

**Statute of the Association "Perfumery and Cosmetics of Ukraine"
(new edition)**

Identification code: 37818437

1. GENERAL

1.1. ASSOCIATION OF PERFUMERY AND COSMETICS OF UKRAINE (hereinafter – the Association) is formed as the contractual association which is neither the commercial company, nor the enterprise.

1.2. The Association shall be the commercial association combining business subjects active at the perfumery and cosmetics market, namely producers of essential oils, food flavoring, mixtures of aromatic substances, articles of perfumery, cosmetics, and flavoring, soap and cleaning agents, suppliers of raw materials, ingredients, and package, as well as related areas of activities, in particular, research and development, exhibition and training activities, specialized education, advertizing, trade, etc.

1.3. The Association has been established without intention to gain profit. The Association Founders (Members) shall receive no direct profit (dividends) from declared operations thereof.

1.4. Operations of the Association shall be funded solely at cost of the admission and membership fees of the Founders (Members), charity, and other sources.

1.5. Branches, representative offices, other separate units of the Association shall be opened without establishing the legal entity.

1.6. The Association was formed according to the Commercial and Civil Codes of Ukraine and shall act based on the Ukrainian laws, these Articles and Memorandum of the Association.

1.7. The Association shall obtain rights and obligations of the legal entity upon the day of state registration thereof.

1.8. Name of the Association:

1.8.1. Full name:

- in Ukrainian – АСОЦІАЦІЯ «ПАРФУМЕРІЯ ТА КОСМЕТИКА УКРАЇНИ»
- in Russian – АССОЦИАЦИЯ «ПАРФЮМЕРИЯ И КОСМЕТИКА УКРАИНЫ»
- in English – ASSOCIATION OF PERFUMERY AND COSMETICS OF UKRAINE

1.8.2. Abbreviated name:

- in Ukrainian – АСОЦІАЦІЯ «ПКУ»
- in Russian – АССОЦИАЦИЯ «ПКУ»
- in English – APCU

1.9. The location of the Association is determined due to applicable law, and the relevant information must be entered in the state register

1.10. The members of the Association are its Founders, as well as any legal entities that joined the Association after its state registration.

2. OBJECTIVE (OBJECT), TASKS AND PRINCIPLES OF OPERATION

2.1. The objective (object) of the Association's operations shall be solely coordination of business activities of Members without the right to intrude into production and commercial operations thereof, management decision-making process.

2.2. Considering the restrictions prescribed by terms of principles of the Association's operations coordination, *tasks of the Association shall be as follows:*

- to arrange and provide economical and legal methodological support to the Association Members, to represent and protect interests of the Association Members before government authorities and other organizations both in Ukraine, and abroad;

- to organize sharing of experience between the Association Members taking into consideration provisions pursuant to the principles of coordination of the business of the Association Members as follows:

- management,
- economic development,
- usage of technologies,
- quality control,
- technical equipment,
- ecology,
- life safety,
- advertisement,
- other related matters

- to promote and encourage application of ethical principles and practices in activities of its Members and in the perfumery and cosmetics industry as a whole;

- to develop and make amendments to regulatory documents;

- to facilitate increase of efficiency of functioning of the industry (commodity market) solely by means of development, negotiation, modification of standards;

- to ensure sharing of ideas, views as for influence on the state policy, legislation, and public perception of the perfumery and cosmetics market;

- to develop principles and approaches with respect to introduction of the Association Members into foreign markets.

2.3. The Association shall not conduct the business operations independently and shall execute no deeds, agreements (contracts) for joint business, shall found no business subjects and shall not be the co-founder of any of those, shall implement no control or management.

2.4. *The Association and Members thereof shall take no coordinated actions able to restrict competition between the Association Members, particularly, coordinated actions that refer to:*

- the price for which the goods are sold;
- quantity of goods produced;
- standard formulas by which the price is calculated;
- maintenance of fixed correlation between prices for competitive, however not the same goods;

- cancellation of price discounts or setting uniform discounts;
- loan agreements covering the buyers;
- non-reduction of the price without prior notice to all the participants of coordinated actions;
- purchase of surplus of goods offered at low prices (in order to maintain higher price for the goods);
- designation of single sales agent able to manage volumes of goods sales of all the participants of coordinated actions;
- allotment of buyers between participants of coordinated actions;
- allotment of territories, purchase or sale of goods between participants of coordinated actions.

2.5. Conditions for principles of coordination of the Association Members' business

2.5.1. The Association may coordinate activities of the Members only for the following issues:

2.5.2. Technical information and education of the Association Members, in particular:

2.5.2.1. clarification of the Association objectives by arrangement of lectures, discussions, seminars and conferences, appearance in media, consulting, engagement of local and foreign advisors;

2.5.2.2. spreading of academic accomplishments, technical knowledge, leading experience in efficient technologies, implementation of cost-saving measures, environmentally-friendly technologies;

2.5.2.3. formation of system for professional training of Members thereof, regular publishing of information about operations of the Association and Members thereof, of the industry-specific problems, foreign experience;

2.5.2.4. arrangement of analytical works in management and marketing at markets involved, and regular sharing of results of such works among the Association Members;

2.5.2.5. provision of only methodological support to the Association Members in course of elimination of deficiencies in operation or advancement of qualification of employees of the Association Members.

2.5.3. Provision of information, in particular, collection of data among the Members only about production, production capacities and others, including for the purposes of market survey, and distribution of such data in the generalized form not earlier than 1 (one) month after collection on condition of impossibility to use such data against the Association Members and/or competitors.

2.5.4. In standardization, in particular, facilitation of higher efficiency of the industry (commodity market) operation only by means of development, discussion, making offers as for reasonable types of classifiers, goods quality standards, operational reliability and safety, ecology standards.

2.5.5. Relations with the government authorities and between the Members, in particular:

2.5.5.1. cooperation with the government authorities only pursuant to legal regulation of general principles of functioning at the commodity market involved;

2.5.5.2. protection of interests of the Association Members before the government authorities, and other organizations, both in Ukraine, and abroad;

2.5.5.3. facilitation of formation of conditions for the Association Members to come to foreign markets.

2.6. The Association shall prevent the final influence on business of the Founders (Members) or approval of competitive behavior thereof.

3. LEGAL STATUS OF THE ASSOCIATION

3.1. The Association is a legal entity starting from the state registration thereof, operates on the full-scale cost accounting, self-funding and self-efficiency, shall have individual and consolidated balance sheets, current, currency, and other accounts in banking institutions, round seal with its name on it, letterhead stamp and other stamps, blank sheets, it may have attributes (emblem), logo, and other particulars approved by the Association Board. Attributes of the Association shall be registered in a manner stipulated by applicable laws.

3.2. The Association may act as the plaintiff, defendant, and third party in court. The state, its bodies and authorities thereof, the Association Members shall not be liable for liabilities of the Association, as well as the Association shall not be liable for liabilities of the state, its bodies and authorities thereof, of the Association Members.

3.3. The Association shall be liable for its liabilities with the property owned which may be distrained according to the Ukrainian law. The Association Members shall not retain rights to the property they have conveyed for the ownership of the Association.

3.4. The Association may establish branches, representative offices, or other separated units both in Ukraine, and abroad, with operation consistent with statutory objectives of the Association in a manner set forth by applicable laws of Ukraine, laws of relevant countries and provisions of international agreements. Branches, representative offices, other separated units of the Association shall be established without formation of the legal entity.

4. MEMBERSHIP OF THE ASSOCIATION MEMBERS. RIGHTS AND OBLIGATIONS THEREOF

4.1. Conditions for membership in the Association:

4.1.1. The Association shall be free for entry (withdrawal) of new Members.

4.1.2. Any business subject may be the Association Member which is the legal entity generating and carrying its operations at the perfumery and cosmetics market, as well as related areas of operation (or is the legal entity associated to such entity), according to the laws of Ukraine and/or of the country it is registered in, has relevant licenses and agrees to perform obligations imposed by constituent documents of the Association (hereinafter – the Legal entities). Membership in the Association shall be implemented on a non-discriminatory basis.

4.1.3. The Association Members shall be: the Founders thereof, as well as any Legal entities entering into the Association after state registration thereof.

4.1.4. The Association Members shall participate in the Association operation by means of their authorized representatives acting under the powers of attorney and/or being chief executives of Members.

4.2. Rights and obligations of the Association Members:

4.2.1. The Association Members are entitled to:

4.2.1.1. participate in the General Meeting of Members of the Association (hereinafter – the GMM);

4.2.1.2. be in charge of, and participate in, management bodies of the Association;

4.2.1.3. participate in sittings of management bodies of the Association at their invitation;

4.2.1.4. submit for consideration and participate in the GMM's discussion of offers in any issues of the Association's operations, including proposals of election or revocation of certain members of management bodies of the Association;

4.2.1.5. receive reports of the Association's operation, obtain information about plans and programs, as well as about utilization of the Association's costs;

4.2.1.6. apply to management bodies of the Association in any issues related to operations thereof;

4.2.1.7. use the attributes (emblem) and logo according to the Regulation on attributes (emblem) and logo of the Association.

4.2.2. The Association Members shall:

4.2.2.1. adhere to terms of the Articles, Memorandum of the Association, internal documents of the Association (including but not limited to: Regulation on attributes (emblem) and logo of the Association, etc.) and GMM resolutions;

4.2.2.2. participate in implementation of the objectives (object), tasks and principles of the Association's operations;

4.2.2.3. pay admission and membership fees in a timely manner;

4.2.2.4. be guided by principles of the Association's operation;

4.2.2.5. care of maintaining business reputation of the Association.

4.3. Obtaining and termination of membership

4.3.1. The status of the Association Member shall be obtained according to these Articles and Memorandum of the Association based on the application submitted by the applicant to the Association.

4.3.2. The fact of admission as the Association Member shall be confirmed by the Membership Certificate.

4.3.3. Form of application for joining the Association, form of Association membership certificate shall be adopted by the Association Board with mandatory approval of the GMM.

4.3.4. Application for joining the Association for obtaining the Member's status shall be considered by the GMM. Resolution of admission of the applicant as the Association Member shall be adopted by simple majority of votes present at the GMM.

4.3.5. Membership in the Association shall terminate only due to the Association Member's expulsion or the member's withdrawal from the Association.

4.3.6. Should the Member be willing to withdraw from the number of Association Members, such Member shall submit an application for withdrawal in free form during the GMM, or send such application by mail addressed to the Chairman of the Board.

4.4. Expulsion of the Association Member

4.4.1. The Member shall be expelled from the Association provided that:

4.4.1.1. the Association Member terminates its operations;

4.4.1.2. competent authority revokes (cancels) the relevant license (if required) issued to the Member;

4.4.1.3. the Member fails to comply with terms prescribed by law, Articles, and Memorandum of the Association.

4.4.2. Resolution of the Member's expulsion from the Association shall be adopted by simple majority of votes present at the GMM based on at least one condition prescribed by sub-clauses 4.4.1.1-4.4.1.3 hereof. The Member subject of expulsion shall not participate in such voting.

5. MANAGEMENT BODIES OF THE ASSOCIATION

5.1. The following management bodies shall be established in the Association:

5.1.1. the superior body of Association – the General Meeting of Members of Association;

5.1.2. the executive body – the Board of Directors;

5.1.3. the body supervising activities of the Board of Directors – the Revision Committee.

5.2. The GMM

5.2.1. The GMM shall consist of the Association Members represented by attorneys thereof acting under powers of attorney and/or being chief executive of Members. No attorney of either Member may represent more than two Members at the same time.

5.2.2. Every Association Member shall have one vote at voting, including the poll and show of hands.

5.2.3. The GMM shall be convened by the Board Chairman at least once a year or more often, by request of the Revision Committee or of at least 3 (three) Members. Should the Chairman of the Board fail to meet the said request within 10 (ten) calendar days, at least 3 (three) Members of the Association may convene the GMM on their own.

5.2.4. The Members shall be notified of holding of the GMM personally by written notice sent to every Member by the Board Chairman by either of the following means – by mail with signed notice of receipt or by the courier delivery with notice of service, personal delivery with signature 10 (ten) business days prior to actual date of the GMM.

5.2.5. The GMM shall be deemed competent if attended by more than 1/2 (one half) of total number of the Association Members.

5.2.6. The GMM resolutions shall be adopted by simple majority of votes of attending Members.

5.2.7. As for matters out of the GMM agenda, resolutions may be adopted only by consent of all the Members attending the GMM.

5.2.8. Exclusive competence of the GMM shall include:

- election (by show of hands) and revocation of Members and Chairman of the Revision Committee;
- election (by show of hands) and revocation of Members and Chairman of the Board of Directors;
- solving the issue on expulsion of the Association Member;
- consideration of withdrawal of the Member from the Association;
- approval of annual performance (statements) of the Association submitted by the Board Chairman, the Revision Committee to the GMM for consideration;
- adoption of resolutions on disposal of the Association's property;
- consideration of conduction of unscheduled audits of work of the Board Chairman;
- consideration of study of claims regarding decisions made by the Board Chairman or the Revision Committee;
- adoption of resolution about termination of the Association;
- making amendments to the Memorandum and Articles of Association;
- specification of key directions of operations of the Association according to the object and objectives of operations thereof;
- approval of regulation of work and functions of operating bodies of the Association;
- approval of Provisions related to operations of the Association;
- setting the amount, form, and procedure of the Members' payment of admission and membership fees.

5.2.9. The Association Member shall not participate in voting while the GMM considers his expulsion from the Association.

5.2.10. Nominees for positions of the GMM Chairman and Secretary shall be proposed by the Board Chairman for consideration and be elected at the GMM. The GMM Chairman and Secretary shall ensure that the minutes of the GMM are kept. The GMM minutes shall be signed by the GMM Chairman and Secretary.

5.3. Board of Directors

5.3.1. The Board is permanent collegiate executive body of the Association carrying out general management of current activities of the Association within the period between General meetings.

5.3.2. The Board shall consist of 7 (seven) representatives (individuals) acting under the powers of attorney and/or being chief executives of the Association Members. The Board Members shall be: Chairman of the Board, Deputy Chairman of the Board and 5 (five) other Members of the Board. The Board shall be headed by the Chairman of the Board. Chairman of the Board and other Members of the Board shall be elected by the GMM for 3 (three) years by the show of hands among representatives of Members and may be revoked by the GMM at any time.

5.3.3. The Board is subordinate to the GMM and arranges execution of his resolutions.. The Board may not adopt resolutions mandatory for members of the Association.

5.3.4. The Board Members may not be the Member/Chairman of the Revision Committee.

5.3.5. Meetings of the Board of Directors shall be summoned by the Board Chairman at least once a quarter or more frequently at request of the Board Chairman, any Member of the Board or at least 3 (three) Members of the Association. Meetings of the Board shall be deemed competent if attended by 5/7 (five seventh) of Members of the Board.

5.3.6. Each Member of the Board shall have one vote at voting. Resolutions shall be passed by simple majority of votes at meetings of the Board. In the event of proportional allocation of votes at the Board meeting among Members thereof, the Chairman of the Board shall have the casting vote.

5.3.7. Each Member of the Board has to be notified about convocation of the Board meeting personally by notice sent by the Board Chairman by either of the said means – by mail with notice of service with signature or by courier delivery with notice of service, personal delivery with signature 10 (ten) business days prior to the actual day of the meeting.

5.3.8. Members of working bodies of the Association may participate in the Board meeting with the advisory vote.

5.3.9. Resolutions of the Board shall be mandatory for the Board members if they are consistent with the GMM resolution.

5.3.10. In case of termination of relations between the Board Chairman or any Member of the Board and relevant Member of the Association, or should the Board Chairman or Board Members be unable to perform their functions due to any other reasons, the new Chairman of the Board or another Board Member shall be elected by the GMM by show of hands.

5.3.11. Competence of the Board shall include:

- arrangement and management of current operations of the Association;
- solving the issue on admission of new Members;
- decision-making in opening, operation, utilization and closing of bank accounts in the name of the Association;

- approval of the manning table, any other internal documents related to salary payment to the Association employees, as well as Internal Employment Regulations, provisions, other internal acts;
- carrying resolutions about conveyance of part of powers of the Board to other persons under the power of attorney and/or the order;
- approval of working plans and budget of the Association;
- approval of heads of working bodies of the Association;
- taking any other legally stipulated actions required for operations of the Association.

5.3.12. Operations of the Board shall be managed by the Board Chairman.

5.3.13. The Board shall provide report of operations thereof at request of the GMM.

5.3.14. Chairman of the Board

5.3.14.1. Competence of the Board Chairman shall include:

- representation of interests of the Association without the power of attorney before all the state and non-public institutions, enterprises, companies, organizations, including but not limited to: state bodies of registration (including but not limited to the Justice Ministry of Ukraine, district state administrations, departments of registration, statistics bodies, bodies of internal affairs, bodies of State Tax Administration of Ukraine, bodies of the Pension Fund of Ukraine, social security funds, etc.), banks, other financial and non-financial institutions, notary bodies, courts and judicial authorities, etc., in relations with any legal entities and individuals in course of formation of the Association, liquidation, performance of any other actions related to operations of the Association;
- convocation and arrangement of the GMM, and storage of signed minutes of the GMM;
- issuance of orders, decrees, and other acts on issues pertaining to competence thereof;
- accrual and payment of taxes, fees, and any other mandatory payments for interests of the Association;
- admission of employees and execution of labor contracts with them;
- submission, filling in, and obtaining, of any documents related to formation and operation of the Association;
- delegation of part of powers of the Board Chairman to other persons under the power of attorney and/or the order only provided that the Board carries the relevant resolution;
- representation of interests of the Association when it acts as the plaintiff, defendant, third party and any other party of legal disputes in courts of all jurisdictions and all instances, arbitration authorities;
- conclusion of any deeds, agreements, contracts;

- preparation of draft manning table, any other internal documents related to salary payment to the Association employees, as well as the Internal Employment Regulations, provisions, and other internal documents of the Association;
- coordination of operations of working bodies of the Association;
- ensuring implementation of resolutions adopted by the GMM and the Board;
- maintain a register of Members of the Association and duplicate the relevant register on the official website of the Association
- taking any other legally prescribed actions at direction of the Board;

5.3.15. Chairman of the Revision Committee shall conclude the fixed-term employment contract with the Board Chairman for 3 (three) years on behalf of the Association.

5.3.16. Chairman of the Board may represent the Association without the power of attorney within the competence prescribed hereby.

5.3.17. Deputy Chairman of the Board shall represent the Association in relations with the Board Chairman (including in court) or in case of his removal from obligations or revocation, or if the Board Chairman is temporarily unable to perform functions thereof.

5.3.18. Should the Deputy Chairman of the Board fail to perform functions of the Board Chairman due to any reasons, person acting as Chairman of the Board shall be appointed under the resolution of the GMM Acting as Chairman of the Board shall have all the rights of Board Chairman according to these Articles, Memorandum of the Association, and laws of Ukraine.

5.4. The Revision Committee

5.4.1. The Revision Committee shall consist of 3 (three) Members, including the Chairman of the Revision Committee.

5.4.2. Members and Chairman of the Revision Committee shall be elected by the GMM among representatives of the Association Members acting under the powers of attorney and/or chief executives of the Association Members for 1 (one) year by show of hands.

5.4.3. Meetings of the Revision Committee shall be summoned by the Revision Committee Chairman at least once a year or more frequently at request of the Revision Committee Chairman, the Board Chairman, and any Member of the Revision Committee, or of at least 3 (three) Members of the Association.

5.4.4. Meetings of the Revision Committee shall be deemed competent if attended by 2/3 (two thirds) of the Revision Committee Members.

5.4.5. Every Member of the Revision Committee shall have one vote at voting. The Revision Committee resolutions shall be adopted by simple majority of votes. In the event of proportional allocation of votes at the Revision Committee meetings among the Members thereof the Revision Committee Chairman shall have the casting vote.

5.4.6. Every Member of the Revision Committee has to be notified about convocation of the Revision Committee meeting personally by notice sent by the Revision Committee Chairman by either of the

said means – by mail with notice of service with signature or by courier delivery with notice of service, personal delivery with signature 10 (ten) business days prior to the actual day of the meeting.

5.4.7. Competence of the Revision Committee shall include:

- day-to-day supervision of the Association's operations;
- inspection of the Board's execution of the GMM resolutions;
- inspection of annual balance sheet and other financial and accounting documents of the Association;
- notification of the GMM about all the violations detected in course of inspection.

5.4.8. Chairman of the Revision Committee

5.4.8.1. Work of the Revision Committee shall be managed by the Revision Committee Chairman.

5.4.8.2. Competence of the Revision Committee Chairman shall include:

- presiding at the Revision Committee meetings;
- making agendas of the Revision Committee meetings;
- convocation of the Revision Committee meetings;
- keeping the minutes of the Revision Committee meetings;
- signing minutes of the Revision Committee meetings and other documents approved (adopted) by the Revision Committee or made for execution of the resolution adopted by the Revision Committee;
- ensuring that the GMM and Revision Committee resolutions are implemented;
- representation of the Revision Committee before other managing bodies of the Association;
- conclusion of the fixed-term employment contract with the Board Chairman on behalf of the Association.

5.4.8.3. The Revision Committee Chairman shall have the casting vote at the Revision Committee meetings in case of proportional allocation of votes among the Members thereof.

5.4.8.4. Powers of the Revision Committee Member or Chairman shall terminate earlier should at least one of the below circumstances occur:

- unilateral resignation of the Revision Committee Member and/or Chairman pursuant to personal application;
- occurrence of circumstances preventing the Revision Committee Member and/or Chairman from performance of their obligations under applicable Ukrainian laws;
- adoption of the GMM's resolution on revocation of the Chairman, Member of the Revision Committee;

- election of partially or completely new composition of the Revision Committee by the GMM;
- termination of status of the Revision Committee Chairman and Member as the representative or chief executive of the Association Member.

6. PROPERTY AND FUNDS OF THE ASSOCIATION

6.1. The Association may own funds and other property required for carrying the statutory activities thereof.

6.2. Funds of the Association shall consist of the admission and membership fees of the Association Members, charity, and other sources.

6.3 Funds of the Association, its income (profits) are used exclusively to finance the costs of its maintenance, implementation of the purpose (goals, objectives) and activities defined by this Statute .

6.4 It is forbidden to distribute the received income (profits) or their parts among the founders (participants), members of the Association, employees (except for payment of their work, accrual of the single social contribution), members of management bodies and other related persons.

7. REPORTING AND ACCOUNTING OF THE ASSOCIATION

7.1. The Association shall carry operational, book-keeping, tax and statistical accounting and reporting according to the procedure set by the Ukrainian laws.

7.2. Annual report on the financial and economic operations of the Association shall be subject to discussion and approval at the GMM.

7.3. The Association shall submit reporting materials to bodies of state tax service of Ukraine and other government authorities performing functions of control of business subjects.

8. TERMINATION OF THE ASSOCIATION

8.1. Operations of the Association shall be terminated by means of reorganization and liquidation thereof.

8.2. The Association may be liquidated by resolution of the GMM or the court.

8.3. In case of liquidation of the Association:

8.3.1. Information on liquidation of the Association shall appear in press and be provided to every Member of the Association in writing;

8.3.2. The GMM shall appoint the liquidation committee to make the liquidation balance sheet, complete performance of obligations under agreements (contracts, deeds) concluded earlier, and to conclude new agreements (contracts, treaties) within the competence thereof, identify creditors and debtors of the Association. The liquidation committee shall act, exercise the rights, bear obligations and responsibilities according to the laws of Ukraine;

8.4. The Association shall terminate its operations upon the day of withdrawal thereof from the Unified State Register of Legal Entities and Individual Entrepreneurs.

8.5. The Association shall be reorganized by resolution of the GMM. In case of the Association reorganization, rights and obligations shall pass to the legal successor.

8.6 In case of termination of the Association (as a result of its liquidation, merger, division, accession or transformation) property and other assets remaining after payment of taxes to the budget, settlements, creditors and employees, transferred to one or more non-profit organizations of the relevant type or credited to the state budget.

9. REGISTRATION OF THE ASSOCIATION. PROCEDURE OF AMENDING THE ASSOCIATION

9.1. State registration of the Association shall be implemented in a manner prescribed by applicable laws of Ukraine.

9.2. Amendments and supplements shall be made to Articles of the Association and/or Memorandum by resolution of the GMM and registered in a manner prescribed by applicable laws of Ukraine.