

**CHARTER**  
**OF JOINT-STOCK COMPANY SVILOSА**  
**SVISHTOV**

**STATUTE**

**Art.1** /1/ The Company is a legal entity, public company by means of the Law for public offering of securities /LPOS/.

/2/ The Company is not responsible for the obligations of its shareholders. The Company is responsible for its obligations towards the creditors with its property.

/3/ The Company is not restricted with any term or any other condition for suspension.

**NAME**

**Art. 2** /1/ (Amended with decision of General Assembly of Shareholders (GAS) dated June 28, 2017) The name of the Company is joint-stock company Svilosa, and the abbreviation of the name is Svilosa AD. The name is also written in Roman alphabet - Svilosa Company.

/2/ The name, together with indication of the headquarters, the company management address, the court by place of registration and the bank account are indicated in the company trade correspondence.

**HEADQUARTERS AND MANAGEMENT ADDRESS**

**Art. 3** /1/ The headquarters is in the town of Svishtov, address: 5250 Svishtov, district Veliko Tarnovo.

/2/ The management address is West Industrial Zone, administrative building of “Svilosa” AD.

**BUSINESS ACTIVITY**

**Art. 4** Holding activity, participation in other companies, unions of trade companies and for-profit associations or participation in their management. Production and sale of bleached kraft pulp and its derivatives, as well as any other activities not prohibited by the law.

## CAPITAL

**Art. 5.** The Capital of the Company is in amount of 31754944 /thirty one million, seven hundred fifty four thousand, nine hundred forty four/ BGN and is completely deposited.

## SHARES

**Art. 6** /1/ (Amended with decision of GAS dated June 28, 2017) The Capital is divided into 31754944 /thirty one million, seven hundred fifty four thousand, nine hundred forty four/ personal, non-cash shares, with right to vote and nominal value of 1 /one/ BGN each one.

/2/ The shares are personal non-cash. The shares are inseparable.

/3/ Each share gives the right of one vote in the General Assembly of shareholders, the right to receive dividends and liquidation share, proportional to the nominal value of the share.

**Art. 7** /1/ The Company emits personal non-cash shares that comply with the regulations of the Law for public offering of securities /LPOS/.

/2/ (Amended with decision of GAS dated June 28, 2017) The substitution of personal non-cash shares with bearer shares and the introduction of limitations for their transfer is possible only after striking off the company from the list of the Financial Supervision Commission.

/3/ (Amended with decision of GAS dated June 28, 2017) The transactions with shares of the company can be executed only at regulated market for securities.

/4/ (Amended with decision of GAS dated June 28, 2017) The transfer of shares, emitted by the company is in effect from the moment of transaction entry into the Registry of the Central Depository, who keeps the register of the company' shareholders.

/5/ For any cases not covered in the preceding paragraphs, the transfer of personal non-cash shares is executed in compliance with the requirements of the existing regulatory framework.

## CAPITAL INCREASE (Amended with decision of GAS dated June 28, 2017)

**Art. 8** /1/ (New - decision of GAS dated June 28, 2017) The Capital of the company can be increased pursuant to a decision of the General Assembly of Shareholders. The decision for capital increase consists the amount and the way of increase, the type and number of the new shares, the amount of the instalments due by the shareholders, the order and the term for their implementation; the right of the existing shareholders of pre-emptive acquisition of new shares and other conditions.

/2/ (New - decision of GAS dated June 28, 2017) When new shares are not completely subscribed, the capital is increased with the value of the subscribed shares, in case the decision for capital increase allows such a possibility. In the Commercial Register is presented a list of the persons who has subscribed new shares, certified by the Board of Directors.

/3/ (New - decision of GAS dated June 28, 2017) In case of capital increase through new shares issuance each shareholders has the right to acquire a part of the new shares, corresponding to his share in the capital prior to increase.

/4/ (New - decision of GAS dated June 28, 2017) The capital could be increased through cash contributions. The emission value of the new shares should be entirely paid, except in the cases of capital increase through profit capitalisation or through transfer of the bonds into shares.

/5/ (New - decision of GAS dated June 28, 2017) The capital increase is implemented in accordance to the order of LPOS and Commercial law. The capital increase is implemented in compliance to the requirements of Chapter 6 of LPOS - based on the prospectus confirmed by Financial Supervision Commission or without a prospectus (for the cases when such is not required).

## **COVER OF LOSSES**

**Art.9** /1/ The losses from the annual balance or from previous years are covered from the Reserve fund.

/2/ When the actual value of the capital falls under the nominal, the General Assembly of shareholders could take a decision to cover the losses with additional installments. The decision obliges the shareholders who voted for it. The shareholders who voted against could declare they accept the decision till the end of the same assembly.

/3/ The shareholders that have made additional installments have the right to receive the part of the covered loss on the account of the dividends of shareholders, that have not made such installments, in proportion to the shares of the last.

/4/ If a decision for additional installments is not taken and the capital remains under the required by law minimum for one year, the General Assembly takes a decision to transform the company into a limited liability company, in which the distribution of shares corresponds to the distribution of capital among the shareholders or takes a decision for company liquidation.

## **DECREASE OF CAPITAL**

**Art. 10** /1/ (New - decision of GAS dated June 28, 2017) The company capital could be decreased with a decision of General Assembly of Shareholders through one of the following ways:

1. decreasing the nominal value of the shares;
2. shares enervation.

/2/ (New - decision of GAS dated June 28, 2017) The General Assembly decision should contain the aim of decrease as well as the way it will be implemented.

/3/ (New - decision of GAS dated June 28, 2017) The company capital could not be decreased through compulsively shares enervation.

## **MANAGEMENT COMPANY EXECUTIVE BODY**

**Art. 11** /1/ The Executive body of the company is represented by:

1. General Assembly of Shareholders
2. Board of Directors

## **GENERAL ASSEMBLY OF SHAREHOLDERS**

**Art. 12** /1/ (Amended with decision of GAS dated June 28, 2017) The General Assembly of shareholders consists of all shareholders with right to vote. The shareholders participate in the General Assembly in person or by a representative. Several shareholders could authorize common representative.

/2/ (Amended on June 13, 2009) In order to participate in the General Assembly the individuals - shareholders should present identification documents. The legal entities - shareholders should present an original of actual certificate for commercial registration, as well as identification document of the legal representative.

/3/ (Amended on June 13, 2009) Each shareholder has the right to authorize in written form a person to represent him at the General Assembly. The shareholders representatives should show his identification card and written power of attorney that should be for the specific General Assembly, explicitly, to be certified by a notary and to have the minimal content required by the covenants of the existing regulations.

/4/ (Amended on June 13, 2009) Members of the Board of Directors participate in the General Assembly of Shareholders without right to vote, unless they are shareholders.

## **COMPETENCE OF THE GENERAL ASSEMBLY**

**Art. 13** /1/ The General Assembly of shareholders:

1. Modifies and complements the Charter of the company.
2. Takes a decision to increase or decrease the capital.
3. Takes decisions for transformation or liquidation of the company.
4. Determines the number, elects and discharges the Board of Directors members and defines the remuneration for their work.
5. (Amended with decision of General Assembly of Shareholders dated June 28, 2017) Selects a registered auditor.
6. (Amended on June 13, 2009) Approves the annual financial report of the company, once it is certified by the appointed registered auditor, takes decision for the profit allocation, for replacement of Reserve fund as well as for dividends payment.
7. (Amended on June 13, 2009) Takes a decision for dispensing from responsibility of the BoD members.
8. Decides for bonds issuance.
9. Appoints the liquidators in presence of company liquidation, except in case of bankruptcy.

10. (New - decision of General Assembly of Shareholders dated June 28, 2017)  
Selects an audit committee and accepts the statute for its work.

## **SUMMON OF THE GENERAL ASSEMBLY**

**Art. 14** /1/ The General Assembly of shareholders is summoned at regular meetings at least once annually.

/2/ (Amended on June 13, 2009) The General Assembly is summoned by the Board of Directors or by demand from shareholders, possessing shares, representing at least 5 per cent of the capital in accordance to the set in the law order.

/3/ (Amended on June 13, 2009) The Board of Directors is obliged to summon the General Assembly of Shareholders at extraordinary meeting in case of registered losses, exceeding 50 per cent of the capital, in case bankruptcy procedure is started, or in any case if there is a risk for the company economic stability, or if according to the circumstances have to be taken measures of General Assembly.

/4/ (Amended on June 13, 2009) The General Assembly of Shareholders is summoned by invitation published in Commercial Register and announced as per the terms and order envisaged in the LPOS, and the time between the publication and its opening could not be less than one month.

/5/ For the General Assembly meeting a list of the attending shareholders or their representatives as well as the number of owned or represented by them shares have to be prepared. The shareholders and their representatives certify their attendance by signature. The list is certified by the chairman and the secretary of the General Assembly.

## **QUORUM**

**Art. 15** The General Assembly is considered regular if it is attended by shareholders who owns more than half of the capital, unless higher quorum is stated by the law.

**Art. 16** (Amenden on June 13, 2009) In case quorum is not reached, a new session has to be set down not earlier than 14 days and it is considered legal regardless of the presented capital, unless certain quorum is provided in the law. The agenda of the new session could not consist issues according to art.223a of Commercial Law.

**Art. 17** A shareholder or its representative could not participate in the vote for:

1. Laying a claim against him.
2. Undertaking measures to fulfill his responsibility towards the company.

## **DECISIONS**

**Art. 18** /1/ The decisions of the General Assembly are taken with simple majority.

/2/ The decisions of the General Assembly become effective immediately, unless their operation has been postponed.

/3/ The decisions regarding amendment and supplement of the Charter, capital increase and decrease, reorganization or liquidation of the company, appointment and discharge of

members of the boards, as well as appointment of liquidators have to be entered into the Commercial Register and become effective once they are entered.

/4/ The General Assembly could not take decisions which have not been reported or published, in accordance with the regulations of art. 223 and art. 223a of the Commercial law, unless all shareholders attend or are represented at the session and nobody objects the questions raised to be considered.

## **MINUTES OF MEETING**

**Art. 19** /1/ (Amended with decision of GAS dated June 28, 2017) At the session of the General Assembly minutes of meeting (MoM) is taken down, where stated:

1. The place and the time of the session.
2. The names of the chairman and the secretary, as well as the names of the counters of votes.
3. The presence of the Board of Directors, as well as persons who are not shareholders.
4. The suggestions made in essence.
5. The conducted votes and the results.
6. The objections raised.

/2/ The MoM of the General Assembly is signed by the chairman and the secretary of the session as well as by the counters of votes.

/3/ The following documents should to be enclosed to the MoM:

1. (Amended with decision of GAS dated June 28, 2017) List of the shareholders and representatives attending.
2. The documents related to the General Assembly summon.

/4/ (Amended with decision of GAS dated June 28, 2017) The MoMs and the attachments to them should be kept at least 10 years.

## **BOARD OF DIRECTORS**

**Art. 20** /1/ The Company is managed and represented by Board of Directors consisting of up to 5 people.

/2/ The Board of Directors is elected for a time period of 5 years. The General Assembly could decide to make changes in the number and the members of the Board of Directors at any time.

**Art. 21** (Amended on June 13, 2009) A member of BOD could be any efficient individuals and legal entity.

**Art. 22** The members of BOD could be reelected without any restrictions.

## COMPETENCE OF BOD

**Art. 23** /1/ BOD approves regulations for its activity and elects Chairman and Deputy Chairman from its members.

/2/ BOD gathers at regular meetings at least once in every three months to discuss the status and development of the company.

/3/ Any member of BOD could request from the chairman to summon a meeting for the consideration of certain questions.

/4/ Approves the company organizational and management chart and internal regulations.

/5/ Makes decisions for opening and closing of branches and participation or withdrawing participations in trade companies and civil organizations in the country and abroad, acquisition or expropriation of real estates and real rights, credits, guarantees and warranties, licenses acquisition or granting, contracts of third parties funding, establishment of pledges and mortgages over real estate properties of the company.

/6/ Discuss and take decisions of all issues besides the ones in the competences of General Assembly.

/7/ The Board of Directors could take decisions without presence through a written statement signed by all of its members.

/8/ (repealed by decision of GAS dated June 28, 2017).

**Art. 24** /1/ BOD takes decisions if at least half of its members are present personally or are represented by another member of the board. A present member could not represent more than one missing member.

/2/ The decisions are taken with simple majority.

**Art. 25** At BOD sessions minutes of meeting signed by all present members are kept.

## COMPANY REGISTER

**Art. 26** /1/ The company shareholders register is kept by the Central Depository AD.

/2/ The company keeps all registers requested by legislation.

## CASH FUNDS

**Art. 27** /1/ The Company establishes Reserve fund. Other funds can be established pursuant to a decision of Board of Directors.

/2/ Reserve fund resources are:

1. Not less than 10 per cent of the annual profit after taxation.
2. The amount of additional shareholders payments against provided benefits of shares.

/3/ The Reserve fund can be used only for:

1. Annual loss covering
2. Losses from previous year covering;

/4/ The Reserve fund receipts could be ceased when its value exceeds the capital of the company.

/5/ When the Reserve fund exceeds the capital of the company the surpassing amount could be used for capital increase pursuant to General Assembly decision.

## **ANNUAL CLOSURE OF ACCOUNTS**

**Art. 28** /1/ (Amended on June 13, 2009) Each year by the end of March 31 the Board of Directors compiles Annual financial report and Activity report for the last calendar year and presents them to elected by the General Assembly registered auditor.

/2/ The examination determines the compliance with the Accounting law and the relevant Charter regulations regarding the annual closure.

/3/ (Amended on June 13, 2009) The Annual financial report could not be approved by the General Assembly without a certification from a registered auditor.

## **DIVIDENDS**

**Art.29** (Amended on June 13, 2009) On the ground of decision of General Assembly of Shareholders the company profit after taxation and deduction of the funds of Reserve fund is distributed as dividends. Dividend is not paid in case of annual closure with loss or lack of resources after Reserve fund deduction.

## **LIQUIDATION**

**Art. 30** The joint-stock company is liquidated:

1. Pursuant to decision of the General Assembly of shareholders.
2. In case bankruptcy is declared.
3. When the capital decreases under the required minimum in the course of one year.
4. In other cases stated by law.

## **OTHER CONDITIONS**

**Art. 31** The legislation amendments repealing or replacing imperatively decrees from the present Charter does not lead to invalidity of the whole Charter.

## **INCOMPLETENESS OF THE CHARTER AND APPLICABLE LAW**

**Art. 32** For any unsettled in the present Charter issues, the regulations of the applicable legislation of Republic of Bulgaria shall be applied.



**The present Charter includes all amendments and supplements as per June 13, 2009 including the decisions taken by the General Assembly held on June 13, 2009. The present Charter has been further amended by the General Assembly decision from June 28, 2017.**

Executive Director:

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Chairman of General Assembly of Shareholders

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