

## **Articles of Association**

**Association of Business Service Leaders in the Czech Republic**

**ABSL**

## **Part I**

### **General Provisions**

#### **1. Name and status**

- 1.1 The name of the association of interests of legal entities is Association of Business Service Leaders in the Czech Republic (“**Association**”).
- 1.2 Association is the interest association of legal entities established in accordance with the Section 20f et seq. of act no. 40/1964 Coll. Civil code, as amended (“**CC**”).
- 1.3 Association is a separate legal entity. Association has been established for an indefinite period.

#### **2. Registered Office**

- 2.1 The registered office of the Association is in Jugoslávská 620/29, Vinohrady, 120 00 Prague 2.

#### **3. Object of Activity**

- 3.1 Association has been established to protect interests of its members (“**Members**”). The following shall constitute the object of activity of the Association:

- represent, develop and support the Business Service industry to create better business environment for its Members;
- promote a positive image of the industry and contribute to the local Czech economy;
- provide a platform for better communication and cooperation within the Business Services community to exchange experiences;
- respect the highest ethical and business standards;

##### **(“Object of Activity”)**

- 3.2 The Association is not primarily established for the entrepreneurial activities. The Object of Activity shall with respect to supporting and securing the objects of the Association include the supporting economic activity consisting in offer and sale of the sponsorship activities at events and presentations which are organized or participated in by the Association. The Object of Activity of the Association shall be besides the activities stated in the article 3.1:

- Manufacture, trade and services not specified in Annexes 1 to 3 to the Trade Licensing Act.

- 3.3 Any profit shall be gained only from the activities connected to and/or supporting the Object of Activity and used for the purpose stated by these Articles of Association and in compliance with respective legislation.

#### **4. Membership**

- 4.1 Apart from founding Members of the Association, a legal entity may become a Member of Association, which:
  - a. conducts business in the field of share service centre services, or in activities of the business services sector, or promotes such activities, or provides professional advice to the entities performing such activity; and

- b. submits the application form to Board of Directors; and
  - c. is accepted by the Board of Directors.
- 4.2 Membership of founding Members of the Association shall come into existence upon registration of the Association by respective public body. Membership of other Members shall come into existence as of the date of the approval of the Board of Directors or the General Meeting according to their competences.
- 4.3 Two types of Members shall be recognized within the Association. These shall be as follows:
- a. ordinary members that are the Members operating in the Shared Services & Business Outsourcing Industry in the Czech Republic (“**Ordinary members**”); and
  - b. supporting members that are the Members providing supportive services to the Shared Services & Business Outsourcing industry, i.e. companies, consultants, PR services, HR services, IT services etc. (“**Supporting members**”).
- Founding Members qualify as Ordinary members irrespective of rules under letters a. and b. in this article 4.3.
- 4.4 Membership shall expire:
- a. by falling 2 weeks term from the Member’s notice of termination to the Board of Directors;
  - b. by termination of the membership by the General Meeting that is based on serious breach of the obligations of the Member or jeopardizing the interests of Association by respective Member;
  - c. by Member’s liquidation or bankruptcy declaration upon the Member under the act no. 182/2006 Coll., on bankruptcy and its settlement (the insolvency act);
  - d. termination upon the decision of the General Meeting adopted by ninety percent (90 %) of all present votes. For this purpose the votes of the Member whose membership is terminated according to the previous sentence shall not count.
- 4.5 Upon the termination of the membership none of the Members shall be entitled for any compensation or fee return.

## **Part II**

### **Organization of the Association**

#### **5. Bodies of the Association**

- 5.1 The Association has the following bodies:
- a. the General Meeting ; and
  - b. the Board of Directors.

#### **6. General Meeting**

- 6.1 The General Meeting is the supreme body of the Association. The General Meeting consists of all attending Members – Ordinary and Supporting.

- 6.2 The General Meeting shall have the following powers:
- a. decision-making on any modification to the Articles of Association, except when such modification is made on the basis of other legal facts;
  - b. to discuss and approve the reports on the activities of the Association prepared by the Board of Directors;
  - c. appointment and termination of membership in the Board of Directors;
  - d. to decide on and approve the annual budget;
  - e. approval of the Association's ordinary or extraordinary financial statements and annual reports;
  - f. approval of the Association's long-term goals and strategy;
  - g. deciding on the winding-up of the Association with liquidation and on the appointment and recall of a liquidator, including his remuneration, and on distribution of a liquidation balance;
  - h. deciding on a change or transformation of Association's status or entity;
  - i. appointment of an auditor of the Association;
  - j. approval of the costs to be compensated to the members of the Board of Directors;
  - k. to determine the amount of annual membership fees for Ordinary and Supporting members;
  - l. deciding on other issues reserved by the General Meeting that are not in the competence of the Board of Directors.
- 6.3 Any and all costs and expenses incurred by the Association in connection with proceedings of the General Meeting shall be borne by the Association. Members are not entitled to demand reimbursement of costs incurred by them in connection with their participation in the General Meeting.
- 6.4 A Member is entitled to attend the General Meeting, to vote, to ask for explanations and to receive answers to questions about matters concerning the Association, if such explanations are necessary to assess its agenda, and to make proposals and counterproposals.
- 6.5 A Member has the right to attend the General Meeting in person, through a statutory representative or a representative acting on the basis of a Power of Attorney.
- 6.6 The Members and their representatives shall present at the General Meeting documents attesting their identity. In addition, the authorized representative of a Member shall deliver a written Power of Attorney determining the scope of his powers.
- 6.7 Invited guests may attend the General Meeting with the consent of the General Meeting.
- Convening**
- 6.8 The Board of Directors shall convene the General Meeting at least once a year, one in each calendar year.

- 6.9 The Board of Directors shall convene the General Meeting if at least 30 % of Members of Association ask in written form to do so.
- 6.10 A General Meeting shall also be convened in other cases where its convocation is in the interests of the Association, on the basis of a decision of the Board of Directors or on the basis of a court ruling.
- 6.11 A General Meeting of the Association shall be convened by an invitation, which shall be sent to each Member at least 10 days prior to the holding of the General Meeting, to the electronic address or address of the registered office. An invitation to the General Meeting shall include the following information: place, date and hour of the General Meeting and the agenda of the General Meeting.
- 6.12 A General Meeting may be revoked or postponed. Revocation or postponement of the General Meeting shall be communicated in the manner in which General Meetings are convened as set forth herein, no later than 3 days prior to the day scheduled for its holding.
- 6.13 Should amendments to the Association's Articles of Association be on the agenda of the General Meeting, the invitation to the General Meeting must at least outline the essential aspects of such proposed amendments.
- 6.14 A General Meeting shall be held as a rule at the seat of the Association or via secured and verified audio or video-conference transmission.

#### **Proceedings of and Decisions Adopted by the General Meeting**

- 6.15 The General Meeting has a quorum if the Members representing more than half votes of all Members of the Association are present. Each Ordinary member shall have two votes while each Supporting member shall have one vote.
- 6.16 Should the General Meeting fall short of a quorum, the Board of Directors shall convene a substitute General Meeting. The Board of Directors shall convene a substitute General Meeting by a new invitation in the manner set forth herein.
- 6.17 The General Meeting shall decide upon only the matters put on its agenda. Any items which failed to be put on the proposed agenda of the General Meeting may be decided only on condition that all Members of the Association attend the General Meeting and provide their consent thereto.
- 6.18 The General Meeting shall elect a chairman and a minute's clerk. The Board of Directors shall provide the minutes of a General Meeting to all Members within thirty (30) days of the end of the General Meeting. The minutes shall be signed both by the minute's clerk and the chairman of the General Meeting. The minutes of the General Meeting shall include the following information:
  - a. the place, date and hour of the General Meeting;
  - b. the names of a chairman, a minutes clerk;
  - c. the description of individual items put on the agenda and discussed at the General Meeting;
  - d. the resolutions adopted by the General Meeting, including the results of the vote thereon;
  - e. the content of a protest concerning a resolution of the General Meeting lodged by a Member, a member of the Board of Directors provided that the person lodging such protest so requests.

6.19 The General Meeting shall pass resolutions by approval by at least a simple majority of votes of attending Members of the Association except the matters stated in the article 6.2 a., c., g., and h. herein which shall be approved by a three-quarters (75%) votes majority of attending Members and the matters stated in the article 4.4 d.

## 7. **Board of Directors**

### **Acting on Behalf of the Association**

7.1 The Board of Directors consists of the Chairman, Managing Director, Treasurer and members of the Board of Directors. Chairman and Managing Director are the only members of the Board of Directors entitled to act on behalf of and in the name of the Association in relation to third parties. Both Chairman and Managing Director are entitled to act individually.

## 8. **Position and Scope of Powers of the Board of Directors**

8.1 The Board of Directors is a statutory and executive body of the Association managing its activities and acting in its name.

8.2 The **Treasurer** shall prepare all financial statements and records for review by the Finance Committee and the Board of Directors.

8.3 The Board of Directors ensures proper management of the Association's activities, especially Object of Activities, including bookkeeping, and submits ordinary, extraordinary, and if relevant, interim financial statements to the General Meeting for its approval, as well as a proposal for distribution of a profit or settlement of a loss in accordance herewith.

8.4 The **Finance Committee** is established as a sub-body of the Board of Directors. The Finance Committee shall consist of the Chairman, Managing Director and Treasurer. It shall ensure the proper management of the Association's day to day activities, including bookkeeping, oversees preparation of the ordinary, extraordinary, and if relevant, interim financial statements and reviews them as well as suggests a proposal for distribution of a profit or settlement of a loss in accordance herewith to the Board of Directors before they submitted to the General Meeting for approval.

8.5 The Board of Directors shall follow the principles and instructions in the form of rules of procedure approved by the General Meeting, provided that they conform to the statutory provisions and these Articles of Association.

8.6 The Board of Directors shall decide on all matters concerning the Association, unless they are entrusted to the competence of the General Meeting by the General Meeting.

8.7 The Board of Directors shall, in particular, but without limitation:

- a. carry out the resolutions adopted by the General Meeting;
- b. carry out everyday matters regarding the Object of Activities and other activities necessary to be taken on behalf of or within the Association;
- c. appoint and remove from office managing officers of the Association, unless otherwise provided by the Association's internal regulations;
- d. ensure preparation of financial statements;
- e. determine the object of a business secret and other confidential information of the Association;

- f. convene the General Meeting;
- g. draw up a report related to action plans, long-term goals and strategy regarding especially Object of Activities of the Association and the state of its assets and liabilities for the accounting period (within 6 months from the end of the respective accounting period), and present the same to the General Meeting;
- h. within the decisions of the General meeting discuss and approve Object of Activities of the Association, including its financial plans, budgets, organizational structure and any change therein;
- i. submit proposals to the General Meeting, if the approval thereof falls within its powers;
- j. maintain the list of Members of the Association;
- k. approve new Members upon the conditions stipulated in the article 4.1.;
- l. maintain data of members of Board of Directors and data of any other persons for the purposes of Object of Activity, authorize respective person responsible for maintaining data and consent to provide such a data to the third persons.

## **9. Composition of the Board of Directors**

9.1 The Board of Directors of the Association shall consist of **eleven (11) members**. Only representative of the Ordinary member shall become a member of the Board of Directors. The representative of the Ordinary member means member of statutory body of the Ordinary member, proxy or employee of the Ordinary member. Each Ordinary member may assign only one representative to the function of the member of the Board of Directors. Members of the Board of Directors are elected and dismissed by the resolution of the General Meeting. The effective day of election and dismissal is as of the date of resolution of the General Meeting. The Board of Directors elects the Chairman, Managing Director and the Treasurer from its members.

9.2 The function of the member of the Board of Directors shall not automatically cease to exist upon:

(i) termination of the membership of respective Ordinary member in Association, or

(ii) termination of legal relationship between the member of the Board of Directors and respective Ordinary member upon which the membership of the member of the Board of Directors was established according to article 9.1,

but upon expiration of his/her office or another fact according to the Articles of Association, if not decided otherwise by the Board of Directors with effect as of the day of adopting such decision.

9.3 The term of office of a member of the Board of Directors shall be 2 years. The re-election of a member of the Board of Directors is permitted.

9.4 Members of the Board of Directors may withdraw from the office by a written notification to the Board of Directors. Execution of their office terminates by the day of delivery of the termination to Board of Directors.

## **10. Decisions Adopted by the Board of Directors**

10.1 The Board of Directors decides on its meetings, unless provided otherwise herein.

- 10.2 Chairman of the Board of Directors or, if the Board of Directors does not have a Chairman, the Managing Director and if the Board of Directors does not have the Managing Director of the Board of Directors, then any other member of the Board of Directors is obliged to convene the meeting of the Board of Directors whenever it is required by the interest of the Association or within 10 days after delivery of a written request lodged by thirty percent (30%) of Members of Association or any member of the Board of Directors. Such a request shall be justified and shall include a draft agenda of the meeting.
- 10.3 The Board of Directors may invite third persons, if necessary, on the meeting of the Board of Directors. Members of the Board of Directors shall attend meetings of the Board of Directors personally. The representation is not permitted.
- 10.4 The Board of Directors' meeting shall be managed by the Chairman or Managing Director if the Chairman is not present.
- 10.5 Minutes of the Board of Directors meetings including the resolutions adopted at a meeting of the Board of Directors are drawn up and signed all attending members. The minutes also record the names of members of the Board of Directors who voted against the adopted resolution. If not proven otherwise the not stated members are considered to vote for adopting the resolution.
- 10.6 A meeting of the Board of Directors has a quorum if more than half of its members are present. Each member of the Board of Directors shall have one vote. The Board of Directors shall adopt a resolution by a majority of the votes of all attending members.
- 10.7 The Board of Directors may, upon the proposal of the Chairman of the Board of Directors or the Managing Director pass the resolution also outside the Association's premises via secured and verified audio or video-conference transmission.

## **11. Rights and Duties of a Member of the Board of Directors**

- 11.1 A member of the Board of Directors shall exercise its range of powers with due managerial care and not disclose confidential information and facts to third parties, if such disclosure might be detrimental to the Association.
- 11.2 The Board of Directors is entitled to bind the Association within one financial year only up to the amount of the annual budget of the respective financial year, unless the General Meeting decides otherwise.
- 11.3 The Board of Directors is obliged to ensure due administration of the prescribed records and accounting.
- 11.4 A member of the Board of Directors is liable for damage caused to the Association by breaching legal duties while exercising his powers of the Board of Directors.
- 11.5 Any and all members of the Board of Directors shall not be entitled to any remuneration. The function of the member of the Board of Directors is performed free of charge. The members of the Board of Directors are entitled for the compensation for reasonably incurred costs. Such costs shall be approved by the General Meeting.
- 11.6 The relationship between members of the Board of Directors and Association shall be a subject of specific agreement. On the basis of its own decision the General Meeting can award a royalty to a Member of the Board of Directors in the case the Association achieves a distributable profit or defined objectives.

## **12. Fundamental Rights and Duties of Members**

- 12.1 A Member is entitled to

- a. a proportion of the Association's profit upon the decision of the General Meeting;
- b. suggest its representatives into the bodies of the Association;
- c. attend the General Meeting, vote and adopt decisions, make proposals and counterproposals at the General Meeting;
- d. participate in the management and audit of the activities of the Association through the exercise of voting and related rights at the General Meeting;
- e. be informed about financial results and the activities of the Association and within the decision adopted at the General Meeting take part in these activities;
- f. inspect the books and accounting documents;
- g. enjoy the benefits ensuing from the membership;
- h. share in the liquidation balance;
- i. settlement share at the termination of the Association or the membership.

12.2 A Member is obliged to

- a. comply with respective law, the statutes of the Association and the decisions of the General Meeting;
- b. participate in the General Meeting and the activities of the Association and protect the interests and activities of the Association;
- c. act in the manner that may not jeopardize the activities of the Association;
- d. provide the Association with the information, if possible, necessary for the execution of the activities of the Association;
- e. pay the annual membership fee and other payments upon the decision of the General Meeting;
- f. determine the representative acting on behalf of the Member towards the Association and within its bodies;
- g. not to disclose any confidential information related to the Association.

12.3 A Supporting Member is expected to provide a reasonable level of services, resources and information to the Association in order to support the Objects of activity in article 3. These services should be provided free of charge and would be based on activities that the Supporting member is already providing to the shared services and outsourcing industry in the Czech Republic.

12.4 Each Member shall provide the Association with the annual membership fee in the amount determined by the General Meeting. In the first financial year this fee will be Euro 1000 (from the date of the establishment of the Association to 31 December 2013). On joining the Association, the full fee will be payable regardless of the date of joining the Association. Any and all payments shall be paid to the bank account of the Association announced to the Members by the Board of Directors.

## **Part III**

### **Management of the Association**

#### **13. Financial Management**

- 13.1 The first financial year of the Association starts as of the date of its registration and ends on December 31 of such year. Any next financial year shall be a calendar year.
- 13.2 The Association shall keep its books of accounts, draw up all necessary financial reports and statements, process data about its activities in accordance with generally binding legal regulations and generally accepted accounting principles and submits the foregoing to government bodies.
- 13.3 The Board of Directors submits to the General Meeting for its approval ordinary, extraordinary and, if relevant, also interim financial statements, and a proposal for distribution of a profit. The financial statements or selected data from such financial statements, together with information about when and where Members can inspect the financial statements in full, shall be sent to Members at least 30 days prior to the date of holding of the General Meeting.
- 13.4 The Association is entitled to acquire and manage assets.
- 13.5 The sources of the assets of the Association are in particular:
- a. the member fees and other payments made from the side of the Members;
  - b. the revenues from any and all activities of the Association;
  - c. subsidies, grants, sponsorship, donations and other payments made by third parties.
- 13.6 The Association shall determine the budget for each financial year upon which the Association operates. The financial management of the Association shall be determined by the respective legislation and the decision of the General Meeting and/or the Board of Directors in accordance with given competences.

#### **14. Use of Profit and Decisions on Distribution of Profit**

- 14.1 The Profit shall be used only for purposes as follow and in given order, to:
- a. stimulate, perform or guarantee the Object of Activities or related activities;
  - b. cover the losses;
  - c. be maintained by the Association for future activities of the Association or as the reserve for coverage of potential losses;
  - d. proportional distribution among the Members.

#### **15. Settlement of Losses**

- 15.1 Any and all losses shall be covered by own assets of the Association. In case that the losses exceed the assets of the Association, the Members shall proportionally cover the losses from their own sources upon the decision of the General Meeting.

## **Part IV**

## **Other bodies**

### **16. Other bodies**

- 16.1 The General Meeting may upon its discretion and decision establish other bodies of the Association, specialized working groups or sections, while the competences, terms of existence, the process of nomination of the members and other necessary preconditions and rules shall be adopted before such a body starts to act.

## **Part V**

### **Compliance**

#### **17. Compliance**

- 17.1 The existence and duration of the Association is based on the assumption of compliance with all applicable laws, statutes and regulations, especially relating to anti-bribery and anti-corruption including, but not limited to, Act No. 253/2008 Coll., on selected measures against legitimization of proceeds of crime and financing of terrorism, The Foreign Corrupt Practices Act of 1977 (US FCPA) and UK Bribery Act 2010, as amended from time to time (the "Requirements"). The Association shall have in place and shall maintain and implement at all times its own policies and procedures to ensure compliance of Association's activities with the Requirements by Members, Association's members of the Board of Directors, employees, officers, representatives, subcontractors of Association and other persons in similar positions and shall enforce them where appropriate. If any person listed in the previous sentence reasonably suspects or knows that there is any breach or intended breach of the Requirements, such a person shall inform the Board of Directors with no delay. The Board of Directors shall with no delay, from the moment of being aware of such information, adopt any and all preventive and remedy measures regarding the breach of Requirement and its consequences.
- 17.2 Each Member and member of Board of Directors shall comply with the Requirements and be responsible to the full extent for breach of this obligation both towards the Association and third persons.

## **Part VI**

### **Winding up of the Association**

#### **18. Winding up**

- 18.1 Beside the statutory reasons upon which the Association is wound up, the General Meeting is entitled to adopt the decision on winding up the Association in accordance with the article 6.2 letter g.
- 18.2 In case of winding up of the Association with the liquidation, if the assets shall not pass onto the legal successor of the Association or if the insolvency petition was not dismissed due to a lack of property or if the assets occur after the bankruptcy proceeding is finished, the liquidation shall be executed.
- 18.3 Before the process of the liquidation, the General Meeting shall appoint the liquidator. The liquidation of the Association shall be performed similarly as stated by the section 70 and following of the act. 513/1991 Coll., the commercial code.

## **Part VII**

### **Amendments to the Articles of Association**

#### **19. Amendments to the Articles of Association**

- 19.1 If a General Meeting adopts a resolution as a result of which the terms of the Articles of Association change, such resolution shall replace a resolution on amendments to the Articles of Association. Should it not ensue from the General Meeting's resolution whether, and in what way, the Articles of Association should be amended, this shall be decided by the Board of Directors in compliance with the General Meeting's resolution.
- 19.2 If the terms of the Articles of Association change on the basis of any other legal fact, the Board of Directors of the Association shall draw up the full wording of the Articles of Association without undue delay after any member of the Board of Directors learns thereof.

## **Part VIII**

### **Final Provisions**

#### **20. Notices**

- 20.1 Unless otherwise provided herein or a special legal regulation, any written information intended for the Members shall be delivered by the Association at the addresses of such Members given in the list of Members. The Members shall without undue delay notify the Board of Directors of any and all changes in any data registered therein.

#### **21. Final provisions**

- 21.1 Unless explicitly provided otherwise herein, the provisions of the Civil Code, Commercial code and other legal regulations shall apply.