Translator's notice

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APPROVED by the General Meeting of Founders, Minutes No. 1 of 15 January 2018.

Amendments APPROVED by the General Meeting of Members, Minutes No. 3 of 25 June 2018.

Amendments APPROVED by the General Meeting of Members, Minutes No. 5 of 24 May 2019.

CHARTER of the Horse Breeding Development Association

Moscow, 2019.

1. GENERAL PROVISIONS

1.1. The Horse Breeding Development Association, hereinafter the Association, is a nonprofit corporate organization bringing together, on a voluntary membership basis, legal entities and citizens of the Russian Federation with full legal capacity registered as individual entrepreneurs. It is established to represent and protect common interests, achieve socially beneficial objectives and pursue other objectives stated in this Charter.

1.2. Full Russian name: Ассоциация развития коневодства. Abbreviated Russian name: АРК. Full English name: Horse Breeding Development Association. Abbreviated English name: HBDA.

1.3. The Association's location is the city of Moscow.

2. LEGAL STATUS OF THE ASSOCIATION

2.1. The Association's legal position is governed by the Civil Code of the Russian Federation, the Federal Law 'On Nonprofit Organizations', other regulatory legal acts of the Russian Federation and this Charter. It is also guided by universally recognized international principles, norms and standards.

2.2. The Association is deemed established as a legal entity from its state registration in the manner prescribed by law. It owns separate property, is liable for its obligations with that property, may acquire and exercise civil rights and assume obligations in its own name, and may act as claimant or defendant in court.

2.3. The Association must have an independent balance sheet and/or budget estimate.

2.4. The Association is established for an unlimited duration.

2.5. The Association may open accounts in banks and other credit institutions within and outside the Russian Federation in the prescribed manner, except in cases established by federal law.

2.6. The Association has a round seal bearing its full Russian name and location. It may have stamps and letterheads bearing its name.

2.7. The Association may establish branches and open representative offices within the Russian Federation in accordance with its legislation.

2.8. Interference in the Association's activities by state or other bodies is prohibited, except by bodies authorized by legislation.

2.9. The Association may acquire self-regulatory organization status in the manner prescribed by law. It acquires that status when its particulars are entered in the State Register of Self-Regulatory Organizations. Self-regulation means the independent, self-initiated activity of Association members involving the development and establishment of rules and standards for that activity and monitoring compliance with Russian Federation legislation and those rules and standards.

3. OBJECTIVES AND SUBJECT MATTER OF THE ASSOCIATION'S ACTIVITIES

3.1. The principal objective of establishing and operating the Association is to bring together legal entities and citizens of the Russian Federation with full legal capacity registered as individual entrepreneurs, engaged in activities connected with breeding horses and their participation in races,

and interested in developing Russian horse breeding and/or equestrian sport, to represent and protect common interests and coordinate joint activities, including:
- assisting the development of Russian horse breeding and equestrian sport to enhance competitiveness in domestic and foreign markets;
- promoting Russian horse breeding in domestic and foreign markets;
- assisting in representing and protecting Association members' interests before legislative and executive authorities and administration, courts, local government bodies, public associations, third parties and individuals.

3.2. The Organization's activities are directed towards achieving the objectives stated in paragraph 3.1 of this Charter. To achieve its statutory objectives, the Organization carries out the following activities in the manner prescribed by legislation:
- introducing innovative technologies in horse breeding and testing;
- protecting members' sectoral interests at all levels of legislative, executive and judicial authority;
- creating an attractive investment climate in horse breeding and equestrian sport;
- introducing advanced foreign experience in the horse breeding industry;
- introducing a system to improve specialists' qualifications, assisting the development and introduction of a system of further education, and developing and introducing a system for certifying specialists;
- creating new jobs in the horse breeding industry;
- creating databases on specialists, organizations and services in the industry;
- helping members coordinate selection and breeding work;
- participating in developing programmes to improve the quality of breeding stock;
- helping provide members with breeding material;
- providing financial support for sectoral developments in animal breeding;
- participating in developing and approving rules and methods for testing, expert evaluation and recording of breeding horses;
- standardizing rules and methods for testing horses;
- helping compile the horse-testing calendar;
- monitoring compliance with horse-testing rules and methods;
- promoting Russian horse breeding and equestrian sport in domestic and foreign markets, including by organizing exhibitions, cultural and business events, entertainment, and national and international competitions;
- combating doping and the use of other means and methods of training that are harmful to horses' health;
- participating in organizing laboratories for horse testing and microchipping;
- organizing conferences, masterclasses, consultations and seminars on selection and breeding work, reproduction, breeding, veterinary medicine, rearing, training and testing horses;
- establishing and developing cooperation with other horse breeding organizations, including international organizations;
- helping establish lasting production and commercial ties between members and enterprises or organizations directly affecting industry development;

- representing Russian horse breeding in international horse breeding organizations to integrate it into the international industry;
- providing members with information and advisory assistance;
- participating in developing and implementing industry stabilization and development programmes;
- participating in consideration and decision-making on horse breeding investment projects with interest-rate subsidies from federal, regional or local budgets, in the manner prescribed by Russian Federation legislation;
- participating in developing and adopting governmental and nongovernmental projects to improve industry efficiency, and exercising public oversight of the timely receipt of budget funds provided by the budget and allocation acts of the executive authorities, in the manner prescribed by legislation;
- maintaining industry statistics on the state and prospects of domestic and global horse breeding markets;
- developing and maintaining a unified information-support system for pedigree horse breeding, including information and analytical centres;
- continuously monitoring the industry's economic operating conditions and informing state authorities and the public of the results;
- cooperating with legislative and executive authorities on draft regulatory acts affecting development of the domestic industry market;
- participating in development and review of research and development, norms and standards governing aspects of horse breeding and equestrian sport, and monitoring compliance;
- ensuring transparency in all areas of Association activity and policies pursued in members' interests;
- developing and implementing a social protection programme for industry specialists;
- developing and implementing a support programme for industry veterans;
- organizing charitable initiatives and events in horse breeding and equestrian sport.

3.3. The Association may cooperate with all interested legal entities and individuals to achieve its statutory objectives.

3.4. Activities specified by federal laws may be performed by the Association only under a special authorization or licence. If the conditions of the authorization or licence require that the licensed activity be exclusive, the Association may not perform other activities during its validity, except those covered by the authorization or licence and related activities.

3.5. The Association may carry out income-generating activity only insofar as it serves and corresponds to the objectives for which it was established. Such activity includes profit-making production of goods and services corresponding to its objectives, acquisition and sale of securities and property and non-property rights, participation in business companies, and participation in limited partnerships as a limited partner. Under paragraph 5 of Article 50 of the Civil Code of the Russian Federation, property of 12,000 (twelve thousand) roubles has been formed from voluntary founders' contributions for the Association to conduct income-generating activity.

3.6. The Association may conduct educational activity under vocational training and additional education programmes. A specialized educational structural unit is established within the Association for that purpose. Its activity is governed by regulations developed and approved by the Association.

4. CONDITIONS AND PROCEDURE FOR ADMISSION TO AND WITHDRAWAL FROM THE ASSOCIATION; MEMBERS' RIGHTS AND DUTIES

4.1. Membership of the Association is voluntary.

4.2. Members are the Association's founders after state registration, and other legal entities and citizens of the Russian Federation with full legal capacity registered as individual entrepreneurs who conduct horse breeding activities, are interested in developing Russian horse breeding and/or equestrian sport, have paid the admission contribution and comply with this Charter.

4.3. The General Meeting establishes the procedure for admission and expulsion. Admission and expulsion are carried out by the Supervisory Board by a simple majority of the votes of Board members present at its meeting.

4.4. Members have equal rights and equal duties.

4.5. Members pay admission, annual and special-purpose membership contributions and additional property contributions to the Association's assets. The General Meeting determines the amounts and payment method.

4.6. Members are entitled to:
- participate in managing the Association, including the General Meeting; elect and be elected to any Association body; submit proposals on Association activity to its governing bodies; participate in their consideration and in adopting decisions under this Charter;
- obtain information about Association activity and inspect its accounting and other documents in the cases and manner prescribed by law and this Charter;
- challenge decisions of Association bodies producing civil-law consequences, in the cases and manner prescribed by law;
- acting on behalf of the Association under paragraph 1 of Article 182 of the Civil Code, seek compensation for losses caused to the Association under Article 53.1 of the Civil Code;
- acting on behalf of the Association under paragraph 1 of Article 182 of the Civil Code, challenge its transactions on the grounds provided by Article 174 of the Civil Code or laws on corporations of particular legal forms, seek application of the consequences of their invalidity, and seek application of the consequences of invalidity of the Association's void transactions;
- use the Association's services free of charge on equal terms with other members;
- withdraw at their discretion at any time by submitting an application in unrestricted form to the Director;
- participate freely in all Association activities and events;
- participate in particular projects and programmes developed and financed by the Association;

- have the Association protect their lawful rights and request representation of members' common interests before state and local authorities, courts and public associations, and in dealings with legal entities and individuals, including foreign persons.

4.7. Members must:
- contribute to forming Association property in the necessary amount, by the procedure, means and deadlines established by the Civil Code, other law or this Charter;
- not disclose confidential information about Association activity;
- participate in corporate decisions without which the Association cannot legally continue its activity, if their participation is needed to adopt those decisions;
- not knowingly act to harm the Association;
- not act or fail to act in ways substantially hindering or preventing achievement of its objectives;
- pay membership contributions prescribed by this Charter and additional property contributions when decided by the General Meeting;
- assist the Association in its activities;
- actively further its programmes and objectives;
- comply with Russian Federation legislation and this Charter, and execute decisions of governing bodies adopted within their competence;
- fulfil obligations undertaken towards the Association;
- provide information necessary for its work, except information constituting a member's commercial secret.

4.8. Membership ends upon voluntary withdrawal or expulsion in the cases provided by paragraph 4.10 of this Charter.

4.9. Property contributed by a former member, including admission, membership and other contributions, is not returned on termination of membership.

4.10. A member may be expelled for:
- nonparticipation in Association activities;
- activities discrediting the Association and its members;
- failure to execute governing-body decisions adopted within their competence;
- failure to fulfil other duties prescribed by this Charter and Association regulations.

5. COMPOSITION AND COMPETENCE OF ASSOCIATION BODIES AND THEIR DECISION-MAKING PROCEDURE

5.1. The Association's bodies are:
- the General Meeting of Members, its supreme governing body;
- the Supervisory Board, its collegial governing body;
- the Director, its sole executive body;
- the Internal Audit Officer (Revisor), its financial inspection body.

5.2. The supreme governing body is the General Meeting of Association Members, hereinafter the General Meeting.

5.3. The General Meeting is convened as necessary, but at least once a year.

5.4. Its preparation and conduct are governed by internal documents approved by General Meeting decisions.

5.5. The following matters fall within the General Meeting's exclusive competence:
5.5.1. Defining the Association's priority activities and principles for forming and using its property.
5.5.2. Amending the Charter.
5.5.3. Determining the admission and expulsion procedure.
5.5.4. Electing the Supervisory Board and terminating its members' powers early.
5.5.5. Electing the Director and terminating the Director's powers early.
5.5.6. Electing the Internal Audit Officer and terminating that officer's powers early.
5.5.7. Approving an external audit firm or individual external auditor for the Association.
5.5.8. Approving annual reports and accounting (financial) statements.
5.5.9. Deciding on establishment of other legal entities, participation in other legal entities, creation of branches and opening representative offices.
5.5.10. Deciding on reorganization and liquidation, appointing a liquidation commission or liquidator and approving the liquidation balance sheet.
5.5.11. Deciding on the procedure for determining membership contribution amounts and payment methods and on members' additional property contributions.
5.5.12. Considering and approving reports of the Supervisory Board and Internal Audit Officer.
5.5.13. Deciding on the extent of subsidiary liability for Association obligations, if such liability is provided by law.

5.6. The General Meeting may decide any matter relating to Association activity.

5.7. The General Meeting has a quorum if more than half the members are present. Decisions are taken by a simple majority of the votes of members present. Decisions on exclusive matters in paragraphs 5.5.1-5.5.13 require a qualified majority of 2/3 of the votes of members present. Matters within the General Meeting's exclusive competence may not be transferred to the Supervisory Board, Director or Internal Audit Officer.

5.8. The General Meeting takes place through the joint presence of members to discuss the agenda and decide matters put to a vote.

5.9. A General Meeting decision may be adopted without a meeting through absentee voting by polling, except on the exclusive matters in paragraphs 5.5.1-5.5.13. Voting may take place by exchanging documents through postal, telegraphic, teletype, telephone, electronic or other communication ensuring authenticity of messages transmitted and received and documentary confirmation.

5.10. Every member must be informed of the proposed absentee-voting agenda at least 3 (three) days before voting starts. Members may inspect all necessary information and materials before voting and propose additional agenda items; members must be informed of such additions before

voting starts. The voting procedure is to be completed within 3 (three) days. The absentee-voting minutes must state the deadline for accepting voting documents; the members who participated; results on each agenda item; the persons who counted votes; and the persons who signed the minutes.

5.11. Each member must be notified of the General Meeting's date and venue and matters to be considered at least 10 (ten) days before it takes place.

5.12. If there is no quorum, a new General Meeting with the same agenda shall be announced for a date no later than 30 (thirty) days afterwards.

5.13. General Meeting decisions are recorded in minutes drawn up within 2 (two) days after the meeting and signed by its presiding officer and secretary, who are responsible for their accuracy.

5.14. Between General Meetings, a collegial governing body, the Supervisory Board, is formed. It is elected by the General Meeting for 5 (five) years and is accountable to the General Meeting.

5.15. The General Meeting determines Board membership numbers, which may not be fewer than 2 (two).

5.16. Board meetings take place as necessary, but at least once a year.

5.17. The Supervisory Board has competence to decide the following:
5.17.1. Supervising the Director and considering and approving the Director's reports.
5.17.2. Approving and amending the financial plan.
5.17.3. Approving or adopting internal documents, except documents on matters within General Meeting competence.
5.17.4. Developing programmes and activity plans and submitting them to the General Meeting for approval.
5.17.5. Monitoring implementation of General Meeting decisions and activity plans.
5.17.6. Maintaining the members' register and admitting and expelling members.
5.17.7. Other Association matters, except matters within the General Meeting's exclusive competence.

5.18. The Supervisory Board may take decisions if more than half its members are present.

5.19. Decisions are taken by a simple majority of the votes of Board members present.

5.20. Board meetings take place through joint presence of its members to discuss the agenda and decide matters put to a vote.

5.21. The Director must notify Board members of a meeting at least five days beforehand.

5.22. Board decisions are recorded in minutes drawn up within 2 (two) days after the meeting and signed by its presiding officer and secretary, who are responsible for their accuracy.

5.23. The Director is the Association's sole executive body. The General Meeting elects the Director for 5 (five) years by a qualified majority of 2/3 of the votes of members present. The Director is accountable to the Supervisory Board.

5.24. The Director acts on the Association's behalf without a power of attorney; represents its interests before state and local government bodies, legal entities, citizens and other persons in Russia and abroad; makes transactions and contracts; issues powers of attorney and orders; and performs other legally significant and factual actions on its behalf, except matters reserved to the General Meeting and Supervisory Board, including:
5.24.1. Organizing execution of General Meeting and Board decisions, programmes and projects.
5.24.2. Preparing necessary materials and organizing General Meeting and Board meetings.
5.24.3. Overall management of organizations established by the Association and coordination of its branches and representative offices.
5.24.4. Determining and approving staffing schedules and the structure of working bodies.
5.24.5. Preparing materials and organizing round tables, conferences and other events.
5.24.6. Disposing of Association property and funds within powers conferred by the General Meeting.
5.24.7. Opening bank accounts, with the right of first signature on financial documents.
5.24.8. Issuing orders and other administrative documents within the Director's powers and instructions binding on all employees.
5.24.9. Other functions not assigned to other Association bodies.

5.25. The Director's rights and duties in managing current activity are established by Russian Federation legislation and this Charter.

5.26. The Internal Audit Officer oversees the Association's financial and economic activity and is elected by the General Meeting for 5 (five) years.

5.27. Members of governing bodies and employees may not serve as Internal Audit Officer.

5.28. The Internal Audit Officer conducts annual scheduled financial and economic inspections. Unscheduled inspections may be ordered by the General Meeting. The officer may require all necessary materials and accounting and other documents from officials. Based on documents supplied by Association bodies and inspection results, the officer prepares a report for the General Meeting.

5.29. Internal Audit Officer decisions are recorded in writing.

5.30. The Association may contract a specialized audit organization to examine and confirm annual financial statements through an external audit. The General Meeting approves the external auditor.

6. PROPERTY AND FINANCIAL AND ECONOMIC ACTIVITY OF THE ASSOCIATION

6.1. Under Russian Federation legislation, the Association may own buildings, structures, housing, equipment, inventory,

rouble and foreign-currency funds, securities and other property necessary for the activity prescribed by this Charter.

6.2. It may make any transaction concerning its property that is not contrary to Russian Federation legislation or this Charter.

6.3. Property transferred to the Association by its members becomes Association property.

6.4. Sources of Association property in money and other forms are:
- regular annual and one-time receipts from members;
- voluntary property contributions and donations;
- proceeds from sales of goods, work and services;
- dividends, income and interest from shares, bonds, other securities and deposits;
- income from Association property;
- other receipts not prohibited by law.

Translator's note: the original now repeats clause numbers 6.1-6.4 for different provisions. Both numbering sequences are retained; a reference to one of these numbers alone is ambiguous.

6.1. The Association establishes the following contributions: admission contribution, annual contribution and special-purpose contribution.

6.2. The General Meeting determines the procedure for setting membership contribution amounts and payment methods and decides on additional property contributions to Association assets.

6.3. The admission contribution is payable within 1 (one) month of joining the Association. The annual contribution is payable within 1 (one) month after the end of the financial year. The deadline for special-purpose and other additional property contributions is determined by the General Meeting decision establishing them.

6.4. A member may obtain information on Association activity and inspect its accounting and other documents by sending written requests to the Director. The Director must consider and answer a request within 1 (one) month.

6.5. The Association owns its property and is liable for its obligations with all its property. It is not liable for members' obligations, and members are not liable for its obligations, unless otherwise provided by law.

6.6. The Association maintains operational, accounting and statistical records as prescribed by Russian Federation legislation.

6.7. The financial year runs from 1 January to 31 December inclusive.

6.8. The Association is responsible in the prescribed manner for preserving administrative, financial and economic, personnel and other documents, and ensures that documents of scientific and historical importance are transferred to central archives for state storage.

7. AMENDMENTS TO THE CHARTER

7.1. The General Meeting may amend this Charter. Amendments require a qualified majority of 2/3 of the votes of members present.

7.2. The Charter with approved amendments is subject to state registration as prescribed by law and acquires legal effect upon such registration.

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8. REORGANIZATION AND LIQUIDATION PROCEDURE

8.1. The Association may be reorganized in the manner prescribed by the Civil Code of the Russian Federation, the Federal Law ‘On Nonprofit Organizations’ and other federal laws.

8.2. By decision of its members, the Association may be converted into a public organization, an autonomous nonprofit organization or a foundation.

8.3. Reorganization is decided by the General Meeting by a qualified majority of 2/3 of the votes of members present.

8.4. The Association may be liquidated on the grounds and by the procedure prescribed by the Civil Code, the Federal Law ‘On Nonprofit Organizations’ and other federal laws.

8.5. Liquidation and appointment of a liquidation commission or liquidator are decided by the General Meeting by a qualified majority of 2/3 of the votes of members present, or by a court.

8.6. The General Meeting or court deciding on liquidation appoints the commission or liquidator and establishes the procedure and time limits under applicable legislation.

8.7. Upon appointment, the commission or liquidator assumes the powers to manage Association affairs and represents it in court.

8.8. The commission or liquidator publishes notice of liquidation and the procedure and deadline for creditors’ claims in the media that publish legal-entity state registration information. The deadline may not be less than two months from publication of the liquidation notice.

8.9. The commission or liquidator takes measures to identify creditors and collect receivables and notifies creditors of liquidation in writing.

8.10. After the claims deadline, the commission or liquidator draws up an interim liquidation balance sheet stating the composition of Association property, creditors’ claims and the results of their consideration. It is approved by the General Meeting by a qualified majority of 2/3 of the votes of members present, or by the body deciding on liquidation.

8.11. If cash is insufficient to satisfy creditors, the commission or liquidator sells Association property subject to enforcement by auction, except assets valued at no more than one hundred thousand roubles under the approved interim liquidation balance sheet, for which an auction is not required.

8.12. If Association property is insufficient to satisfy creditors or signs of legal-entity bankruptcy exist, the commission or liquidator must apply to an arbitrazh (commercial) court for bankruptcy, if the entity may be declared insolvent or bankrupt.

8.13. Payments to creditors are made by the commission or liquidator in the priority order established by Article 64 of the Civil Code, under the interim liquidation balance sheet from the day it is approved.

8.14. After completing settlement with creditors, the commission or liquidator prepares a liquidation balance sheet, approved by the General Meeting

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by a qualified majority of 2/3 of the votes of members present, or by the body deciding on liquidation.

8.15. Property remaining after satisfaction of creditors' claims is applied, in accordance with this Charter, to the objectives for which the Association was established and/or to charitable purposes.

8.16. Liquidation is deemed completed and the Association ceases to exist once the relevant entry is made in the Unified State Register of Legal Entities.

The decision on state registration of amendments to the Charter of the Horse Breeding Development Association was adopted by the Main Directorate of the Ministry of Justice of the Russian Federation for Moscow on 10 June 2019, record number 7714063488.

Information on state registration of the amendments was entered in the Unified State Register of Legal Entities on 20 June 2019 under state registration number 2197700171887; Primary State Registration Number (OGRN) 1187700005426 of 29 March 2018.

Thirteen sheets have been numbered, stitched and secured with a seal.

Head of the Main Directorate of the Ministry of Justice of the Russian Federation for Moscow: R. R. Yusupov. 27 June 2019.

The original bears a handwritten signature, a seal and binding threads. This translation describes them, without reproducing or certifying them.