisions of Art IV. para. 1), second sentence shall not be affected.

- 5) Membership in the Association shall be terminated as follows:
- a. on the date of receipt of a written notice from the Association of termination of membership of the Association;
 - b. on the date of the termination of a Member of the Association as a legal entity;
 - c. on the date of issue of a bankruptcy decision of a Member of the Association or rejection of an insolvency petition issued to a Member of the Association due to a lack of assets, or
 - d. on the date of a decision of the Assembly of Association Members to terminate membership of the Association or the date specified in such a decision, in cases where a member of the Association:
 - i. no longer meets the conditions for membership in the Association;
 - ii. fails to fulfill its obligations stated herein or other internal regulations of the Association;
 - iii. behaves in a manner falling outside the status of a member of the Association, or
 - iv. becomes undesirable in the Association in the context of ongoing or completed administrative, judicial, arbitration or criminal proceedings.
- 6) The membership rights of a member of the Association are exercised by a person, who is a Member of the Association in conformity with the founding documents and internal regulations as well as legislation which governs membership of the Association, authorized to act externally on behalf of the member of the Association. A member of the Association shall be authorized to delegate membership rights to any other person in writing, both to exercise the right or rights of a Member (special authorization) and to apply the rights of membership in the Association in general (general authorization). Such an authorized person shall not be entitled to further authorize another person. A Member of the Association shall immediately notify the Association of the creation, modification or termination of authorization in accordance with the second sentence of this paragraph in writing or electronically by email to the email address of the Association, in which case the written notification shall be subsequently submitted. The creation, modification or termination of such authorization shall only become effective for the Association when the written or electronic notification of such a fact is received. The authorization shall expire on the expiry of the period for which it was issued. Special authorization shall also expire after the performance of the membership right or rights for which the special authorization was issued. The Member of the Association shall provide the Association with an updated list of persons under the first sentence of this paragraph and promptly inform the Association of any changes thereof.

- 7) Membership of the Association is voluntary and the Association shall not interfere in the internal affairs of its members.
- 8) The decisions of the Association concerning its internal affairs are binding only to its bodies. Other decisions binding to the bodies of the Association shall be regarded as recommendations in relation to its members.

V. RIGHTS AND DUTIES OF MEMBERS OF THE ASSOCIATION

- 1) Members of the Association shall have in particular the following rights:
 - a. to participate in the Assembly of Association Members and participate in the activities of the Association;
 - b. to vote at the Assembly of Association Members;
 - c. to elect and be elected to bodies of the Association;
 - d. to propose the convening of the Assembly of Association Members and meetings of the Board of the Association to discuss specific issues, and
 - e. to submit comments and suggestions for meetings of the Assembly of Association Members and the Board of the Association.
- 2) Members of the Association shall be obliged to:
 - a. support and defend the interests of the Association and to protect the good name of the Association;
 - b. assist as best they can in performing activities of the Association;
 - c. duly and timely pay the annual membership fee in the amount and manner prescribed by the Assembly of Association Members;
 - d. comply with the statute of the Association, as well as its other internal regulations, and
 - e. act with respect to decisions of the bodies of the Association.

VI. ORGANIZATIONAL STRUCTURE

- 3) The bodies of the Association are:
 - a. The Assembly of Association Members (hereinafter referred to as the “**Assembly**”);
 - b. The Governing Board of the Association (hereinafter referred to as the “**Board**”);

- c. The Executive Director of the Association (hereinafter referred to as the “**Executive Director**”);
 - d. The General Secretary of the Association (hereinafter referred to as the “**General Secretary**”).
- 4) By a decision of the Board the internal organization of the Association may also include:
- a. permanent expert groups;
 - b. ad hoc expert groups, i.e. group of experts for a particular case, and
 - c. other subsidiary bodies of the Association, whose name and scope are defined by the Board in its decision. This applies mutatis mutandis to the creation of permanent and ad hoc expert groups.

VII. THE ASSEMBLY

- 1) The Assembly is the supreme body of the Association and is composed of all its members.
- 2) The Assembly shall be convened by the Board at least once per year.
- 3) The Assembly has the authority to:
 - a. approve statutes and other internal regulations of the Association, as well as their amendments and additions;
 - b. approve the action plan of the Association for the given year and from a multi-annual perspective;
 - c. approve the budget of the Association for the given year;
 - d. discuss the annual report of the Association's activities;
 - e. approve the annual accounts of the Association;
 - f. elect and remove members of the Board, including the authority to instruct the Board on the completion of certain tasks;
 - g. set the amount of the application fee, the non-refundable one-off fee for the application for observer status, the annual membership fee, the annual fee for observer status, including the method and deadlines for payment based on the proposal of the Board;
 - h. decide to accept an applicant as a Member of the Association;

- i. decide on the termination of membership of the Association (the presence of a member of the Association whose membership is being decided upon in the voting and their vote in this case are not taken into account);
 - j. decide on the granting and withdrawal of observer status;
 - k. determine the auditor of the Association;
 - l. approve the merger of the Association with another organization or division of the Association;
 - m. decide to cancel the Association and appointment of a liquidator and decide on the disposal of its liquidation surplus;
 - n. decide or resolve other issues, if requested by the Board, or if the Assembly reserves for itself the decision-making or solving of such other issues.
- 4) Each member of the Association has one vote in the Assembly.
 - 5) The Assembly shall have a quorum if members of the Association who have at least one half (1/2) of all votes are present. If the Assembly does not have a quorum, the Board shall convene the assembly again with the same agenda within 1 month. The provisions of Art. VII. para. 7) second sentence shall apply in this case mutatis mutandis. An Assembly convened in this way may make decisions regardless of the number of members of the Association present.
 - 6) The adoption of a decision of the Assembly requires at least two-thirds (2/3) of the votes of all present members of the Association. The provisions of Art. VII. para. 3) letter i) shall not be affected.
 - 7) The Board shall convene the Assembly, if necessary, or if requested, either electronically via email to the email address of the Association, or in writing, by Members of the Association who have at least one half (1/2) of all votes. If the Board does not convene the Assembly within 8 weeks from receipt of such a request to convene, the members of the Association shall be entitled to authorize one of the members of the Associations to convene the Assembly itself, in accordance with the procedure laid down herein.
 - 8) The Board shall notify all members of the Association of the date and agenda of the Assembly at least 4 weeks before it takes place in the form of a written invitation also sent via e-mail to the e-mail addresses of all members of the Association which are registered for this purpose by the Secretariat of the Association. The invitation shall indicate the place and date of the Assembly, the exact time of commencement and the proposed agenda.
 - 9) Each member of the Association shall have the right to propose another point to be added to the agenda in the form of a draft decision. This proposal must be received electronically via e-mail to the address of the Association within 14 days of sending the electronic notice of the Assembly by e-mail. In the case that these rights shall be exercised by any of the members of the Association, the Board shall send notification that the agenda of the

Assembly has been changed at least 7 days before the day of the event via e-mail to the e-mail addresses of all members of the Association.

- 10) Prior to the beginning of each meeting the Assembly shall elect a Chairperson. The minutes of the Assembly shall be taken by the General Secretary or his/her designee. The election of the Chairperson of the Assembly shall be overseen by the Chairperson of the Board, in his/her absence, the Vice-Chairperson of the Board or an authorized member of the Board, in this order. Votes shall be counted by the Chairperson of the Assembly.
- 11) Members of the Association shall have the right during the Assembly to propose a new point to the agenda in the form of a proposed decision. If all of the members of the Association present at the Assembly agree, the proposal will be added to the agenda of the Assembly and decided up on there and then.
- 12) The General Secretary shall provide copies of the minutes of the meeting of the Assembly in paper form and send the electronic version within 30 days from the date of the Assembly electronically via e-mail to the e-mail addresses of all members of the Association. The paper version of the minutes shall be signed by the Chairperson of the Assembly and the writer of the minutes. The minutes will then be kept by the Secretariat of the Association.
- 13) Details regarding the meeting of the Assembly, including its decision-making shall be provided in the rules of procedure of the Assembly.
- 14) If Members of the Association having at least two thirds (2/3) of all votes agree, the Assembly shall have a right to pass a resolution without convening (per rollam decision-making). Approval of per rollam decision-making shall be expressed in the same form in which it can be voted pursuant to paragraph 15 of this Article at the latest simultaneously with such voting. In case a Member of the Association votes within the frame of per rollam decision-making or a Member of the Association entirely or partly abstains from such voting, it shall be considered as such Member's approval with such per rollam decision-making.
- 15) Voting under the procedure of per rollam decision-making can be performed via one of the following remote communication means:
 - a. An electronic mail or
 - b. A telephone or video call.
- 16) Secretariat of the Association shall prepare the voting draft according to instructions of the Member of the Association who invoked the per rollam decision-making and shall hand out to such Member of the Association for approval the draft of the voting sheet, which contains the following information:
 - a. statement whether the member of the Association approves or disapproves per rollam decision-making or whether they entirely or partly abstain from voting in such decision-making;

- b. draft of the decision, which is the subject of the voting, containing a statement whether a Member of the Association votes for or against the adoption of the proposed decision;
- c. deadline for a Member of the Association to cast their vote which cannot be shorter than 7 days from the dispatch of the voting draft to Members of the Association for voting in per rollam decision-making.

- 17) Per rollam decision-making procedure can be initiated in the manner of call by the Chairperson of the Board and in case of his/her absence or when he/she is unable to execute his/her office, it can be initiated by a call by the Vice-Chairperson of the Board or by an authorized member of the Board, in this order. The Chairperson of the Board or in case of his/her absence or when he/she cannot execute his/her office the Vice-Chairperson of the Board or an authorized member of the Board shall be obliged to initiate a per rollam decision-making procedure if Members of the Association having at least one third (1/3) of all votes asked for that, in an electronic form to the address of the Association or in writing. In case the Chairperson of the Board or as the case may be the Vice-Chairperson of the Board does not initiate the per rollam decision-making procedure in eight (8) weeks from the delivery of such request, these Members of the Association are entitled to empower a Member of the Association from amongst them who shall be entitled to initiate the per rollam decision-making procedure pursuant to the procedure stated in this Statute. The General Secretary and the Secretariat of the Association under the supervision of the person who invoked the per rollam decision-making procedure provides an administrative and organizational support for the voting.
- 18) Identical rules as for passing a resolution at the convened Assembly will apply adequately to pass a resolution without convening the Assembly with the following:
- a. All Members of the Association are deemed present; and
 - b. A Member of the Association, who initiated relevant per rollam decision-making procedure pursuant to paragraph 17 of this Article, shall be deemed as the Chairperson of the Assembly.
- 19) In case a Member of the Association votes or as the case may be makes a statement in form pursuant to paragraph 15(a) of this Article, they shall send a duly filled voting draft by electronic means to the e-mail address of the Association.
- 20) In case a Member of the Association votes, or makes a statement in the form pursuant to paragraph 15(a) of this Article, they submit it to the employee of the Secretariat of the Association who is particularly designated for such role by the General Secretary and who shall record such vote (statement) in an electronic form and make transcription of such electronic vote (statement).
- 21) The Secretariat of the Association shall keep records of all decisions of the Assembly. Information on decisions made according to paragraphs 14 to 20 of this Article, including all

information related to results of voting and adoption of decisions and including texts of such decisions shall be noted by the General Secretary in the Minutes of a next Assembly.

22) Provisions of paragraphs 14 to 20 of this Article shall be applied solely for regulation of per rollam decision-making.

VIII. THE BOARD

- 1) The Board is a statutory body of the Association acting externally on behalf of the Association.
- 2) The Board consists of 10 members including the Executive Director, who is a member of the Board by virtue of his/her position.
- 3) With the exception of the Executive Director, who is a Member of the Board by virtue of his/her position, Members of the Board are elected by the Assembly from among the Members of the Association. Re-election is possible.
- 4) Members of the Board elect and remove the Chairperson of the Board (hereinafter referred to as the “**Chairperson**”) and the Vice-Chairperson (hereinafter referred to as the “**Vice-Chairperson**”). When electing a removing the Chairperson and Vice-Chairperson the member of the Association concerned shall not and his/her presence during the voting shall not be regarded. The Executive Director as a member of the Board may not act as the Chairperson or Vice-Chairperson.
- 5) The Chairperson shall direct and control the activities of the Board and act externally for the Board on behalf of the Association. During his/her absence, or when he/she cannot perform his/her function, he/she shall be represented by the Vice-Chairperson or an appointed member of the Board, in that order.
- 6) The Board shall meet as necessary but at least once per half year. The meeting of the Board shall be convened, launched and managed by its Chairperson, in his/her absence, or when he/she cannot perform his/her function, then the Vice-Chairperson. Other members of the Board are entitled to convene the meeting only under the conditions laid down in the Rules of Procedure of the Board.
- 7) Membership of the Board shall be for 3 years. This does not apply in the case of the Executive Director as a member of the Board.
- 8) The Board has the authority to:

- a. strategically manage the activities of the Association during the period between two Assemblies and perform the tasks set by the Assembly;
 - b. decide on the convening of the Assembly;
 - c. appoint and remove the Executive Director, including the authority to delegate the performance of certain tasks (the presence of the Executive Director as a member of the Board for such a vote and his/her voice in this case shall not be taken into account);
 - d. prepare a draft action plan of the Association for the given year and from a multi-annual perspective and submit it to the Assembly for approval;
 - e. propose the budget of the Association for the year and submit it to the Assembly for approval;
 - f. submit to the Assembly for approval the annual financial statements of the Association;
 - g. submit an annual report on the Association's activities for consideration by the Assembly;
 - h. propose to the Assembly the amount of the application fee, the non-refundable one-off fee for the application for observer status, the annual membership fee, the annual fee for observer status, including the method and deadlines for payment;
 - i. decide on the establishment of expert groups and other subsidiary bodies of the Association;
 - j. invite to its meetings representatives of the Association Members and other persons as it deems appropriate in order to discuss the applications for membership in the Association.
 - k. discuss submitted applications for membership of the Association and submitted applications for Observer status
- 9) Each member of the Governing Council should vote on the Board shall have one vote.
- 10) The Board has a quorum if attended by its members, who have at least one half (1/2) of all votes.
- 11) Decisions on the Board is required at least two-thirds (2/3) vote of all Board members present. Art. VIII. para. 4), second sentence, and Art. VIII. para. 8) letter c. remain unchanged.
- 12) Members of the Board shall be entitled to resign from their position, either by a written statement addressed to the Board or by a statement sent electronically via email to the email address of the Association. The Board shall discuss the resignation at its next meeting. The resignation shall be deemed effective on the date it is discussed or should be

discussed by the Board. This provision shall not apply to the Executive Director as a member of the Board.

- 13) In the event of the resignation of one of its members the Board may add a member in the period between Assemblies by cooptation. The Assembly at its next meeting shall discuss and confirm the cooptation or elect a new member of the Board. The previous sentence shall apply even for multiple cooptations and for each individual cooptation separately.
- 14) The Board shall be authorized to take decisions outside its meetings. Details regarding the meeting of the Board, including its decision-making, and even outside its meetings, shall be established by the Rules of Procedure of the Board.
- 15) The Secretariat of the Association shall keep records of all Board decisions.

IX. EXECUTIVE DIRECTOR

- 1) In accordance with generally binding regulations of the Czech Republic as well as the decisions of the Assembly and the Board the Executive Director shall be responsible for the daily activities and proper functioning of the Association.
- 2) The Executive Director shall execute his/her function based on an employment contract, an agreement on work performed outside employment or an order contract. The Executive Director may only be a natural person no younger than 18 years of age and is fully capable of performing legal acts. All members of the Association shall have the right to propose the appointment of any natural person who satisfies the requirements referred to in the preceding sentence to the position of Executive Director.
- 3) The Executive Director shall fulfill the tasks entrusted to him/her by the Board, the obligations arising out of his/her employment contract, agreement on work performed outside employment or order contract and the obligations arising from his/her position, and shall exercise employers' rights on behalf of the Association towards other employees of the Association, including the General Secretary, but excluding the employees of the Secretariat of the Association.
- 4) The Executive Director may perform legal acts on behalf of the Association within its jurisdiction or where specified in the internal regulations of the Association. If a financial commitment of the Association is to exceed the amount of 100.000 EUR then in order to make such a commitment the Executive Director shall require the prior approval of the Board.
- 5) The Executive Director shall be entitled to participate in the Assembly and meetings of expert groups and other subsidiary bodies of the Association established by the Board.

- 6) The Executive Director shall appoint and dismiss the General Secretary and shall be entitled to delegate the performance of certain tasks.

X. GENERAL SECRETARY AND SECRETARIAT OF THE ASSOCIATION

- 1) Any and all administrative activities of the Association shall be performed by the Secretariat of the Association headed by the General Secretary in accordance with generally binding regulations of the Czech Republic as well as the decisions of the institutions of the Association.
- 2) The function of the General Secretary may only be executed by a natural person no younger than 18 years of age and is fully capable of performing legal acts, based on an employment contract, an agreement on work performed outside employment or an order contract.
- 3) The General Secretary shall fulfill the tasks entrusted to him/her by the Board, the obligations arising out of his/her employment contract, agreement on work performed outside employment or order contract and the obligations arising from his/her position, and shall exercise employers' rights on behalf of the Association towards employees of the Secretariat of the Association.
- 4) The General Secretary may perform legal acts on behalf of the Association within its jurisdiction or where specified in the internal regulations of the Association. If a financial commitment of the Association is to exceed the amount of 10.000 EUR then in order to make such a commitment the General Secretary shall require the prior approval of the Executive Director.
- 5) The General Secretary is entitled to attend meetings of the Assembly and the Board, as well as meetings of expert groups and other subsidiary bodies of the Association established by the Board.
- 6) The Secretariat of the Association shall keep records of all documents of the Association and upon request, provide copies to the members of the Association. For the purposes of the activities of the Association, the Secretariat of the Association shall also keep records of valid and current e-mail addresses of all members of the Association. Members of the Association shall be obliged to immediately inform the Secretariat of the Association of any changes to these e-mail addresses.

XI. OBSERVER STATUS

- 1) Observer status may be obtained by any legal entity interested in obtaining such a status who is registered in the public register, develops regular business activity in which the subject in any way deals with oil and oil products, especially storage and transport of oil and oil products, as well as also extraction, refining and sale of oil and oil products.
- 2) Observer status entitles a legal entity so granted to attend the Assembly (without the authority to vote at the Assembly) and also to receive priority invitation to socially, commercially and technically orientated events organized by the Association, including professional conferences, seminars and exhibitions. Observer status carries the obligation to comply with the statute of the Association as well as its other internal regulations, to duly and timely pay the annual fee for observer status in the amount and manner prescribed by the Assembly and to respect the decisions of the Association.
- 3) In addition to the conditions set out in Art. XI. para. 1) the conditions for the granting of observer status are as follows:
 - a. submission of a written application for obtaining observer status;
 - b. payment of a non-refundable fee for the submission of an application for obtaining observer status;
 - c. payment of the annual membership fee for observer status;
 - d. absence of a decision to decline the candidate for obtaining observer status or rejection of an insolvency petition submitted to a legal entity interested in obtaining observer status due to lack of assets, as well as the absence of the facts included in Art. IV. para. 5) letter d. iii and iv, for which it is possible to decide on the withdrawal of observer status;
 - e. discussion of the submitted application by the Board;
 - f. decision of the Assembly on the granting of observer status.
- 4) Observer status shall become valid on the day of the decision of the Assembly to grant observer status in accordance with Art. XI. para. 3) letter f.
- 5) Observer status shall expire:
 - a. on the date of receipt of written notice of a legal entity having observer status to renounce such status;
 - b. on the date of termination of a legal entity having observer status;
 - c. on the date of issue of a bankruptcy decision of a legal persons having observer status or rejection of an insolvency petition issued to a legal person having observer status due to a lack of its assets, or

- d. on the date of a decision of the Assembly to withdraw observer status or the date specified in such a decision, in cases where a legal entity having observer status:
 - i. no longer meets the conditions for the granting of observer status;
 - ii. fails to fulfill its obligations stated herein or other internal regulations of the Association;
 - iii. behaves in a manner falling outside the status of an observer, or
 - iv. becomes undesirable in the context of ongoing or completed administrative, judicial, or criminal proceedings as a legal entity having observer status.

XII. MANAGEMENT OF THE ASSOCIATION

- 1) Management of the Association shall be governed by generally binding legal regulations of the Czech Republic, the statute, other internal regulations of the Association and the decisions of the Assembly.
- 2) The Association shall manage its assets independently. The assets of the Association consist of things, rights, fixed and current assets, receivables, investments and other assets created during the Association's activities.
- 3) The Association's activities are funded from its revenue. Management of the Association shall be based on the budget approved by the Assembly of the Association. In the event that the budget shall not be timely approved by the Association for the given year, the management of the Association until such a budget is approved shall be based on a budgetary provision which is compiled according to the rules of the budget of the previous year.
- 4) Revenue of the Association shall consists mainly of:
 - a. application fee, the non-refundable one-off fee for the application for observer status, the annual membership fee, the annual fee for observer status;
 - b. revenue for services provided to members and non-members of the Association;
 - c. financial and other donations; and
 - d. revenue from other sources obtained in accordance with generally binding legal regulations.
- 5) Services that the Association is committed to providing its members based on the approved budget shall be paid for from the budget of the Association. Services beyond this shall be

provided by the Association based on contract prices in accordance with the approved budget.

- 6) The Association shall keep full accounts and prepare financial statements in accordance with generally binding legal regulations. Financial statements shall be approved by the Assembly, which also decides on the possible settlement of the difference between revenue and expenses based on a proposal of the Board in the framework of the draft budget of the Association and the draft action plan of the Association for the given year.
- 7) The Board and the Executive Director shall be responsible for the proper management and financial activities of the Association in accordance with the approved budget, as well as the accounting and the keeping of other required records.
- 8) In the event of termination of membership in the Association or termination of observer status, for whatever reason, the legal entity whose membership or observer status has been terminated shall not be entitled to a refund of any kind granted in favor of the Association, in particular the membership or observer status fees.
- 9) The Association shall be responsible for its obligations with its assets. Liability of Members of the Association is excluded.

XIII. CANCELLATION OF ASSOCIATION AND HANDLING OF ITS LIQUIDATION BALANCE

- 1) The Association may be cancelled by a decision of the Assembly relating to the cancellation, division or consolidation of the Association with another organization.
- 2) In the event that the assets of the Association are not transferred to its legal successor during its cancellation, the Association shall be liquidated in accordance with the valid legislation.
- 3) Liquidation shall be performed by a liquidator appointed by the Assembly.
- 4) The liquidation balance shall be distributed in a manner determined by the Assembly.

XIV. JOINT, TRANSITIONAL AND FINAL PROVISIONS

- 1) In the event of a dispute between Members of the Association (e.g. relating to the fulfillment of the rights and obligations or the interpretation of the Statute, etc.), the participants shall first attempt to resolve the dispute by negotiation. If, on the basis of such negotiations, they fail to reach an agreement the dispute shall be definitively resolved by the Board.

- 2) In a situation where the only Member of the Association is the founding Member of the Association, this member shall exercise the powers of the Assembly and the Board of the association, including the Chairman and Vice-Chairman. Other provisions of the Statute shall apply mutatis mutandis.
- 3) In a situation where the total number of members of the Association is greater than one but not more than 9, each member of the Association shall also be a Member of the Board and the Board in this case shall exercise the powers of the Assembly. When exercising the powers of the Assembly the Board shall proceed pursuant to the procedural rules of the Statute for the meeting of the Assembly and also the rule in parentheses in Art. VII para. 3 letter i. Other provisions of the Statute shall apply mutatis mutandis, except for the provisions of Art. VIII. para. 12 and 13, which shall not apply in this case.
- 4) The Statute of the Association may be amended by a decision of the Assembly.