

STATUTE

of non-profit organization acting in private benefit “BULGARIAN OUTSOURCING ASSOCIATION”

I. GENERAL CONDITIONS

Statute

Art. 1 (1) “Bulgarian Outsourcing Association” (hereinafter referred to as the Association) is a non-profit association, pursuing activities for private benefit according to the provisions of the Non-profit Legal Persons Act (NPLPA) and this Statute.

(2) The association is a legal person separate from its members, who are not responsible for the Association’s obligations.

Name

Art. 2 (1) The name of the non-profit association is „Българска аутсорсинг асоциация “, abbreviated to БАА.

(2) The name of the non-profit association may be written in Latin as follows: Bulgarian Outsourcing Association, abbreviated to BOA.

(3) In the cases where the Association establishes branches, the designation “branch” and the settlement of the branch’s domicile are added to the name.

Domicile and registered address

Art. 3. (1) The seat of the Association is the city of Sofia.

(2) The registered office of the Association is 17, Tsar Asen Str., Triadiza district, Sofia, 1000.

Term

Art. 4 The existence of the Association is not limited by a term or dissolution conditions.

Type and scope of activities

Art. 5 (1) The Association pursues activities for private benefit according to the provisions of NPLPA.

(2) The Association’s scope of activities includes consulting activities, providing information services, training, publishing activities, as well as any other non-prohibited activity necessary to attain the objectives under art. 6.

(3) The Association pursues business activities that are related to the scope of the primary activities and necessary to attain the objectives under art. 6, and uses the revenues from the activities to attain these objectives.

Objectives and means for their fulfillment

Art. 6 The Association’s primary objectives are:

a) to contribute to the turning of Republic of Bulgaria to a preferred destination and center of outsourcing in the South-Eastern Europe by undertaking and realization of initiatives for making popular the country and the region and attracting domestic and foreign investment;

b) to support the efforts of the countries in South-Eastern Europe in turning the region as a business and outsourcing center;

c) to improve the business climate by working for transparent and clear rules for business in the field of outsourcing;

d) to contribute to imposing the best practices, services and innovations in the development and management of the outsourcing industry in Bulgaria and Southeastern Europe;

- e) to work for the development and consolidation of the civil society, science and technology and in particular by encouraging the free exchange of ideas, scientific knowledge, information and intellectual values and to create an atmosphere of public support of the entrepreneurship in line with the national values and traditions;
- f) to propose solutions to governments, regulatory authorities and the European Union institutions on issues of the collective interest of its members, and other companies in the industry, and to work on programs for amending the legislation of the Republic of Bulgaria, related to the regional development and its harmonization with the European and world standards;
- g) to mediate the dialogue between the outsourcing companies and the administration by encouraging the partnership between the public and private sector;
- h) to provide information to its members for the market development of the outsourcing services, including, but not only news, analysis, market researches, standards, etc..;
- i) to develop and implement projects for the optimal use of the local resources;
- j) to accumulate and transmit knowledge about the outsourcing industry and its processes and to support the development of its members and companies in the industry;
- k) to work for the support of the social integration and personal realization, and in particular by creating and conducting training programs, qualification improvement programs and advancement of knowledge of the personnel for the industry programs;
- l) to defer and cooperate with the educational institutions in Bulgaria in the training of highly qualified specialists in the processes and management of the outsourcing.

Art. 7 Means for attaining the objectives under art. 6 could be:

- a) organizing seminars, debates, conferences and events in order to establish the outsourcing and the Republic of Bulgaria as its center in Southeast Europe;
- b) procurement, financing and implementation of expert researches and analysis, scientific developments and publications, related to the activities and objectives of the Association;
- c) preparation, publication and dissemination of information materials and issuing guides, newsletters, brochures, flyers, research results, yearbooks and other printed works and materials;
- d) collaboration with public, state, government and private institutions, research and academic centers and mass information media;
- e) development and implementation of programs for organizational, methodological and scientific support of the activity and monitoring their implementation;
- f) developing business programs and projects, providing business advice, information assurance, methodological assistance to entrepreneurs and preparation of economic analyzes;
- g) organizing and conducting national and international meetings, seminars, symposia, conferences, training and retraining courses;
- h) assisting its members in organizing and participating in international events
- i) representation and protection of the interests of its members before third parties and governmental authorities;
- j) administration of funding programs for small and medium enterprises and the development of the outsourcing industry in all its forms;
- k) developing initiatives for optimizing the legislation and the local government and for encouraging the partnership between the public and the private sector;
- l) providing observations, recommendations and samples of documents, concerning pending or already endorsed legislative changes related to the outsourcing;
- m) creating a network for interaction with other organizations with similar activity in the country and abroad;

n) exchange of information, joint action planning and initiatives with other organizations and associations, and other collaborative activities, that do not conflict with the objectives of the Association.

II. MEMBERSHIP

Membership conditions

Art. 8 (1) (**modified GM – 03.12.2014**) Membership in the Association is voluntary. Membership in the Association could be full, “strategic partner” type membership and associated.

(2) Full member of the Association may be any legal person which performs outsourced services based on high-technology platform, knowledge and know-how in the field of IT, finance, human resources and law; has not less than 20 employee or turnover not less than one million BGN pursuant to the last approved annual financial statement; has submitted two recommendations from full members of the Association; shares the objectives of the Association and the means for their fulfillment; has accepted and observes the present Statute and is regular payer of the membership fee.

(3) (**new GM – 03.12.2014**) A strategic partner member may be each legal person which: provides services to persons under Para 2, such as consultancy services and specialised education and has received invitation for a “strategic partner” type membership from the Chairman of the Managing Board of the Association or by the Executive Director; shares the objectives of the Association and the means for their fulfillment; has accepted and observes the present Statute and is regular payer of the membership fee.

(4) (**previous Para 3 GM – 03.12.2014**) Associated member of the Association may be legally capable natural person with professional and/or academic achievements in the field of outsourcing and legal person which provides outsourced services but does not qualifies for a full member; has submitted one recommendation from member of the Association; shares the objectives of the Association and the means for their fulfillment; has accepted and observes the present Statute and is regular payer of the membership fee.

(5) (**previous Para 4 GM – 03.12.2014**) Meetings of the Association may be attended by non-members who have been invited by the Chairman of the Management Board and have proven scientific and/or professional achievements in the field of outsourcing, as well as specialists in other fields, when this is necessary. The persons invited may give opinions, present researches and analyses of the market, etc.

Origination of membership

Art. 9 (1) Membership originates after a written application is submitted to the Managing Board, containing the kind of membership for which the candidate applies, a statement of accepting the Statute and accompanied by proof of fulfilling the conditions for the particular kind of membership. The legal persons submit proof of compliance with the requirements under the law and their corporate documents for application and membership in the Association. The Managing Board considers the submitted membership application at the first meeting after its receipt, but not later than one month, and takes a decision of either accepting a member or rejecting the application, providing its motivation.

(2) In case the documents certifying the membership conditions are found incomplete, the person is notified and given an additional term of 14 days to complete them.

(3) The rights and obligations of membership except for the material ones are not transferable and are not passed to other persons in case of death or termination respectively.

Rights and obligations of the members

Art. 10 (1) The full members have the right to:

- a) to participate in the Association’s activities and in the General Meeting’s work
- b) to vote at the General Meeting of the Association;
- c) to participate in the management of the Association by being elected as members in the its Managing Board;

- d) to implement control over the Association's bodies' work;
- e) to receive complete and timely information on the Association's activities and benefit from the results of its activities.

(2) **(modified GM – 03.12.2014)** The associated members and the strategic partners members have the rights under par. 1, letters a) and e).

Art. 11 The members have the following obligations:

- a) to work for attaining the objectives of the Association;
- b) to pay in the annual and additional fees voted by the General Meeting in due time;
- c) to comply with the Statute and other internal rules of the Association;
- d) to keep confidentiality regarding facts and circumstances that have become known to them in relation with the activities of the Association or one of its members, notwithstanding whether this information is qualified by the respective member as trade secret or not.

Termination of membership

Art. 12 (1) Membership in the Association is terminated by decision of the Managing Board:

- a) upon a written statement by the respective member;
- b) upon death or placement under judicial disability or taking a decision for terminating or declaring a member-legal entity bankrupt respectively;
- c) upon expulsion;
- d) upon dropping off due to systematic lack of participation in the Association's activity, failure to pay the annual membership fee or to make a supplementary contribution.

(2) The membership in the Association shall be terminated upon termination of the non-profit organization.

(3) Expulsion of a member is permitted upon:

- a) committing actions contradicting the objectives of the Association;
- b) non-compliance with the Statute and other internal rules of the Association;
- c) dissemination of the information under art. 11, letter "d";
- d) supervening nonconformity with the membership conditions.

(3) Depending on the degree of the offence, the Managing Board may issue a warning to the respective member and hear his position before taking the expulsion decision. The

expulsion decision shall be subject to appeal before the General Meeting within the term under Art. 25, par. 5 of NPLPA.

(4) The lack of payment of the annual membership fee shall be ascertained with excerpt from the accounting books which shall be drafted and submitted to the Managing Board not later than 31st March of the year following the year for which the annual membership refers. The lack of payment of supplementary contributions shall be ascertained with excerpt from the accounting books which shall be drafted and submitted to the Managing Board not later than two months after the expiration of the term within which the installment must have been made pursuant to a decision of a body of the Association.

(5) As systematic lack of participation in the Association's activity shall be considered three consecutive absences at General Meeting and/or Managing Board (where the respective person is member of the Managing Board), as well as three consecutive refusals to participate in other events organized by the Associations, without good reason.

(6) In all cases of membership termination, the Association does not return the respective member his paid in membership fee, including the one for the year of the termination, as well as any other payments and donations in favor of the Association.

III. BODIES OF THE ASSOCIATION

Art. 13 (1) The General Meeting is the supreme body of the Association.

(2) The Managing Board is the managing body of the Association.

(3) The members of the Association are represented in its bodies by their legal representatives or explicitly authorized by them persons. Only natural persons may be proxies.

General Meeting

Art. 14 (1) The General Meeting comprises all members of the Association. The associated members participate in the General Meeting's work without the right to vote.

(2) The members of the Association may authorize a third party to represent them in the General Meeting with an explicit written power of attorney.

(3) A person may represent not more than three members in the General Meeting on the basis of a written power of attorney.

(4) Reassignment of authorization to represent a member in the General Meeting is not allowed.

Authority of the General Meeting

Art. 15 The General Meeting:

1. amends and supplements the statute;

2. elects and dismisses members of the Managing Board;

3. takes decisions for establishment and closing of branches;

4. takes decisions for participation in other organizations;

5. takes decisions for transformation or dissolution of the Association;

6. approves the budget of the Association;

7. takes decisions on collection and amounts of membership fees of full and associated members or property contributions;

8. takes decisions for disposing with property of the Association worth over 100 000 (one hundred) BGN;

9. approves the report on the activities of the Managing Board;

10. repeals decisions of other bodies of the Association that are contrary to the law, the Statute or other internal rules governing the activities of the Association;

11. take other decisions, provided for by the Statute, including such that fall under the competence of the Managing Board.

Convening of the General Meeting

Art. 16 (1) The General Meeting is convened at least once a year in the seat of the Association – Regular General Meeting.

(2) The General Meeting may be convened in all cases when it is necessary for decisions to be taken that fall under its competition – Extraordinary General Meeting.

Art. 17 (1) The General Meeting shall be convened by the Managing Board on its own initiative or upon request by one third of the full members of the Association. If in the latter case the Managing Board does not submit a written invitation for convening the General Meeting, it is convened by the court by domicile of the Association with a written request by the members concerned or a person entrusted by them.

(2) Convening is carried out with a written invitation sent to the members, containing the agenda, the date, time and place for holding the General Meeting and referring to the initiators of the meeting.

(3) For regularity of the General Meeting it is necessary that the written invitation is received by the members not later than 15 days before the date the General Meeting will be held.

(4) The materials for the General Meeting are put at the members' disposal not later than the date the invitation is sent out. Each of them may receive a free copy of the materials on a paper or electronic medium at request.

Quorum

Art. 18 (1) The General Meeting is legitimate if attended by more than half of the full members.

(2) In the event of lack of quorum the meeting shall be postponed by one hour and shall be held at the same place and with the same agenda, regardless of the number of attending full members.

(3) Quorum is determined by a list of the attending full members, in which each one of them attests his presence with a signature. The list is certified by the chairman and the secretary of the General Meeting.

Voting

Art. 19 (1) Each full member of the General Meeting is entitled to one vote.

(2) A full member may not vote on issues pertaining to:

1. himself, his spouse or relatives of direct descent – without limits, collateral relatives – to the fourth branch, or in-laws – to the second branch, inclusive;
2. legal persons, where he is a manager or may impose or hinder decision making.

Decision taking

Art. 20 (1) Decisions of the General Meeting are taken by the votes of the majority of the attending full members except for the cases under par. 2.

(2) Decisions under art. 15, items 1 and 5 are taken by majority of 2/3 of the attending full members.

(3) Decisions may not be taken on issues not included on the agenda included in the invitation.

Managing Board

Art. 21 (1) The Managing Board comprises 5 (five) natural persons.

(2) Member of the Managing Board could be natural person – legal representative of legal person – full member of the Association as well as natural person, other than legal representative, appointed by a legal person – full member of the Association and being employee of the latter.

(3) No more than one legal representative of the same legal person – full member shall be appointed in the Managing Board. It is not allowed that a legal representative of a legal person – full member and natural person, other than legal representative, appointed by the same legal person, participate simultaneously in the Managing Board.

(4) If during the mandate as member of the Managing Board the respective person ceases to be legal representative/employee of the legal person-full member, until the appointment of new member the Managing Board shall perform in reduced strength. Where a circumstance under the preceding sentence occurs, the Managing Board shall be obligated to convene general meeting of the Association for taking decision pursuant to Art. 15, item 2 of the Statute as soon as possible.

(5) The members of the Managing Board are elected for a term of 2 (two) year and may be reelected for a consecutive mandate only once as after the expiration of the two consecutive mandates these shall not be elected as Managing Board members for a period of two years.

(6) **(new GM – 03.12.2014)** The Executive Director takes part in the proceedings of the Managing Board without a right to vote, with the right to make proposals, positions, recommendations and opinions.

Consideration

Art. 22 Members of the Managing Board will not receive consideration by the Association for their activity as members of the board.

Authority of the Managing Board

Art. 23 The Managing Board:

1. governs the Association's activities in carrying out its decisions and the decisions of the General Meeting;
2. determines one or several persons from the members of the Managing Board to represent the Association, determining the scope of representative power and the means of representation;
3. ensures the implementation of decisions of the General Meeting;
4. adopts Internal rules for control and prevention of money laundering and terrorism financing as well as other internal rules of the Association;
5. adopts basic guidelines and a program for the activities of the Association;
6. disposes of the Association's property in compliance with the Statute's requirements;
7. drafts up a budget project and submits it to the General Meeting;
8. drafts up a report on the Association's activities and submits it to the General Meeting;
9. **(modified GM – 03.12.2014)** suggests a draft decision of the amount of the membership fee or the contributions for the full, strategic partners and associated members or property contributions to the General Meeting;
10. takes decisions on deferring and spacing out payments, if this is necessitated by significant reasons;
11. **(modified GM – 03.12.2014)** elects and releases from office the Executive Director, determines his consideration, as well as determines the considerations of the Assistant-Coordinator and the Association's employees;
12. determines the procedure and organizes the activities of the Association, and is responsible for the above;
13. lays down tasks and sets up taskforces or committees of member representatives in order to resolve specific issues and carry out specific work, by providing the necessary resources and controlling their spending;
14. determines the address of the Association;
15. carries out the liquidation of the Association;
16. takes decisions on all issues that do not fall under another body's authority either by law or according to the Statute.

Chairman of the Managing Board

- Art. 24 (1) The Chairman of the Managing Board is elected by the Managing Board from of its members.
- (2) The mandate of the Chairman of the Managing Board shall terminate upon his release as a member of the Managing Board. The mandate of the Chairman of the Managing Board may be terminated beforehand on the initiative of the Managing Board or based on the written application of the Chairman, and in both cases an explicit decision of the Managing Board shall be taken.
- (3) The Chairman of the Managing Board:
- a) convenes, prepares the execution and chairs the meetings of the Managing Board;
 - b) represents the Association to third parties pursuant to Art. 29 of the Statute;
 - c) chairs the General Meeting of the Association;
 - d) performs current operational management of the Association's activities;
 - e) shall dispose of the funds of the Association in order to ensure its current activity to the amount of 20 000 (twenty thousand) BGN for each separate payment. If it is necessary to make a Payment beyond the amount of the preceding sentence, incl. when the respective payment is a partial payment obligation beyond this amount, the Chairman of the Board shall make the payment after decision of the Managing Board, respectively, the General Assembly under the current Statute;
 - f) **(modified GM – 03.12.2014)** makes suggestions of holding out an invitation to potential members of the Association with the purpose of accepting them as members.

- g) controls the keeping of the Association's protocol books;
 - h) signs and validates the organizational documents and internal rules of the Association, incl. its Statute, as they are adopted / amended by the General Assembly or the Managing Board
 - i) concludes employment / civil contracts with employees of the Association after a decision pursuant to Art. 23, item 11 and exercises all the rights and fulfills all the obligations of the Association as an employer in its relations with the employees;
 - j) fulfills other functions, assigned to him by this Statute, with a decision of the Managing Board or the General Assembly.
- (4) For his work as Chairman of the Managing Board, the latter does not receive remuneration.

Convening of the Managing Board

Art. 25 (1) (**modified GM – 03.12.2014**) The meetings of the Managing Board are convened and conducted by the Chairman of the Managing Board. The Managing Board may be convened with a motivated request made by the Executive Director.

- (2) The Managing Board may be convened with a written motivated request by a full member of the Association, when this is necessitated by significant reasons.
- (3) The Chairman is bound to convene a meeting of the Managing Board upon written request by one third of its members. If the Chairman fails to convene a meeting within one week, such a meeting may be convened by any Managing Board member concerned.
- (4) If the Chairman is absent, the meeting is chaired by a Managing Board member assigned by the Managing Board.

Quorum and representation

Art. 26 (1) The Managing Board may take decisions if the meeting is attended by or are represented more than half of its members.

- (2) A person is also considered attending if communicated with over a two-way telephone line or other connection, guaranteeing his identification and allowing his participation in the discussion and decision taking. The vote of such a person is certified in the minutes by the person chairing the meeting.
- (3) An attending member may not represent more than one absent member.
- (4) The authorization for representation of a member on a meeting of the Managing Board is completed in written form.

Decisions

Art. 27 (1) Decisions are taken by the votes of the majority of the attendees, and decisions under art. 23, items 6 and 12 and art. 36, para 2 – the majority of all members.

- (2) The Managing Board may take non-attendance decisions, if the minutes of the decisions taken is signed by all members of the Managing Board without remarks and objections against this.

Executive Director (new GM – 03.12.2014)

Art. 28 (1) (**new GM – 03.12.2014**) The Executive Director is elected by the Managing Board without being his member. The relationship between the Executive Director and the Association are governed by the respective contract which is signed on behalf of the Association by the Chairman of the Managing Board.

- (2) (**new GM – 03.12.2014**) The mandate of the Executive Director may be withdrawn at any time on an initiative of the Managing Board or with a written request by the Executive Director, as well on terms provided in the contract concluded between the Executive Director and the Association, upon an explicit decision of the Managing Board in this relation.

- (3) (**new GM – 03.12.2014**) The Executive Director:

- a) convenes the meetings of the Managing Board within the terms set out in Art. 25, Para 1 of the Statutes;
- b) represents the Association to third parties pursuant to Art. 29 of the Statute;
- c) performs current operational management of the Association's activities in accordance with the decisions of the Managing Board, the General Meeting and the Statutes, performing monthly reports to the Managing Board;
- d) promptly informs the Managing Board for material circumstances concerning the activities of the Association;
- e) ensures the fulfilment of the decisions of the Managing Board and the General Meeting;
- f) shall dispose of the funds of the Association in order to ensure its current activity to the amount of 10 000 (ten thousand) BGN for each separate payment. If it is necessary to make a payment beyond the amount of the preceding sentence, incl. when the respective payment is a partial payment obligation beyond this amount, the Executive Director shall make the payment after decision of the Managing Board, respectively, the General Assembly under the current Statute;
- g) makes suggestions of holding out an invitation to third parties with the purpose of accepting them as members;
- h) concludes employment / civil contracts with employees of the Association after a decision pursuant to Art. 23, item 11 and exercises all the rights and fulfills all the obligations of the Association as an employer in its relations with the employees;
- i) makes a draft activity report and budget and files for their consideration by the Managing Board of the Association;
- j) signs and certifies the constitutional documents and internal rules of the Association, incl. its Statutes as adopted/modified by the General Meeting or the Managing Board;
- k) maintains and keeps the minutes of meetings of the Managing Board and the General Meeting;
- l) ensures the sending of the invitation for convening of the General Meeting to the members of the Association;
- m) prepares and sends the correspondence of the Association, incl. maintains its incoming and outgoing register;
- j) fulfills other functions, assigned to him by the Managing Board or the General Assembly.

Representation

Art. 29 (**modified GM – 03.12.2015**) The Association shall be represented before third parties by the Chairman of the Managing Board and the Executive Director, jointly and severally.

Art. 30 (**previous Art. 31, modified GM – 03.12.2014**) The activity of the Managing Board may be assisted by permanent or ad hoc committees, specialized in a specific field.

IV. PROPERTY

Art. 31 (1) (**previous Art. 32, modified GM – 03.12.2014**) Sources of funds for the Association are:

- a) initial fees by the founders of the Association;
- b) annual fees of the members;
- c) result-oriented contributions;
- d) donations and sponsorship agreements and/or programs;
- e) revenue from business activities under para 2.

(2) The Association may pursue the following business activities, related to the primary scope:

- a) organizing courses, seminars, contests, forums and other similar enterprises in return for payment;

- b) providing consultations in return for payment and preparing marketing and sociological researches;
- c) preparing and distributing articles and other materials pertaining to the attainment of the primary objectives of the Association.

(3) The Association does not allocate profit.

Art. 32 (**previous Art. 33, modified GM – 03.12.2014**) The amount of the annual membership fee, supplementary contributions, as well as the terms for their payment is determined with a decision by the General Meeting.

Art. 33 (**previous Art. 34, modified GM – 03.12.2014**) The Association keeps accounting entries and draws up documents for completing the fiscal year in accordance with the legislation.

V. DISSOLUTION

Art. 34 (**previous Art. 35, modified GM – 03.12.2014**) The Association undergoes dissolution

- a) by decision of the General Meeting;
- b) by decision of the district court in the cases provided for by the law.

Art. 35 (**previous Art. 36, modified GM – 03.12.2014**) (1) When the Association undergoes dissolution, liquidation is carried out.

(2) The liquidation is carried out by the Managing Board according to the Commercial Code and complying with the requirements of NPLPA.

(3) The Association’s property remaining after satisfying the creditors is equally distributed between the members.

VI. MISSELANEOUS

Art. 36 (**previous Art. 37, modified GM – 03.12.2014**) All issues that are not regularized in the Statute shall be resolved by the provisions of the regulations that govern the respective legal matter.

Art. 37 (**previous Art. 38, modified GM – 03.12.2014**) In case of a discrepancy arising between the Statute and a regulation, the latter is applied, without an immediate change of the Statute necessary, unless this is explicitly provided for. The nullity of separate clauses of the Statute does not result in the Statute being void in its entirety.

This Statute was adopted with unanimity the Founding meeting of the “Bulgarian Outsourcing Association”, held on 22.05.2012. The present Statutes is modified and supplemented with a decision of the General Meeting of the “Bulgarian Outsourcing Association”, held on 03.12.2015.

CHAIRMAN OF THE MANAGING BOARD:

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EXECUTIVE DIRECTOR

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