

APPROVED by

General Meeting of Founders

Minutes № 2 dd October 15, 2020

PROVISION ON SUPERVISORY BOARD

Association of producers of solid fuel from wood waste and wood working industries

“Russian Pellet Union”

**Moscow
2020**

1. GENERAL TERMS

- 1.1. The Provision on Supervisory Board of the Association of producers of solid fuel from wood waste and wood working industries "Russian Pellet Union" hereinafter referred to as Association) was developed according to the Charter of Association, other internal documents of the Association as well as the current legislation of the Russian Federation
- 1.2. The present Provision establishes the legal status, competence, order of formation, order of convening and decision-making of the Supervisory Board.
- 1.3. The Supervisory Board functions according to the present Provision, the Charter of the Association, other internal documents of the Association as well as the legislation of the Russian Federation.
- 1.4. The main function of the Supervisory Board is general management of activity of the Association, with the exception of making decisions regarding the issues referred to the competence of the General Meeting of the Members of the Association

2. LEGAL STATUS OF SUPERVISORY BOARD

- 2.1. The Supervisory Board is a permanent governing body of the Association, carrying out general management of the activities of the Association.
- 2.2. The activity of the Supervisory Board is based upon the principles of voluntariness, openness, objectivity, publicity, independence when making decisions regarding the issues of its competence.
- 2.3. The objectives of the Supervisory Board are increase of efficiency and improvement of the activity of the Association, assistance in solving the urgent problems of development of the Association, interaction of the Association with the government bodies, commercial organizations as well as other interested organizations that are not the members of the Association.
- 2.4. The Supervisory Board is accountable to the General Meeting of members of the Association.
- 2.5. The Supervisory Board performs its activity pro bono.

3. COMPETENCE OF SUPERVISORY BOARD

- 3.1. control of decisions implementing of the Meeting;
- 3.2. development of the plan of activity of the Association for the next year;
- 3.3. approval of standards and rules of the Association, making amendments in them;
- 3.4. establishment of the specialized bodies of the Association, approval of provisions on them and regulations of their activity;
- 3.5. raising the issue of the necessity of audit of accounting and financial statements of the Association for the General Meeting of members of the Association as well as the activity of the executive body of the Association;
- 3.6. introduction of a candidate or candidates for the position of the executive body of the Association to the General Meeting of members of the Association;
- 3.7. approval of the list of people who can be offered as arbitrators by the participants of the disputes considered upon their claims in the arbitrary formed by the Association;
- 3.8. making decision about admission into the members of the Association (admission of new members into the Association) or about the expulsion from the members of the Association according to the reasons specified by the Charter of the Association;
- 3.9. determination of the procedure of holding the meetings of the Supervisory Board;

- 3.10. preparation and approval of the internal documents of the Association, regulating the issues not referred to the competence of the supreme management body as well as the amendments and supplements to them;
- 3.11. approval of design of the seal of the Association;
- 3.12. preliminary approval of the following transactions:
 - one or several interconnected transactions for the amount exceeding 500 000 (five hundred thousand) rubles,
 - loan agreements and credit contracts,
 - lease contracts or real estate sale contracts,
 - issue of bills of exchange and/or avals to them,
 - contracts providing some exclusive right to the other party,
 - transactions that were not planned in the budget of the Association for the current year.
- 3.13. in case of awarding of a status of self-regulatory organization to the Association the designation of the auditing organization for audit of the accounting and financial statements of the self-regulatory organization, decision making of the audits of the activity of the executive body of the self-regulatory organization
- 3.14. decision making about application of one of the following methods of provision of property responsibility by the Association as well as the responsibility of the members of the Association for the consumers of the products (works, services) produced by them:
 - creation of the system of personal and(or) collective insurance;
 - formation of compensation fund.
- 3.15. other issues that are referred by the present Charter or the law to the competence of other management bodies.

4. COMPOSITION AND FORMATION PROCEDURE OF SUPERVISORY BOARD

- 4.1. The Supervisory Board is elected by the General Meeting of members of the Association. The Supervisory Boards includes max. 3 (three) members and only individuals can be the members. One of the three members of the Supervisory Board shall be independent. The independent member is an individual that has no labour relations with the Association and its members. The activity of the members of the Supervisory Board is pro bono.
- 4.2. The composition of the Supervisory Board is formed for a term of 10 (ten) years.
- 4.3. Participation in the Supervisory Board is voluntary.
- 4.4. The repeated accession of the members of the Association to the Supervisory Board can be made unlimited number of times.
- 4.5. The members of the Supervisory Board have the right for early termination of their powers. For early termination of their powers as a member of the Supervisory Board of the Association a written application shall be sent to the Executive Director of the Association.

5. CHAIRMAN OF SUPERVISORY BOARD

- 5.1. The Supervisory Board is headed by the Chairman elected at the meeting of the Supervisory Board from its members.
- 5.2. The Chairman of the Supervisory Board has the right for the Deputy assigned by the Chairman.
- 5.3. The powers of the Chairman of the Supervisory Board:

- organizes the convening and arrangement of meetings of the Supervisory Board, preparation of the materials for the meetings of the Supervisory Board, acts as a chairman, organizes taking minutes of the Supervisory Board;
 - controls the implementation of decisions of the Supervisory Board;
 - represents the interests of the Association on the issues referred to the competence of the Supervisory Board;
 - performs the functions related to the coordination of the activity of the Association with the interested organizations, non-members of the Association.
- 5.4. In the absence of the Chairman at the meeting of the Supervisory Board his functions are taken by the Deputy Chairman of the Supervisory Board.
- 5.5. To provide the activity of the Chairman of the Supervisory Board the Secretary of the Supervisory Board of the Association can be assigned the Chairman.
- 5.6. The powers of the Secretary of the Supervisory Board:
- records the proposals incoming to the Supervisory Board regarding the meetings arrangement and issues initiated for consideration and decision making by the Supervisory Board;
 - arranges the preparations for meetings of the Supervisory Board;
 - registers the members of the Supervisory Board participating into the meeting;
 - takes minutes of the meetings of the Supervisory Board;
 - fulfills the assignments of the Chairman of the Supervisory Board;
 - manages paperwork of the Supervisory Board , provides the documents and extracts to the interested parties;
 - fulfills the other powers related to the paperwork and organization of the activity of the Supervisory Board.

6. PROCEDURE OF SUPERVISORY BOARD

- 6.1. The meetings of the Supervisory Board can be convened by the Chairman of the Supervisory Board upon his own initiative, upon the initiative of the members of the Supervisory Board.
- 6.2. The meeting of the Supervisory Board is duly constituted if more than a half of its members is present at the meeting (there is a quorum). The meetings of the Supervisory Board are closed unless otherwise is determined by the Supervisory Board before or during the meeting. The Chairman of the Supervisory Board bears responsibility for convening and arranging of meetings of the Supervisory Board.
- 6.3. The decisions of the Supervisory Board of the Association on the issues put to a vote are accepted by a simple majority of votes from the participants of the meeting of the Supervisory Board. When making decisions in case of the equality of votes, the vote of the Chairman of the Supervisory Board is casting.
- 6.4. The decisions of the Supervisory Board can be made by vote by correspondence (by poll). In the case of vote by correspondence the materials of the issues of agenda and voting ballots are sent to all members of the Supervisory Board specifying the term by which the ballots filled in and signed by the member of the Supervisory Board shall be submitted to the Supervisory Board. The decision of the Supervisory Board made by the vote by correspondence is eligible if the majority of the total number of members of the Supervisory Board voted for it.
- 6.5. The notification of the meeting of the Supervisory Board with the agenda attached and other required documents are sent to every member of the Supervisory Board not later than 5 (five) business days prior the date of the meeting of the Supervisory Board (expiry of vote ballots acceptance).
- 6.6. During the meeting of the Supervisory Board the minutes is taken. The minutes is signed by the Chairman or the Deputy Chairman of the Supervisory Board. All materials of the agenda are attached to the minutes.

- 6.7. The minutes of the Supervisory Board specifies the place and time of meeting, people who are present at the meeting, the agenda, issues put to a vote and the results of their voting and decisions made.
- 6.8. The minutes of the meeting of the Supervisory Board is sent to the members of the Supervisory Board during 5 (five) business days since the date of the meeting of the Supervisory Board.