

ARTICLES OF ASSOCIATION

of the Association of Charolais and Aubrac Cattle Breeders

The founding members of the association, with the aim of organizing and coordinating, on a unified basis, the outstanding breeding, husbandry, organizational and evaluation work of purebred Charolais and Aubrac herds, as well as herds participating in breed transformation, have resolved to establish the Association of Charolais and Aubrac Breeders. In view thereof, and in compliance with the provisions of Act V of 2013 of the Civil Code (Ptk.) and Act CLXXV of 2011 on the Right of Association, Public Benefit Status, and on the Operation and Support of Civil Organizations (Ectv.), the members hereby adopt the Articles of Association of the association with the following content:

I.

Data of the Association

1. The name of the association: *Charolais és Aubrac Tenyésztők Egyesülete* (Association of Charolais and Aubrac Cattle Breeders)
2. The abbreviated name of the association: **CATE**
3. The registered seat of the association: **3450 Mezőcsát, Galamb utca 9.**
4. The list of founding members of the association, including their names and places of residence, forms Annex No. 1 to these Articles of Association.

II.

Objectives, Tasks and Activities of the Association

1. Objectives of the Association

The objectives of the association are the elaboration, organization, coordination and implementation of the breeding, husbandry, utilization and evaluation activities of the Charolais and Aubrac breeds, as well as cattle of Charolais and Aubrac lineage. The preservation and breeding of the desired type corresponding to the centuries-old history of the breeds, and, in line with contemporary requirements, their improvement through selection while preserving the identity of the breeds. The provision of animal breeding

services, the sale of breeding animals and reproductive material, the professional representation and education of members, the development of breeding culture, the promotion of breeding work, as well as the education of successors by familiarizing young people with cattle breeding and breeding work are also among the objectives of the association.

2. Tasks of the Association

2.1. In order to achieve the objectives set out in the Articles of Association, the tasks of the association include ensuring the maintenance of pure lines of the Charolais and Aubrac breeds or those produced through crossbreeding for the purpose of creating final products, and within this framework, the elaboration of the breeding program. Following its recognition as a breeding organization, the execution of this program shall be carried out under the direction of the Breeding Manager.

2.2. A key task of the association, in order to achieve breeding objectives, is to elaborate short-, medium- and long-term strategies which continuously serve the qualitative selection of the represented breeds. Such strategies shall be developed in cooperation with the Breeding Committee and shall be subject to periodic review.

2.3. Representing the breeders, the association shall make proposals to the Ministry for the establishment and implementation of a unified cattle breeding concept, with special regard to purebred Charolais and Aubrac breeding, the use of the breeds in crossbreeding, and the fulfillment of the needs of commercial production.

2.4. For the continuous improvement of the breeding value of the Charolais and Aubrac breeds and their widespread utilization, the association shall elaborate a breeding program, which shall be continuously modernized based on previously achieved results and experiences.

2.5. The association shall ensure the professional implementation of the authenticity of herd-book registration and performance testing, and shall issue pedigree certificates for all Charolais or Aubrac purebred or crossbred animals of breeders, provided that the breeder so requests and there is no professional impediment to registration.

2.6. The association shall maintain records of the data necessary for the implementation of the breeding program, collect data from breeders, and provide data to the supervisory authority as well as to the members.

2.7. The association shall represent its membership in national and international breeders' organizations.

2.8. The association shall participate in the national and international integration of breeding, and provide professional support regarding the procurement of reproductive material and breeding animals.

2.9. By introducing the latest breeding methods, providing continuing education and professional consultancy to its members, the association shall enhance the efficiency of breeding.

2.10. For the purpose of increasing awareness of the represented breeds, the association shall participate in exhibitions, organize exhibitions, breeding animal competitions and auctions, and conduct marketing activities, including the maintenance of a website containing professional information and the publication of promotional materials popularizing the breeds.

2.11. The association shall popularize the breeds by organizing and conducting study trips, professional days, and professional events.

2.12. The association shall ensure the creation and proper utilization of the financial resources necessary for the operation of the association.

3. Activities of the Association

Pursuant to Section 1 (1) of Act LVI of 2019 on Statutory Provisions Necessary for the Regulation of Animal Breeding, and Section 1 (1) of Government Decree No. 188/2019 (VII.30.) on Animal Breeding, the preservation and maintenance of cattle as an animal genetic resource is a state responsibility. In connection with this public duty, the association carries out the following public-benefit activities in relation to Charolais and Aubrac cattle:

- Conducting herd-book registration (pursuant to Section 29 (1) of Government Decree No. 188/2019 (VII.30.) on Animal Breeding, and Sections 3 and 5 (1) a) of Decree No. 45/2019 (IX.25.) of the Ministry of Agriculture on Detailed Rules of Animal Breeding);
- Issuing breeding certificates of origin (pursuant to Section 29 (1) of Government Decree No. 188/2019 (VII.30.) on Animal Breeding, and Sections 3 and 5 (1) b) of Decree No. 45/2019 (IX.25.) of the Ministry of Agriculture on Detailed Rules of Animal Breeding);
- Conducting or commissioning performance testing and breeding value estimation by means of scientifically established methods ensuring impartial comparability of results, as well as the reliable estimation of breeding values. Minutes shall be prepared on the performance testing (pursuant to Section 48 (1) of Government Decree No. 188/2019 (VII.30.) on Animal Breeding);

- Pursuant to Section 11 (1) of Act LVI of 2019 on Statutory Provisions Necessary for the Regulation of Animal Breeding, this Act establishes the provisions necessary for the implementation of Regulation (EU) 2016/1012 of the European Parliament and of the Council of 8 June 2016 on breeding of purebred breeding animals, hybrid breeding pigs and their reproductive material within the Union, their trade and their entry into the Union, amending Regulations (EC) No 652/2014, Council Directives 89/608/EEC and 90/425/EEC, and repealing certain acts in the field of animal breeding. This Act ensures compliance with Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market;
- Pursuant to the authorization set out in Section 9 (1) of Act LVI of 2019, the Government regulates recognition as a breeding organization in Sections 5–21 of Government Decree No. 188/2019 (VII.30.);
- Pursuant to the authorization set out in Section 9 (2) of Act LVI of 2019 and Section 16 (1) of Government Decree No. 188/2019 (VII.30.), the Minister regulates the operation of breeding organizations in Sections 3–5 of Decree No. 45/2019 (IX.25.) of the Ministry of Agriculture on Detailed Rules of Animal Breeding.

III. General Rules Governing the Operation of the Association

1. The Association is an independent legal entity operating on the basis of the Civil Code (Ptk.) and the Act on the Right of Association (Ectv.), with an international scope of activity.
2. The legality of the operation of the Association is supervised by the public prosecutor's office.
3. The Association is entitled to carry out economic activities directly related to the achievement of its objectives. The Association may use its assets in accordance with its purposes, may not distribute its assets among its members, and may not provide profits to its members.
4. The Association shall ensure that its public benefit services are accessible not only to its members but also to others.
5. The Association is a politically neutral organization, does not engage in direct political activities, is independent from political parties, does not provide financial support to them and does not accept support from them. The Association does not pursue political activities in the interest of any political party, does not nominate candidates in parliamentary elections, in the elections to the county or capital

municipal assemblies, to the European Parliament, to the representative bodies of cities with county rights, nor for the office of mayor.

IV. Membership

1. Membership

Membership of the Association may be granted to any natural person, legal entity, or organization without legal personality (hereinafter collectively referred to as “person”) who agrees with the objectives of the Association, undertakes to pay the membership fee, carries out activities related to the breeding, keeping, or utilization of Charolais and Aubrac cattle, and accepts and fully complies with the provisions of the Statutes and regulations of the Association.

2. Establishment of Membership

2.1. The Association may have ordinary (full), supporting, and honorary members.

2.2. Membership of the Association at the time of its foundation is established by its registration. After the establishment of the Association, membership (ordinary or supporting) shall be established by the acceptance of the membership application by the Board.

2.3. Any person wishing to join the Association may apply in writing. The membership application must be submitted to the Board of the Association. The Board shall decide on the application within 30 days of its receipt, by open vote and simple majority. The Board is obliged to communicate its decision in writing, in a verifiable manner, within 8 days of its adoption to the applicant. In case of refusal, no legal remedy is available.

2.4. A newly admitted ordinary member is obliged to pay the basic membership fee and the membership fee determined on the basis of the number of animals at entry (hereinafter: “Membership Fee”) within 8 days of receipt of the approval of the membership application. The membership relationship is established on the date of acceptance of the application by the Board, and the member shall receive a valid membership certificate and exercise the rights of members from the following day.

2.5. Persons providing professional assistance to the activities of the Association but not owning cattle may become supporting members of the Association if they undertake to pay the basic membership fee set by the Association and accept the Statutes. The new supporting member is obliged to pay the basic membership fee within 8 days of receipt of the approval of the membership application. Supporting membership is established on the date of payment of the basic fee.

2.6. An honorary member may be any person who, without owning cattle, has carried out outstanding activities in the field of Charolais or Aubrac cattle breeding, and who is elected honorary member by the General Assembly upon the proposal of the Board. Honorary members are not obliged to pay membership fees. Honorary membership is established on the date of the resolution of the General Assembly.

3. Termination of Membership

3.1. Membership shall terminate:

- a) by resignation of the member,
- b) by termination of membership by the Association,
- c) by exclusion of the member,
- d) by the death of the member or the dissolution of a legal entity without legal succession.

3.2. A member may terminate his/her membership at any time without justification by submitting a written declaration addressed to the Board. Membership shall terminate on the date the declaration is received by the Board.

3.3. The Association may terminate membership by giving 30 days' notice in writing if the member does not comply with the conditions set out in the Statutes. Membership terminates on the 30th day after receipt of the notice. In the case of arrears exceeding thirty days, the member must be requested in writing to pay within sixty days, with the warning that failure to pay will result in termination by the Board.

3.4. The General Assembly, by open vote and simple majority, may exclude from membership any member who seriously or repeatedly violates the provisions of these Statutes or the resolutions of the General Assembly, or who significantly or permanently hinders the achievement of the objectives of the Association, fails to fulfill his/her obligations arising from membership, does not pay the membership fee despite a payment notice, or engages in activities outside the Association contrary to its objectives. The exclusion is proposed by the Board to the General Assembly. The member must be informed in advance of the initiation of the exclusion procedure and the reasons, and may submit comments. The member is entitled to inspect the documents of the exclusion procedure. The General Assembly shall decide on the exclusion by simple majority, with final effect, against which no legal remedy is available. The decision must be communicated to the member by registered mail with acknowledgment of receipt, stating the facts, evidence, and justification. In case of

exclusion, the excluded member may not be re-admitted to the Association for three years.

3.5. Termination of membership does not entitle to reimbursement of membership fees. Other contracts concluded with the Association remain in force under the service forms and conditions applicable to third parties.

4. Membership Fees

4.1. Members of the Association pay membership fees as a financial contribution: ordinary members pay a basic fee and an animal-number based fee (performance testing or herdbook registration fee), while supporting members pay only the basic fee.

4.2. The basic membership fee is HUF 50,000, while the performance testing fee is HUF 2,500 and the herdbook registration fee is HUF 2,500 (together: animal-number based membership fee).

4.3. Members shall pay the basic membership fee upon foundation within 8 days from the date on which the court order of registration becomes final, and thereafter once annually, by March 31 of each year at the latest, in one installment by bank transfer to the Association's account, against invoice.

4.4. A new member admitted after the establishment of the Association shall pay a pro-rata part of the basic membership fee for the year of admission within 8 days of the establishment of the membership, and thereafter annually by March 31.

4.5. Ordinary members shall pay the animal-number based fee in two equal installments annually, against invoice, for the first half-year by March 31 and for the second half-year by September 30. The details of calculating the animal-number based fee are set out in the current fee schedule.

4.6. In the case of the animal-number based fee, either a performance testing or a herdbook registration fee shall be invoiced per animal.

4.7. The Association may charge service fees for other services related to its activities, the extent of which shall be determined by the Board by separate resolution. The current fee schedule sets out the amount of such service fees.

5. Rights of Members

5.1. An ordinary member of the Association is entitled to:

- a) participate in the activities of the Association;
- b) use the services of the Association;

- c) attend the General Assembly, exercise the right to vote, speak in accordance with the rules of the Assembly, ask questions, make proposals and comments;
- d) inspect the records and registers of the Association and request information from its management;
- e) be elected as an officer of the Association, provided that no disqualifying grounds exist under law.

5.2. Each voting member has equal voting rights at the General Assembly.

5.3. Natural person members exercise their voting rights personally at the General Assembly, while legal entity members exercise them through their authorized representative.

5.4. Supporting and honorary members may attend the General Assembly in person with consultative rights, speak in accordance with the rules of the Assembly, ask questions, make proposals and comments, and participate in events organized by the Association.

5.5. An ordinary member may be elected an officer of the Association if no statutory grounds for exclusion exist and if the member has no overdue debts to the Association. Supporting and honorary members cannot be elected as officers.

5.6. Members, officers, and members of the Supervisory Board may request the court within 30 days of becoming aware of a resolution of the Association that is contrary to law or to the Statutes to annul such resolution.

6. Obligations of Members

6.1. Members of the Association shall:

- a) not endanger the achievement of the Association's objectives or its activities;
- b) pay the membership fees by the due date;
- c) comply with the provisions of the Statutes and the binding resolutions of the decision-making bodies;
- d) notify the Board of any change of address within 8 days.

6.2. Members shall, to the extent possible, contribute personally to the fulfillment of the Association's tasks and the achievement of its objectives.

6.3. Members shall support the implementation of resolutions of the General Assembly, provided these comply with laws and the Statutes, and shall pay the membership fees as determined by the Statutes or by the General Assembly.

6.4. Members shall familiarize themselves with and accept the Breeding Program. Ordinary members shall collect breeding and production data regarding their herds in accordance with the Breeding Program and provide such data to the Association.

V. Organs of the Association

Organs of the Association

- a) the General Assembly
- b) the Board of Directors
- c) the Supervisory Board
- d) the Breeding Committee
- e) the Disciplinary and Ethics Committee

The members of the Board of Directors and of the Supervisory Board, as well as the Chairperson of the Breeding Committee, shall qualify as office holders.

When adopting resolutions of the General Assembly, the Board of Directors, or the Supervisory Board, the following persons shall not be entitled to vote:

- a) any person who would be relieved of an obligation or responsibility by the resolution or who would otherwise receive any other advantage at the expense of the legal entity;
- b) any person with whom the contract specified in the resolution must be concluded;
- c) any person against whom legal action must be brought pursuant to the resolution;
- d) any person who has an overdue debt towards the Association, for which the Association has issued a demand for payment more than 30 days prior;
- e) any person whose relative has an interest in the decision and who is not a member or founder of the legal entity;

- f) any person who is in a majority-influence relationship with another organization having an interest in the decision; or
- g) any person who is otherwise personally interested in the decision.

2. The General Assembly

2.1. The decision-making body of the Association is the General Assembly, which has exclusive competence to:

- a) amend the Statutes;
- b) decide on the termination, merger, or division of the Association;
- c) decide on joining a federation, participating in the establishment of a company, or contributing assets to enter an already existing company;
- d) elect or remove the executive officers;
- e) elect or remove the members of the Supervisory Board;
- f) approve the annual budget and determine the membership fee;
- g) approve the annual report, including the report of the executive body on the financial situation of the Association;
- h) exercise employer's rights over the executive officer if the executive officer is employed by the Association;
- i) approve the conclusion of contracts with the Association's own members, executive officers, or their relatives;
- j) decide on enforcing claims for damages against current or former members or executive officers;
- k) adopt the Organizational and Operational Rules of the Association;
- l) adopt the operating rules of the Breeding Committee;
- m) adopt the Breeding Program and any amendments thereto;
- n) decide on all other matters referred to its competence by law or the Statutes.

3. Operation of the General Assembly

3.1. The General Assembly shall meet at least once per year.

3.2. The General Assembly shall be convened in writing by the Board of Directors, at least 15 days before the date of the meeting, primarily at the Association's registered office, by way of a verifiable invitation. Verifiable written delivery includes personal receipt, registered or certified mail, or delivery to the member's electronic mail address with return receipt (electronic delivery confirmation).

3.3. The General Assembly is not public; in addition to members and the Board of Directors, invited persons, representatives of members, and any persons with consultative rights pursuant to the Statutes or a resolution of the General Assembly may attend. Persons with an interest in the agenda items must also be invited.

3.4. If the General Assembly has not been convened in compliance with the rules, the meeting may only be held if at least three-quarters of those entitled to attend are present and unanimously consent to holding the meeting.

3.5. The invitation to the General Assembly shall include the name and registered office of the Association, the place and time of the General Assembly, and the proposed agenda items. The agenda items must be listed in sufficient detail to allow the voting members to form a position. Written proposals relating to the agenda must be sent together with the invitation. The invitation shall also include the place and time of a repeated General Assembly in case of lack of quorum, together with the information that the repeated General Assembly shall have quorum regardless of the number of attendees, provided it is convened for a date at least three and no more than fifteen days after the original date. The invitation must also be published at the Association's registered office and on its website.

3.6. Within three days of delivery or publication of the invitation, members and the organs of the Association may request that the Board of Directors supplement the agenda, providing justification. The Board of Directors shall decide on the supplementation within two days. The Board of Directors may accept or reject the request. Its decision, and in case of acceptance the supplemented agenda, shall be communicated to the members within two days in a verifiable manner.

3.7. If the Board of Directors fails to decide on the request for supplementation, or rejects it, the General Assembly shall decide separately on supplementation before adopting the agenda. However, a resolution may only be adopted on an item not properly communicated if at least three-quarters of those entitled to participate are present and unanimously consent to discussing the item.

3.8. The Board of Directors shall convene the General Assembly without delay to take necessary measures if:

- a) the Association's assets do not cover its due debts;
- b) the Association is foreseeably unable to pay its debts when due;
- c) the attainment of the Association's objectives is in jeopardy;
- d) at least one-third of the members request it, indicating the reason and purpose;
- e) at least one-third of the Board members initiate it;
- f) the Supervisory Board initiates it; g) the court orders it.

In such cases, the members must take measures to eliminate the circumstances necessitating the meeting or decide on the dissolution of the Association.

3.9. The General Assembly shall have a quorum if more than half of the votes that may be cast are represented. Quorum must be checked before each resolution. If the General Assembly has no quorum, the repeated General Assembly convened within three to fifteen days shall have quorum regardless of the number of members present, provided it deals with the same agenda items.

3.10. The General Assembly shall be chaired by the President of the Association. After opening, the quorum must first be established by comparing the number of attending members entitled to vote to the total membership. Before discussing the agenda, the General Assembly shall, by simple majority and open vote, elect the minute-taker, the person authenticating the minutes, and if necessary, a three-member vote-counting committee, whose members need not be Association members.

3.11. An attendance sheet shall be prepared, recording the names and addresses (or registered offices) of the members and, if permitted by the Statutes, their representatives, as well as the number of votes to which each member is entitled if not all members hold equal voting rights. The attendance sheet must be authenticated by the chairperson of the General Assembly and the minute-taker.

3.12. The General Assembly shall be recorded either by audio or by written minutes, which shall include:

- a) the name and registered office of the Association;
- b) the place and date of the General Assembly;

- c) the names of the chairperson, the minute-taker, and the authenticator of the minutes;
- d) the main events of the General Assembly and the proposals submitted;
- e) the proposed resolutions, the number of votes cast for and against, and the number of abstentions.

The minutes shall be signed by the minute-taker and the chairperson of the General Assembly, and authenticated by a member present.

3.13. In addition to the minutes, an extract must be prepared, containing exclusively the date of the General Assembly and the resolutions adopted. This extract must be signed by the minute-taker and the chairperson of the General Assembly, and authenticated by a member present. The signed extract shall be entered into the Book of Resolutions and published on the Association's website within 5 days of signing.

3.14. Unless the Statutes or law provide otherwise, the General Assembly adopts its resolutions by simple majority and open vote. Amendments to the Statutes, mergers, and divisions require a three-quarters majority of the General Assembly. Modifications of the Association's objectives and dissolution of the Association require a three-quarters majority of all members entitled to vote.

3.15. Resolutions of the General Assembly shall be announced orally at the meeting by the chairperson and communicated in writing in a verifiable manner to the affected members within 8 days, simultaneously with publication on the Association's website. The approved annual report must be uploaded to the Association's website within 15 days of its adoption.

4. The Board of Directors

4.1. The Board of Directors is the executive body of the Association, consisting of five (5) members, which decides on all matters not assigned by law or the Statutes to the exclusive competence of the General Assembly.

4.2. Members of the Board of Directors are obliged to attend the General Assembly in person, answer questions related to the Association, and report on the activities and financial situation of the Association.

4.3. Members of the Board of Directors are elected by the General Assembly for a fixed term of four (4) years. One member of the Board shall be elected President of the Association by the General Assembly with the designation of this office. Members of the Board must be elected from among the members of the Association. Associate or honorary members may not be elected to the Board. On the proposal of the President, the Board may elect one of its members as Vice President for a four (4) year term.

4.4. Members of the Supervisory Board may attend meetings of the Board of Directors as permanent invitees with consultative rights; background materials shall be provided to them.

4.5. Any adult person whose legal capacity has not been restricted for the purpose of performing the activity may serve as an executive officer.

4.6. If the executive officer is a legal entity, it must designate a natural person to perform the executive functions on its behalf. Rules applicable to executive officers shall apply to the designated person.

4.7. The executive officer must personally perform his/her executive duties. No person may serve as an executive officer if they have been sentenced to imprisonment for a criminal offense until any disadvantages arising from their criminal record are removed. No person under disqualification from public affairs or judicial disqualification from a profession may serve as an executive officer. If a legal person is barred by court decision from a profession, the designated executive officer of that legal person may not perform the office until the disqualification period expires.

4.8. Executive Officers of the Association:

- President: József Taskó Place and date of birth: Miskolc, 1985.09.07 Mother's birth name: Ilona Mert Residence: 3450 Mezőcsát, Galamb Street 9 Tax ID: 8433480529 Term of office: 04 December 2024 – 04 December 2028

The President shall legally represent the Association. The scope of representation is general, and the mode of exercising the right is independent. The President represents the Association towards third parties. If the President is unavailable, the Vice President shall primarily act; if the Vice President is unavailable, another Board member authorized in writing by the President may act. The President has sole authority over the Association's bank account.

• Members of the Board of Directors:

1. Pál Nagy, Kecskemét, 1976.09.02, Mother: Terézia Irén Szelei, Residence: 6000 Kecskemét, Kőröshegyi tanya 264, Tax ID: 8400562992, Term: 04 December 2024 – 04 December 2028
2. István Anka, Cegléd, 1958.09.02, Mother: Terézia Kartali, Residence: 6097 Kunadacs, Peregadacs tanya 86, Tax ID: 8334813775, Term: 04 December 2024 – 04 December 2028

3. Konrád Fási, Fehérgyarmat, 1983.05.31, Mother: Anna Mária Puskás, Residence: 4064 Nagyhegyes, Akácfa Street 3. 1. a., Tax ID: 8425182530, Term: 04 December 2024 – 04 December 2028
4. Dávid Nyakas, Hajdúnánás, 1991.08.21, Mother: Magdolna Berencsi, Residence: 4080 Hajdúnánás, Újosztási Nyakas tanya 351/15, Tax ID: 8455221771, Term: 04 December 2024 – 04 December 2028

4.9. Termination of the Executive Officer's Mandate:

- a) expiration of the term of office;
- b) recall;
- c) resignation;
- d) death or dissolution without legal successor;
- e) restriction of the officer's legal capacity required for the activity;
- f) occurrence of disqualifying or conflict-of-interest conditions.

4.10. Any Board member failing to fulfill their obligations (e.g., actively participating in the Board's work or attending meetings, including online meetings) may be recalled by the General Assembly.

4.11. A Board member may resign at any time by submitting a statement addressed to the Association. If necessary for the Association's operation, the resignation shall take effect upon the election or appointment of a new member, or at the latest, on the sixtieth day following submission.

4.12. Powers of the Board of Directors:

- a) managing the daily affairs of the Association and making decisions within its competence;
- b) preparing reports for the General Assembly;
- c) preparing the annual budget for submission to the General Assembly;
- d) managing Association assets and making decisions on use and investment not reserved to the General Assembly;

- e) convening the General Assembly and notifying members and organs of the Association;
- f) setting agenda items for General Assembly meetings convened by the Board;
- g) attending the General Assembly and answering questions;
- h) maintaining membership records;
- i) maintaining resolutions, organizational documents, and other records;
- j) preserving Association records;
- k) monitoring circumstances that could lead to the Association's dissolution and taking statutory measures if necessary;
- l) deciding on membership applications; m) deciding on all other matters referred to its competence by law or the Statutes.

4.13. The President may only undertake obligations beyond those in the annual budget with the consent of the Board. The President shall convene Board meetings and the General Assembly, implement resolutions, and inform the Board and the General Assembly about member admissions and withdrawals.

4.14. The Board shall hold meetings as necessary but at least twice a year. Meetings shall be convened by the President in writing at least 8 days before the meeting date, primarily at the Association's registered office, in a verifiable manner. Written delivery includes personal receipt, registered mail, or electronic mail with return receipt. Invitations must also be published on the Association's website.

4.15. Invitations shall include the name and registered office of the Association, the place and date of the meeting, and proposed agenda items. Written materials must be provided to Board members and Supervisory Board members together with the invitation.

4.16. Any Board or Supervisory Board member may request supplementation of agenda items within 3 days of the invitation, stating the reasons. The President shall approve such requests and immediately notify the Board and Supervisory Board in writing. Extraordinary meetings may be requested by any Board or Supervisory Board member specifying the proposed agenda.

4.17. Board meetings may be held electronically via real-time communication tools that allow unrestricted discussion, provided participants' identities are verified. Members must consent in writing or not object within 5 days of the invitation. The technology must allow continuous, unrestricted, high-quality communication and identification. Meetings conducted electronically shall be recorded with audio and video; storage of such records is the responsibility of the President.

4.18. If a meeting has not been duly convened, it may be held only if all eligible members are present and unanimously consent.

4.19. Board meetings are public to members. Third parties may request closed sessions if agenda items concern their personal or economic interests.

4.20. The Board adopts resolutions by simple majority and open vote. A quorum exists if more than half of the voting Board members are present.

4.21. The following may not vote on a resolution:

- a) a person relieved of obligations or responsibilities or otherwise advantaged;
- b) a person with whom a contract must be concluded pursuant to the resolution;
- c) a person against whom legal action must be initiated;
- d) a person with overdue debts to the Association of more than 30 days;
- e) a person whose relative has an interest but is not a member;
- f) a person in a majority-influence relationship with another interested organization;
- g) a person otherwise personally interested.

4.22. The President shall chair Board meetings. Quorum must be established after opening. Before discussing agenda items, the Board elects a minute-taker and authenticator by simple majority and open vote.

4.23. Minutes shall be taken, recording:

- a) the Association's name and registered office;
- b) place and date of the meeting;
- c) names of the minute-taker and authenticator;

- d) main events and proposals;
- e) proposed resolutions, votes for and against, and abstentions.

Minutes shall be signed by the minute-taker and the President, and authenticated by a member present.

4.24. An extract of the Board meeting must also be prepared, containing only the date and resolutions. The extract shall be signed by the President and authenticator, placed in the Book of Resolutions, sent to members by e-mail within 5 days, and published on the Association's website within 15 days. Members directly affected shall receive the extract by registered mail, regardless of e-mail availability.

V. The Supervisory Board

5.1. The task of the Supervisory Board is to monitor and ensure that the organs of the Association, as well as the execution of laws, the Articles of Association, and the resolutions of the Association, are properly observed.

5.2. The Supervisory Board consists of three (3) members, with a mandate of four (4) years. The Board elects its chairman from among its members by open vote with a simple majority.

5.3. The initial members of the Supervisory Board are designated in the founding document. Subsequently, the members of the Supervisory Board are elected by the General Assembly. Membership in the Supervisory Board is established upon acceptance. The rules governing the mandate agreement shall apply accordingly to Supervisory Board membership.

5.4. Members of the Supervisory Board:

1. Gábor János Jacsó (Chairman) Place and date of birth: Karcag, 1990.12.29
Mother's maiden name: Mária Eszter Szabó Residence: 5340 Kunhegyes, Gy.
Molnár István Street 19 Tax ID: 8452871112 Term of office: 04 December
2024 – 04 December 2028
2. Pál Oláh Place and date of birth: Budapest, 1982.06.06 Mother's maiden
name: Hajnalka Zsolnai Residence: 6050 Lajosmizse, Berénybene tanya 398
Tax ID: 8421590030 Term of office: 04 December 2024 – 04 December 2028

3. Péter Veiger Place and date of birth: Kaposvár, 1978.12.03 Mother's maiden name: Veronika Földvári Residence: 7400 Kaposvár, Eger Street 6 Tax ID: 8408780298 Term of office: 04 December 2024 – 04 December 2028

5.5. If the number of members of the Supervisory Board falls below the number specified in the founding document, the Executive Board shall convene the General Assembly or initiate a written resolution without a meeting to restore the proper functioning of the Supervisory Board.

5.6. A member of the Supervisory Board must be an adult with full legal capacity required for performing the duties. If a member is a legal entity, it must designate a natural person to carry out the Supervisory Board duties on its behalf. The rules applicable to Supervisory Board members apply to the designated person. A person against whom disqualification applies for executive officers, or whose relative is an executive officer of a legal entity, cannot be a member of the Supervisory Board.

5.7. A person cannot be the chairman or member of the Supervisory Board if they: a) are in continuous employment or other contractual relationship with the Association for purposes outside their mandate, unless otherwise provided by law; b) receive benefits from the Association's purpose-related grants, except for non-monetary services freely available to anyone and purpose-related benefits provided according to the Articles of Association based on membership; c) are a relative of the persons described in points a) or b).

5.8. Members must personally participate in the work of the Supervisory Board. They are independent from the management of the Association and cannot be instructed during the performance of their duties.

5.9. The Supervisory Board operates as a collective body and may assign specific monitoring tasks to any member or distribute tasks among its members.

5.10. Supervisory Board members are liable to the Association for any damage caused by omission or improper performance of their duties, in accordance with the rules on liability for breach of contract.

5.11. Rules applicable to the termination of executive officer mandates apply to the cessation of Supervisory Board membership, with the stipulation that resignation must be addressed to the President of the Association.

5.12. The Supervisory Board monitors financial activities, evaluates the budget and financial reports, informs the General Assembly of its findings, and carries out inspections according to its work plan. It is entitled to request information, documents, and data from the executive body and to prepare written reports on its inspections.

5.13. The Supervisory Board must review proposals submitted to the General Assembly and present its opinion at the meeting. It has the right to access the Association's documents, accounting records, books, payment accounts, cash holdings, securities, inventory, and contracts, and may use experts to review them.

5.14. Any member may initiate inspections within the competence of the Supervisory Board, and the chairman is obliged to organize them. By majority decision, the chairman may designate one or more members to carry out inspections. Written reports must be prepared for each inspection and sent by e-mail to the chairman and members, containing factual findings and conclusions.

5.15. The Supervisory Board must hold at least one meeting annually. Any member may request the chairman to convene a meeting in writing, specifying the issues to be discussed and the reason for the meeting, which the chairman must organize.

5.16. The chairman shall convene the meeting at least 8 days in advance in writing, primarily at the Association's headquarters, with verifiable delivery. Verifiable delivery includes personal receipt, registered or return receipt mail, or delivery to the member's e-mail with confirmation (electronic return receipt).

5.17. The meeting notice must include the Association's name and seat, the meeting location, time, and proposed agenda items. Written materials for agenda items must be sent together with the notice to Supervisory Board members and the Executive Board. Agenda items must be detailed enough for members to form an opinion.

5.18. If the meeting is not convened properly, it may be held if all entitled members are present and unanimously agree to proceed.

5.19. The meeting is quorate if two-thirds of the members are present. Decisions are made by open vote with a simple majority. Minutes must be recorded and signed by all present members.

5.20. The chairman presides over the meeting. Upon opening, quorum must be established.

5.21. Minutes or audio records of the meeting must include: a) the Association's name and seat; b) the location and time of the meeting; c) the main events and proposals discussed; d) proposed resolutions, votes in favor, against, and abstentions.

VI. The Breeding Committee

6.1. The Breeding Committee is the decision-making body of the Association responsible for planning and supervising its professional activities.

6.2. The primary task of the Breeding Committee is to define and enforce the breeding program. It may submit proposals to the General Assembly regarding modifications to the breeding program and the studbook regulations.

6.3. The Breeding Committee regulates its own operations. For this purpose, it adopts internal rules of procedure, the content of which is determined collectively by its members. The General Assembly approves the rules of procedure of the Breeding Committee.

6.4. Breeders who conduct continuous, forward-looking, and qualified breeding activities may become members of the Breeding Committee if they meet the requirements for qualification, as specified in the Committee's rules of procedure.

VII. The Disciplinary and Ethics Committee

7.1. Any disciplinary matter that arises is discussed by the General Assembly based on a proposal from the Association's Board. If deemed necessary, the General Assembly establishes a Disciplinary and Ethics Committee, whose Chairperson and two members are elected by the General Assembly through an open vote by simple majority. Members of the Disciplinary and Ethics Committee may not hold any other office within the Association.

7.2. The disciplinary procedure is conducted by the Disciplinary and Ethics Committee in accordance with the provisions set out in this section.

7.3. The Disciplinary and Ethics Committee may impose sanctions on any member who violates the provisions of the Articles of Association, fails to fulfill obligations arising from their membership or the resolutions of the General Assembly, or whose conduct or activities damage the professional reputation or political neutrality of the Association.

7.4. The disciplinary procedure is initiated in writing by the Chairperson of the Disciplinary and Ethics Committee, notifying the member subject to the procedure of the alleged violation, the evidence, and the time and place of the disciplinary hearing.

7.5. A disciplinary procedure may not be initiated for a violation committed more than five years prior, or if more than six months have passed since the Board became aware of the violation and no disciplinary procedure has been initiated against the member.

7.6. The member subject to disciplinary proceedings may submit a written defense at least 8 days before the disciplinary hearing, and may present it orally during the hearing. They have the right to inspect documents generated during the proceedings and request copies. The member must provide the Committee with any materials necessary for conducting the procedure.

7.7. If the member is found responsible at the disciplinary hearing, they are obliged to reimburse the costs of the procedure in whole or in part.

7.8. Disciplinary sanctions may only be imposed following a disciplinary hearing. The General Assembly may impose disciplinary sanctions based on the proposal of the Disciplinary and Ethics Committee by open vote and simple majority. The resolution must be sent to the member concerned by registered mail with return receipt within 15 days of adoption.

7.9. The possible disciplinary sanctions are: a) verbal warning, b) written reprimand, c) suspension of Association-provided benefits for up to one year, d) recommendation for expulsion from the Association.

7.10. No appeal is available against a General Assembly resolution imposing a disciplinary sanction or ordering expulsion.

7.11. An expelled member may submit a request for readmission no earlier than three years after the expulsion.

VI. Operation and Financial Management of the Association

6.1. Detailed rules regarding the operation of the Association are set out in its Organizational and Operational Regulations, which are adopted and amended by the General Assembly.

6.2. In order to achieve the objectives set forth in the Articles of Association, the Association manages its assets independently and engages in economic or business activities only secondarily.

6.3. The Association may engage in economic or business activities only in a manner that does not endanger its public benefit activities or the fulfillment of its primary objectives as defined in these Articles. Any surplus generated from such activities shall not be distributed but shall be used for public benefit purposes.

6.4. The Association's revenues consist of:

- a) membership fees;
- b) contributions from supporting members;
- c) revenues from economic or business activities (including services provided);
- d) income from investments;
- e) budgetary support;
- f) budgetary support obtained through applications or individual decisions;
- g) donations from other organizations or individuals;
- h) the portion of personal income tax allocated by taxpayers;
- i) other revenues not included in the above categories.

6.5. The Association is liable for its obligations with its own assets. The founder and members of the Association are not personally liable for the obligations of the organization.

6.6. Documents related to the public benefit activities of the Association—except for data not publicly available under the law—are accessible to anyone at the Association's registered office. Interested parties must notify the Board in advance in writing (e-mail) to request access. The Board shall ensure access to the requested documents at a pre-agreed time. If the interested party requests copies of the documents, they shall reimburse the Association for the copying costs.

6.7. The Association ensures the transparency of its operations and services, as well as the ways to access them, through publication on its website. The annual report and the public benefit annex shall be published on the website by June 15 each year.

6.8. The Association does not engage in investment activities and, therefore, is not required to prepare an investment policy.

VIII. Termination of the Association

8.1. The Association shall be terminated if:

- a) it was established for a fixed term and the term expires;
- b) its termination depends on the occurrence of a specified condition, which has occurred;
- c) the members decide on its termination by at least a three-quarters majority;
- d) the competent authority dissolves it;
- e) it merges with, is absorbed by, or splits into another association;
- f) it has fulfilled its purpose or its purpose has become impossible to achieve and no new objective has been defined; g) the number of members does not reach ten for a continuous period of six months.

8.2. In the event of termination without a legal successor, the remaining assets, after satisfying creditors' claims, shall be transferred to the Hungarian Association of Animal Breeders (registered office: 1134 Budapest, Lóportál Street 16; registry court: Budapest Metropolitan Court; registration number: 0100/Pk.60987/1995).

IX. Final Provisions

9.1. Matters not regulated in the Articles of Association shall be governed by Act V of 2013 on the Civil Code (Ptk.) and Act CLXXV of 2011 on the Right of Association, the Public Benefit Status, and the Operation and Support of Civil Organizations (Ectv.).

9.2. These Articles of Association were adopted by the Association at its inaugural General Assembly held on December 4, 2024, by Resolution I-4/2024 (XII.04.).

Countersigned in Budapest, on December 4, 2024:

..... **Dr.**
Adrienn Orsolya Marján, Attorney-at-Law (Office: Marján Law Office – 7621 Pécs, Mária Street 43; registration number: 17/VIII; Bar ID: 36064989)