

ARTICLES OF ASSOCIATION
of the association
“Latvian Peat Association”

1. Name

The name of the association is **“Latvian Peat Association”** (hereinafter – the Association).

2. Objective of the Association

The Association is established for an indefinite period with the aim to: Promote the development of the peat industry in Latvia, creation of jobs, and the rational, environmentally friendly and sustainable use of peat resources; advocate for a policy of reasonable conservation of environmental diversity and peatlands; support scientific research and represent and defend the interests of its members in the municipal, national, and international institutions.

3. Members of the Association

3.1. Legal entities whose professional or commercial activities are directly or substantially related to peat extraction or processing may become members of the Association.

3.2. A legal entity that is a member of the Association shall exercise its rights of participation in the Association’s activities through a representative. Regardless of the number of representatives, each member of the Association has one vote. The representatives must present a written power of attorney or a certificate from the Commercial Register to prove their authority to act on behalf of the member.

3.3. Interrelated companies may become voting members of the Association, provided that related companies do not exceed 15% of the total number of voting members.

3.4. Interrelated companies involved in peat extraction or processing may become affiliated members of the Association with advisory rights only. They do not have voting rights at the General Meeting of Members and are required to pay membership fees.

3.5. Associate members may join the Association – these can be legally competent natural or legal persons whose activities are related to the peat extraction sector, but for whom peat extraction or processing is not the primary activity.

3.6. Associate members may participate in the activities of the Association with advisory rights only, without voting rights at the General Meeting of Members, and are required to pay membership fees.

3.7. Honorary members of the Association may be natural persons with legal capacity who have made outstanding contributions to the organization of the Association's work, the development and promotion of the peat industry. The decision to grant honorary member status shall be made by the Association's Council.

3.8. Honorary members have the right to participate in the activities of the Association with advisory rights only, without voting rights at the General Meeting of Members. Honorary members are exempt from paying membership fees.

3.9. Scientific members are natural persons engaged in scientific research activities that are related to and/or applicable to the peat extraction sector. Scientific members may participate in the activities of the Association with advisory rights only, without voting rights at the General Meeting of Members, and are required to pay membership fees.

4. Rules for Admission, Withdrawal, and Exclusion of Members

4.1. A new member may join the Association by submitting a written application to the Association's Board, requesting admission and declaring their commitment to abide by the Association's Articles and the decisions of the General Meetings of Members. Additional documents as determined by the Board must also be submitted. The Board shall inform the applicant of the date on which the application will be reviewed.

4.2. The decision to admit new members shall be made by the Council of the Association. The decision shall be taken in the presence of the applicant at the next Council meeting, but no later than one month from the date all required documents have been received. The absence of the applicant does not prevent the Council from making a decision.

4.3. The decision on the admission of a member and on any change in member status shall be made by the Council. The Board shall notify the person of the decision, on behalf of the Council, within five days of the decision being made. The rights and obligations of a member take effect from the date of the Council's decision. Any change in a member's status shall also take effect from the date of the Council's decision.

4.4. If the Council refuses to admit the applicant as a member, the applicant may request that the matter be reviewed by the General Meeting of Members. If the General Meeting also rejects the application, the person may reapply to the Board no earlier than one year from the date of the rejection.

4.5. A member may resign from the Association by submitting a written notice to the Association's Board, provided that all membership fees have been paid up to the date of submission. The member loses their status as of the date the Council adopts the decision. The Board shall notify the person of the decision on behalf of the Council.

4.6. A member may be expelled from the Association by decision of the General Meeting of Members if the member:

- 4.6.1. violates the provisions of the Articles of Association;
- 4.6.2. shows disrespect toward the Association, its members, or the goals of the Association;
- 4.6.3. fails to comply with the decisions of the General Meeting, the Council, or the Board.
- 4.6.4. makes statements on behalf of the Association without authorization or provides false or misleading information about the Association;
- 4.6.5. uses their affiliation with the Association in a manner that harms the Association, its other members, or the achievement of the Association's objectives;
- 4.6.6. delays payment of membership fees for more than one and a half years.

5. Rights and Duties of Members

5.1. Member rights:

- 5.1.1. to elect and be elected to the Association's Council and Audit Institution;
- 5.1.2. to participate in General Meetings of Members and Council meetings; to review meeting minutes, orders, announcements, and agreements of the Association's governing bodies; to receive information on matters discussed at General Meetings, Council meetings, and Audit Commission meetings; to participate in other events organized by the Association; and to access information available within the Association;
- 5.1.3. to discuss the work of the Association's governing bodies and to make proposals for improving their operations;
- 5.1.4. to use the material and technical resources of the Association, as well as its scientific, informational, and special services;
- 5.1.5. to request the Board to convene a General Meeting of Members;
- 5.1.6. to voluntarily withdraw from the Association at their own initiative.

5.2. Member obligations:

- 5.2.1. to comply with the Articles of Association, decisions of the General Meeting of Members and the Council, and to participate in achieving the objectives of the Association;
- 5.2.2. to pay membership fees regularly in the amount and manner approved by the General Meeting of Members;
- 5.2.3. to fulfill obligations determined by the Association or the Council. Obligations for a member may be established by decision of the General Meeting or the Council. If obligations differ from those of other members, written consent of the member is required;

- 5.2.4. to promote the realization of the Association's objectives and, within their capabilities, contribute to the execution of the Association's tasks;
- 5.2.5. to compensate the Association for any losses caused by the member's fault.

6. Procedure for Convening and Adopting Decisions at the General Meeting of Members

6.1. A General Meeting of Members shall be convened:

- 6.1.1. at least once per calendar year (Annual General Meeting);
- 6.1.2. in cases where an issue falling within the competence of the General Meeting must be decided without delay;
- 6.1.3. if the Board is requested to convene a meeting by one-tenth (1/10) of the members.

6.2. The General Meeting of Members may be held in person or remotely.

6.2. The procedure for convening the General Meeting of Members is as follows:

6.2.1. The Annual General Meeting shall be convened by the Board, which shall notify the members in writing of the time, place, and agenda no later than fourteen (14) calendar days before the meeting;

6.2.2. The Board may disregard the fourteen (14) calendar day notice period if an urgent matter falling within the competence of the General Meeting needs to be addressed immediately;

6.2.3. If a meeting is requested by one-tenth (1/10) of the members, the Board shall convene it within fourteen (14) calendar days from receipt of the request, notifying the members in writing of the time, place, and agenda;

6.2.4. If the Board fails to convene the meeting upon such a request, one-tenth (1/10) of the members may convene the meeting themselves, notifying the other members in writing no later than fourteen (14) calendar days in advance. The decision to convene the meeting and its agenda shall be communicated to the other members and to the Board without delay;

6.2.5. If the number of members specified in Clause 6.3.1 of these Articles is not present at the meeting, the Board must convene a repeat General Meeting with the same agenda no later than three weeks after the initial meeting;

6.2.6. If the agenda of the General Meeting includes amendments to the Articles of Association, election of the Council or Board, or decisions on dissolution, continuation, or reorganization of the Association, the Board must notify the members and disclose the agenda at least thirty (30) calendar days prior to the meeting;

6.2.7. Member proposals regarding amendments to the Articles of Association must be submitted to the Board at least fifteen (15) calendar days before the General Meeting. The list of candidates for Council or Board elections must be submitted at least three (3) calendar days before the General Meeting;

6.2.8. The Board shall determine, before the start of the General Meeting, whether the nominated candidates for the Council or Board have confirmed their willingness to run for the respective positions.

6.3. Quorum of the General Meeting of Members

6.3.1. The General Meeting has quorum if more than half of the Association's members are present;

6.3.2. If the required number of members was not present at the initial General Meeting convened by the Board and a decision could not be made, a repeat General Meeting shall be convened to address the same matter. The repeat General Meeting shall have quorum if at least two members are present. The Board shall notify the members in writing of the time, place, and agenda of the repeat meeting no later than fourteen (14) calendar days in advance.

6.3.3. Amendments to the Articles of Association, as well as decisions on the dissolution, continuation, or reorganization of the Association, shall be adopted by a two-thirds (2/3) majority vote of the members present.

6.3.4. All members of the Association have the right to participate in the General Meeting. Members may participate through a legal or authorized representative.

6.4. Procedure for Decision-Making

6.4.1. The General Meeting shall be chaired by the Chairperson of the Board or another person elected by the members. The decisions of the meeting shall be recorded in minutes;

6.4.2. Decisions at the General Meeting are made by open vote. A motivated decision on holding a secret ballot must be taken before the substantive discussion of agenda items begins. This decision must be reflected in the meeting minutes;

6.4.3. A decision of the General Meeting is deemed adopted if more than half of the members present vote in favor;

6.4.4. Each member has one vote. A member does not have voting rights when a decision concerns entering into a transaction with that member, bringing a claim against them, or terminating legal proceedings involving them;

6.4.5. In remote meetings, members must be identifiable.

7. Governing Bodies of the Association

7.1. The governing bodies of the Association are the General Meeting of Members, the Council, and the Board.

7.2. The Council is elected by the General Meeting for a term of two years and consists of five members. The Council elects a Chairperson from among its members.

7.3. The Council has the following competence:

- 7.3.1. to develop the strategy of the Association;
- 7.3.2. to ensure implementation and execution of the strategy between General Meetings;
- 7.3.3. to recommend candidates for the Board to the General Meeting;
- 7.3.4. to supervise the work of the Board;
- 7.3.5. to suspend the activities of the Board for serious reasons;
- 7.3.6. to report to the General Meeting on the Association's activities between General Meetings.
- 7.4. The Council operates through Council meetings, which are convened and chaired by the Council Chairperson or a member of the Board. A Council meeting has quorum if at least three (3) Council members are present and at least three (3) vote in favor of a decision.
- 7.5. A Council member or the entire Council may be dismissed by the General Meeting. A Council member may resign at any time by submitting written notice to the Association. In such a case, the General Meeting shall elect a new Council member. If three (3) Council members submit notice of resignation, new Council elections shall be held.
- 7.6. The Board consists of one member.
- 7.7. The Board member is elected by the General Meeting.
- 7.8. Restrictions for candidates and Board members during their term:
 - 7.8.1. A member of the Association or their representative cannot be elected to the Board;
 - 7.8.2. A Board member cannot become a member or honorary member of the Association;
 - 7.8.3. A Board member may not hold a position in, or be an owner or co-owner of, a peat industry enterprise.
- 7.9. The Board member shall receive remuneration for performing their duties in accordance with procedures and amounts set by the Council. The agreement on duties and remuneration is concluded on behalf of the Association by the Council Chairperson, based on a Council decision.
- 7.10. The Board represents the Association in relations with state and municipal institutions, and other legal and natural persons, and makes statements on behalf of the Association.
- 7.11. The Board is entitled to decide on all matters not within the competence of the General Meeting or the Council.
- 7.12. The Board manages the affairs of the Association, handles its property, and uses its funds in accordance with the law, these Articles, and decisions of the General Meeting and the Council.
- 7.13. In the absence of the Board, decisions are made by the Council.

7.14. For transactions involving the disposal of real estate or for transactions exceeding EUR 5,000 (including loan agreements), the Board must obtain prior approval from the Council in the form of a Council decision.

7.15. The Board organizes and implements the strategy of the Association.

7.16. The Board organizes the accounting of the Association in accordance with applicable laws and regulations.

7.17. Within the framework of the Association's budget, the Board may hire employees.

7.18. The Board is obliged to report to the General Meeting and, between meetings, to the Council.

7.19. The Board convenes the General Meeting and may also convene Council meetings.

7.20. The Board member may only be removed by the General Meeting for a valid reason. The Board member may resign at any time by submitting written notice to the Association.

8.1. Election of the Audit Commission:

8.1.1. The Audit Commission is the body responsible for the audit of the Association's economic and financial activities;

8.1.2. The Audit Commission is elected by the General Meeting for a term of two years;

8.1.3. Current Council members and former Council members whose term ended less than three years ago may not serve on the Audit Commission.

8.2. Structure of the Audit Commission:

8.2.1. The Audit Commission consists of three persons;

8.2.2. The members of the Audit Commission elect a Chairperson from among themselves, whose duty is to organize and lead the work of the Commission.

8.3. The Audit Commission has the following competencies and responsibilities:

8.3.1. to verify whether the Association's economic activity aligns with its objectives and the approved income and expenditure budget;

8.3.2. to review activities related to the use and maintenance of the Association's property;

8.3.3. to examine the use of the Association's financial and material resources;

8.3.4. to carry out audits of the Association's economic and financial operations at least once per year (annual audit) or upon a justified request from the Board or one-tenth (1/10) of the members;

8.3.5. to present the audit report to the General Meeting, Council, and Board no later than one month after the completion of the annual audit;

8.3.6. to immediately report any identified violations to the Council and the Board.

8.4. Decisions on matters specified in clause 8.3 shall be made by a majority vote of the Audit Commission members.

9. Membership Fee

Members, associate members, affiliated members, and scientific members shall pay a membership fee in accordance with the procedures and amounts determined by the General Meeting, no less than once per year.

10. Other Provisions

The Association is the legal successor to the rights and obligations of the public organization "Latvian Peat Producers Association."

Riga, March 21, 2023

Ingrīda Krīgere,

Member of the Board