

**STATUTES
OF
“BULGARIAN ASSOCIATION OF EXPLOSIVES PRODUCTION AND BLASTING”**

This 18th of November 2019, in the city of Varna,

1. ESCANA INVEST 96 AD, re-registered with the Commercial Register, kept by the Registry Agency to the Ministry of Justice, under No. 3214/1996, 310, having its head office and registered address: Varna BG-9010, 26 Architect Petko Momilov Str., UIC: 103090514, VAT No: BG103090514, represented by - Managing Director,

2. VIA 2000 OOD, re-registered with the Commercial Register kept by the Registry Agency to the Ministry of Justice, under No. 4886/2000, 110, having its head office and registered address: city of Sofia, Nadezhda district, Svoboda residential area, building 20A, entr. B, floor 7, apt. 44, UIC: 130262397, VAT No: BG 130262397, represented by – General Manager,

3. MAXAM CE BULGARIA EAD, registered with the Commercial Register kept by the Registry Agency to the Ministry of Justice, under UIC:201316996, VAT No: BG 201316996, with registered head office and management address: town of Gabrovo - 5300, Charkovo residential area, P.O. Box No 47, represented by – Managing Director,

4. NICAS OOD, re-registered with the Commercial Register kept by the Registry Agency to the Ministry of Justice, under No. 7583/1993, 110, having its head office and registered address: city of Sofia BG-1125, Izgrev district, 54 Dr. G.M. Dimitrov Blvd., floor 4, UIC: 831329998, VAT No: BG 831329998, represented by – General Manager,

5. ORIKA MED BULGARIA AD, re-registered with the Commercial Register kept by the Registry Agency to the Ministry of Justice, under No.:125/1996; 520, UIC: 112006298, VAT No: BG 112006298, having its head office and registered address:

town of Panagyurishte BG-4500, municipality of Panagyurishte, region of Pazardzhik, 20 Georgi Benkovski Str., P.O. Box 03, represented by - Procurator,

Amended and complemented these Statutes, by which the already established Non-profit Association in view of the decisions taken at the Extraordinary General Meeting (EGM) of the Founding Members, set out their common rights and obligations as follows:

Chapter One

GENERAL

Art. 1. /Amended by EGM - 18.11.2019/ On the grounds of Art. 19 of the Non-profit Legal Entities Act, the above founding members united and established a legal entity (association) for carrying out non-profit operations with the name of **Bulgarian Association of Explosives Production and Blasting**, hereinafter referred to as “the Association” in these Statutes.

(1) The Association shall be liable with its property for its debts.

(2) The Association members shall not be held liable for Association’s liabilities.

(3) /Amended by EGM – 18.11.2019/ In its relations with the various local individuals and legal entities, the Association may be shortly designated as БАПУВВ, and in its relations with foreign individuals and legal entities, in English language: **Bulgarian Association of Explosives Production and Blasting**.

(4) The Association is established in compliance with and according to the procedure, the terms and conditions of the Non-profit Legal Entities Act (NPLEA), the Constitution of the Republic of Bulgaria and the Bulgarian legislation in force.

Art. 2. The Association has its own bank account, a logo and a seal. The symbols of the Association shall be proposed by the Management Board and adopted by the General Meeting.

(1) The Association shall operate in cooperation with similar Bulgarian and foreign organizations, with Bulgarian government authorities and institutions, the local self-government and administration authorities as well as with representatives of the business and the NGOs.

Art. 3. The head office and the registered address of the Association shall be: city of Varna BG-9010, 26 Architect Petko Momchilov Str.

Art. 4. The Association is established for an indefinite period and is not limited by time or any other winding-up condition.

Art. 5 The Association is determined to operate for its **private benefit**, pursuant to Article 2 of the NPLEA.

Chapter Two

DEFINITIONS

Art. 6. The term of “explosives” as referred to in these Statutes shall refer to all explosives, including any explosive articles for civil use as defined by Directive 2014/28/EU other than:

- (1) ammunition, or
- (2) any explosives intended for use by the armed forces or the police of any state, or
- (3) pyrotechnical articles, or
- (4) pyrotechnical articles for vehicles.

Art. 7. /Amended by EGM – 18.11.2019/ The term “**Manufacturer**” shall mean a natural or legal person who manufactures an explosive or has an explosive designed or manufactured, and markets that explosive under his name or trade mark uses it for his own purposes.

Paragraph 1 /New one by EGM – 18.11.2019/ The term “**Blasting**” shall mean the use of explosives for blasting at surface and underground sites and for blasting under special conditions.

Chapter Three

GOALS, OBJECTIVES AND MEANS TO ACHIEVE THEM. SCOPE OF OPERATIONS

/Amended by EGM – 18.11.2019/

Art. 8. (1) **Goals of the Association:**

1. The Association aims at supporting the development in the area of manufacturing and use of explosives and the free competition in Bulgaria.

(2) Objectives of the Association:

1. To contribute to creating favorable conditions for development of the explosives industry in Bulgaria.

2. /New one by EGM – 18.11.2019/ - To conduct workshops and trainings for acquiring knowledge and qualifications for activities with explosives.

3. To support the activity and to protect the interests of its members and of all persons professionally engaged in the manufacturing and use of explosives in Bulgaria.

4. To contribute to the development of free competition in the area of manufacturing and use of explosives by counteracting any acts of unfair

competition, abuse of dominant position, prohibited agreements and other practices that prevent, restrict or distort the competition;

5. To carry out legislative initiatives in the field of manufacturing and use of explosives in Bulgaria.
6. To assist the members in explaining the new regulations, affecting their activities.
7. To elaborate a professional and ethics code for the Association members and to encourage the establishment of ethical relationship within the industry.
8. To coordinate the collaboration among the members to solve any problems, related to the activity.

(3) **Measures** to achieve the objectives:

The Association can develop all activities permitted by law and contributing to the achievement of its goals and objectives such as:

1. Dissemination of information and regular meetings of Association members for discussion and debate on topics and issues, related to the problems in the field of the manufacturing and use of explosives.
2. Development of relations with international and other national organizations, operating in the field of the manufacturing and use of explosives.
3. Development of qualification programs and participation in the organization of trainings, conferences, workshops, symposia, meetings and other forms of training, qualification, education and improvement of the personnel, working in the field of the manufacturing and use of explosives.
4. Interaction with governmental and non-governmental and municipal authorities and organizations to implement the goals and objectives of the Association.
5. To develop, apply and promote the dissemination of modern experience and methods in the field that are related to good manufacturing practices, quality, safety, environmental protection and security of information.

Art. 9. (1) The Association may perform economic activity within the meaning of Art. 3 of the Non-profit Legal Entities Act. The scope of operations of the Association is: consultancy, development and implementation of projects and programs; conducting marketing research and analysis, organizing and conducting of exhibitions, training, technical services, publishing and any other activity not prohibited by law and related to the main scope of operations.

(2) The economic activity performed is subject to the terms and conditions

set by the Commerce Act, the Accountancy Act and the tax law.

(3) The implementation and control on the business operation are the responsibility of the Management Board of the Association.

Chapter Four

MEMBERSHIP

Art. 10. (1) /Amended by EGM – 18.11.2019/ The membership in the Association is voluntary by virtue of Art. 21 (1) of the NPLEA. Members of the Association can be:

1. Natural and legal persons, registered under the Commerce Act, manufacturers, importers and official distributors and persons, performing activities, related to the use of explosives.
2. Institutions and organizations, occupied with educational, scientific and research activity which is directly related to the manufacturing and use of explosives.

(2) The participation in the Association can be in different forms, each of which provides different rights:

1. Regular members – participate in the General Meeting; they may be elected in the management bodies and have the right to vote in the General Meeting of the Association.

2. Associate members – participate in the General Meeting and the activity of the organization with an advisory vote and do not pay membership fees.

(3) The persons, performing activities with explosives should meet the following criteria to become members of the Association:

1. To perform activity in the field of the manufacturing and use of explosives or to perform another activity related to the explosives/

2. To share the goals of the Association and to adopt these Statutes and the Professional Code of Ethics.

3. To perform their activities in a professional, legal and ethical manner.

(4) The members participate in the Association through their legal representatives or any persons explicitly authorized by them with a written notarized power-of-attorney.

(5) Such power-of-attorneys must be explicitly issued for attending the Association's General Meeting.

Art. 11. Every member of the Association, through their representatives, and

depending on the type of their membership, is entitled:

1. To participate in the Association's activities and in the General Meeting;
2. To be elected in Association's management bodies;
3. To control the activity of the Association and that of the management bodies;
4. To be informed about the activities of the Association;
5. To benefit from Association's property and the results of its activities.

Art. 12. (1) The members of the Association depending on the type of their membership are required:

1. To pay their annual membership fee in the amount, way and term as defined by the General Meeting.
2. To comply with the Association's Statutes and to work towards achieving its objectives;
3. To work to increase the assets of the Association and to raise its public authority.

Art. 13. The membership rights and obligations, to the exclusion of those related to property, are not transferable and shall not pass on to other persons in the event of death or membership, termination respectively. The exercise of any membership rights cannot be granted to anybody else.

Art. 14. (1) Members of the Association shall be admitted by the General Meeting. The applicants shall file a written application to the Management Board that must examine the application within one month and submit the candidature to the General Meeting.

(2) The members shall be admitted by open vote and a simple majority.

(3) Admission of members can also be made in absentia with electronic voting, with a simple majority.

Art. 15. (1) The Membership shall be terminated:

1. With a unilateral statement to the Association;
2. Upon death or judicial disability;
3. Upon exclusion;
4. Upon winding-up of the non-profit legal entity;
5. Upon cancellation.

2) In the cases of items 1 and 2 of the preceding paragraph, the membership

shall be automatically terminated by the occurrence of the relevant facts, subject to ascertainment by the Management Board.

(3) The decision to exclude shall be taken by the Management Board of the Association in the presence of fault making further membership incompatible. The decision to exclude can be appealed to the General Meeting of the Association.

(4) Cancellation of membership occurs when there is non-payment of membership fee within the set time limit and non-participation in the activities of the Association. The cancellation shall be ascertained by the Management Board and subject to due decision for termination of the membership.

(5) Upon termination of the membership, the proprietary relations between the former member or their successors and the Association shall be settled after the adoption of the annual financial statements by the General Meeting.

Chapter Five

MANAGEMENT AND REPRESENTATION BODIES

Art. **16.** The Association's management bodies are:

1. the General Meeting (GM) that is the supreme body of the Association and
2. the Management Board (MB) that is the management body of the Association.

Art. **17.** All members of the Association through their legal representatives or explicitly authorized persons attend the General Meeting as a supreme body for Association's management. The authorization is subject to a special notarized power-of-attorney.

Art. **18.** The General Meeting shall:

1. Amend and complement the Statutes of the Association;
2. Adopt any other internal acts;
3. Take decisions on Association's transformation and winding-up;
4. Take decisions on admission and exclusion of members;
5. Elect and release the members of the Management Board and the Chairman of the MB.
6. Appoint and dismiss independent auditors for independent financial audit of the Association.
7. Adopt the annual financial statements and the activity report of the

Management Board;

8. Appoint liquidators in the event of Association's winding-up, except for the case of insolvency;

9. Examines any appeals against any decisions of the Management Board for termination of membership;

10. Take decisions for opening and closing of branch offices;

11. Take decisions for participation in other organizations;

12. Adopt the general guidelines and a Program of Association's Activities;

13. Adopt and approve the Association's budget;

14. Take decisions on the due amounts of the membership fees or the proprietary contributions;

15. Repeal any decisions of the Management Board where these contradict the law and the Association's Statutes;

16. Release the Management Board members from responsibility;

17. Take any other decisions as provided for in the Statutes.

18. Take decisions on settling any proprietary relations in the case of termination of membership and the allocation of outstanding property after satisfaction of the creditors;

Art. 19. (1) A regular General Meeting shall be convened at least once a year.

(2) An Extraordinary General Meeting may be convened at any time by the Management Board.

Art. 20. (1) The General Meeting shall be convened by the Management Board. It may be also convened at the request of at least one third of its members.

(2) If within two weeks of a request for convening a General Meeting, the Management Board fails to send a written invitation to convene the General Meeting, the Meeting shall be convened by the court having jurisdiction on Association's head office based on a written request of the interested members or of a person authorized by them.

(3) **(Amended by GM – 13.06.2019)** The invitation shall be published in the Non-profit Legal Entities Register kept by the Registry Agency and shall be posted on the notice board in the building where Association's management is located at least one month before the scheduled day.

(4) The invitation shall contain an agenda of the issues, suggested for discussion, the day, the time and the place for the General Meeting and on whose initiative the Meeting is convened.

Art. **21.** The written materials related to the agenda of the General Meeting shall be made available to members of the Association no later than ten days before the scheduled convening of the General Meeting.

Art. **22.** A list of the members present or their representatives shall be made at the General Meeting session. The members and the representatives shall certify their presence by signing and personal identification. The list shall be endorsed by the Chairman and the Secretary of the General Meeting.

Art. **23.** The meetings of the General Meeting are valid if more than half of the members of the Association are present or represented by their authorized representatives. In the absence of quorum, the meeting shall be postponed one hour later to the same place and to the same agenda and may be held regardless of the number of the members present.

Art. **24.** Each member shall have one vote.

Art. **25.** A member of the General Meeting shall not be entitled to vote on the resolution of matters related to:

1. themselves, their spouse or lineal relatives without limitation, up to the fourth degree collateral relatives or relatives-by-law - up to the second degree inclusive;
2. any legal entities where the member is manager or may impose or prevent any decisions to be taken.

Art. **26.** (1) The decisions of the General Meeting shall be adopted by a majority of more than half of the present members.

(2) A majority of 2/3 of the present members shall be required for the decisions under Art. 18, items 1 and 3.

Art. **27.** (1) The General Meeting cannot take any decisions related to matters which have not been published in the invitation unless all members are present or represented and no one objects to the matters so proposed to be discussed.

(2) The decisions of the General Meeting shall become effective immediately, unless their force and effect are postponed or they enter into full force and effect after their publication as provided by law.

Art. **28.** (1) Minutes shall be kept with respect to the session of the General Meeting. The minutes shall be kept as required by law.

(2) The minutes of the General Meeting shall be signed by all attendees. The documents related to the convening of the General Meeting shall be enclosed to the minutes.

(3) Each member present at the General Meeting shall be entitled to request and to ensure the proper recording of decisions in the minutes.

Art. 29. Management Board

(1) The Association is managed and represented by a Management Board that defines the scope of the representation power of its individual members.

(2) **(Amended by GM - 13.06.2019)** The members of the Management Board shall be elected by the General Meeting for a term of up to 5 (five) years.

(3) The Management Board of the Association shall consist of 3 members, the legal entities represented by their legal representatives or persons that shall be explicitly authorized by them - members of the Association.

(4) The members of the Management Board may be re-elected without restriction.

Art. 30. Rights and obligations of members of the Management Board.

Art. **31.** (1) The members of the Management Board shall have equal rights and obligations regardless of the internal allocation of the functions among them.

(2) The members of the Management Board are required to fulfill their duties in the best interest of the Association and to keep the information in relation to Association's activities, to which they had access after the expiry of their mandate.

(3) The Management Board shall hold regular meetings at least once every six months, which meetings shall be convened and chaired by the Chairman.

(4) The Chairman shall convene a meeting of the Management Board at a written request of one third of its members. Failure to do this within one week, a meeting may be convened by any of the interested members of the Board. In Chairman's absence, the meeting shall be chaired by any member appointed by the MB.

Art. 32. The Management Board shall:

2. Ensure the implementation of the decisions of the General Meeting.
3. Dispose of the Association's property in compliance with the requirements of the Statutes;
4. Prepare and submit a draft budget to the General Meeting;
5. Prepare and submits to the General Meeting a report on the activity of the Association;

6. Determine the order and organize the implementation of Association's operations, including those intended for common benefit, and be responsible for this;

7. Determines the registered address of the Association;

8. Take decisions on all matters which, by law or by these By-laws, do not fall within the rights of any other authority;

9. Fulfill the obligations laid down in these Statutes;

10. Ensure the management and protection of Association's property;

11. Adopt a structure, the procedure for personnel appointment and dismissal, the wage-related and other internal rules of the Association;

12. Determine the scope of the representative power of its individual members;

13. Discuss and decides any other matters except those that are within the competence of the General Meeting.

Art. 33. (1) Any decisions may be taken if more than half of the Management Board members are present in person or represented by another member of the Board.

(2) The Management Board may take any decisions without a meeting if all members are notified in written on such method of voting and no one objects.

(3) The Management Board may take any decision without a meeting if the minutes regarding the decision so taken is signed with no comments and objections by all members of the Management Board.

Art. 34. The Management Board is required to prepare periodically the reporting information on Association's operation as required by the Accountancy Act and in compliance with the principles of transparency, reliability and timeliness.

Art. 35. (1) The members of the Management Board are jointly responsible for their actions, which harm the interests of the Association and give guarantee for their management in an amount defined by the General Meeting.

(2) Any member of the Board may be released from responsibility if found non guilty of the damages incurred.

Art. 36. The Chairman of the Management Board shall:

1. Represent the Association in front of any third parties;

2. Ensure the coordination between the Association's bodies;

3. Chair the meetings of the GM and the MB;

4. Fulfill the obligations laid down in the By-laws.

Chapter Six

PROPERTY

Art. **37.** (1) All members of the Association are required to make annual proprietary contributions in the form of membership fees. The membership fees shall be in an amount defined on an annual basis with a decision of the General Meeting. The deadline for paying the membership fee shall be the 30th day of March each year.

(2) Pursuant to a decision of the General Meeting, the Association's members may make targeted contributions for the achievement of a specific objective. In its decision, the General Meeting shall specify the purpose, the amount and the method of collecting said contributions. The decision shall be taken with a majority of 2/3 of Association's members.

(3) The Association's members may provide any real estates – premises, office equipment and movable property for rent.

(4) The amount of the rentals under paragraph 3 shall be approved by Association's Management Board.

(5) The Association can receive any donations from individuals and legal entities and to enter into any sponsorship agreements.

(6) In a case of losses, according to the annual balance sheet, the General Meeting may take a decision to cover them through additional contributions by Association's members. The decision shall be taken with a majority of 2/3 of all members of the Association.

Chapter Seven

ANNUAL CLOSURE

Art. **38. (Amended GM – 13.06.2019)** Every year, not later than the end of March, the Management Board shall prepare annual financial statements for the past calendar year and an activity report and shall submit them to independent auditors in the cases provided by law.

Art. **39.** The activity report shall describe the course of the operations and the status of the Association and shall explain the annual financial statements.

Art. **40.** (1) In the cases where the law requires a mandatory independent financial audit, the registered auditor shall be appointed by the General Meeting.

(2) Where the General Meeting shall have failed to nominate a registered auditor before the end of the calendar year, such registered auditor shall be appointed by the Management Board.

Art. 41. The annual financial statements, the activity report and the independent auditor's report shall be adopted by the Management Board and then submitted for discussion by the regular General Meeting convened for this purpose.

Art. 42. In compliance with the provisions of the Accountancy Act, the Association will prepare reporting information by adhering to the principles of transparency, reliability and timeliness.

Art. 43. The Association does not distribute any profits, according to Article 3 (6) of NPLEA.

Art. 44. Minutes shall be kept at the sessions of the General Meetings and the Management Board that shall reflect all the discussions, all and any suggestions and decision taken. The minutes shall be certified by the signatures of all attendees.

Chapter Eight

WINDING UP AND LIQUIDATION

Art. 45. The Association shall be wound-up:

1. With a resolution of the General Meeting;
2. Upon winding-up or declared bankruptcy of its members.
3. By decision of the regional court having jurisdiction on Association's head office in the cases specified by NPLEA;

Art. 46. (1) Liquidation shall be implemented upon Association's winding-up, except for the cases of Association's transformation.

(2) **(Amended GM - 13.06.2019)** The liquidation shall be carried out by Association's Management Board or by a person designated by the Board. The Management Board shall perform the Association's liquidation action as provided for by the Commerce Act, the redemption of its property and satisfaction to Association's creditors. Where the liquidator is not appointed under the previous procedure or by the decision of the supreme body in the case under Art. 45, item 1, such liquidator shall be nominated by the regional court having jurisdiction on the non-profit legal entity head office.

(3) Any property remaining after satisfaction of creditors shall be provided to a non-profit legal entity decided by the court.

(4) **(Suppl. GM - 13.06.2019)** The provisions of the Commerce Act shall apply to the liquidation procedure and the powers of the liquidator. The decision for winding-up under Article 45 and the circumstances on insolvency, bankruptcy and liquidation proceedings that are subject to registration shall be registered and the relevant acts shall be published in the Register of Non-profit Legal Entities, maintained by the Registry Agency.

(5) **(New. GM – 13.06.2019)** After the distribution of the property, the liquidator is obliged to request the non-profit legal entity registration to be erased from the Register of Non-profit Legal Entities, maintained by the Registry Agency.

Chapter Eight

TRANSITIONAL AND FINAL PROVISIONS

Art. 47. Any amendments to these Statutes may be made in compliance with the procedure provided for herein and in the Non-profit Legal Entities Act.

Art. 48. The provisions of common Bulgarian civil legislation and the provisions of the Non-profit Legal Entities Act shall apply to the interpretation or the application of the provisions of these By-laws.

These Statutes have been amended and supplemented unanimously by all present persons at a General Meeting of the “Bulgarian Association of Explosives Production and Blasting” held on 18.11.2019 in the city of Varna, in the witness of which the same have affixed their signatures below.

FOUNDING MEMBERS:

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1. ESCANA INVEST 96 AD
Managing Director –

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2. VIA 2000 OOD through
– General Manager

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3. MAXAM CE BULGARIA EAD

– Managing Director

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4. NIKAS OOD through

– General Manager

.....

5. ORIKA MED BULGARIA AD through

– Procurator