

APPROVED

*Under Resolution of the General Meeting of the
Biological Farming Association "Elkana" of
12 April 2007*

Article 1. General Provisions

1. The Biological Farming Association "Elkana" (hereinafter referred to as the "Association") is a non-entrepreneurial (non-commercial) legal entity, with an organizational legal status of a union.
2. The Biological Farming Association "Elkana" is registered under a decree # 17/26 dated October 6, 1994 of the Ministry of Justice of Georgia. The re-registrations were carried out on December 25, 1998, on August 8, 2001 and on March 14, 2003 by the Vake-Saburtalo District Court, Registration # 5/9-86.
3. The Association is authorized to enter into transactions on own behalf, to acquire property-related and private non-property titles, to assume obligations, to act as a plaintiff and a defendant in court proceedings, including arbitration and mediatory courts.
4. The Association is entitled to protect legitimate interests of its members in governmental and nongovernmental organizations.
5. The Association is guided by the Constitution of Georgia, effective legislation, and the present Charter.
6. The Association has an independent balance, is entitled to open current (settlement) and other accounts, including in foreign currency. It has a stamp with its own title, seal, letterheads, and other attributes.
7. In accordance with its goals and mission, the Association acts on the whole territory of Georgia, as well as beyond its borders.
8. The legal address of the Association is: 3rd Delisi St, Nakveti 16, Tbilisi 0177, Georgia.
9. The Association is established for an indefinite period;

Article 2. Objectives and primary activities of the Association

1. The Association aims at improving the social-economic state of the population of Georgia and protecting the environment through the development of sustainable organic farms and increasing self-reliance of the local communities;
2. The primary activities of the Association include:
 - 2.1 the promotion and introduction of organic agro-productions as environmentally safe and friendly systems;
 - 2.2 the facilitation of the strengthening of biological cycles and environmental protection processes in farming system;
 - 2.3 the protection of farmers' interests;
 - 2.4 the lobbying of legislation supportive of organic farming;
 - 2.5 the protection of consumers' rights;
 - 2.6 the establishment of an adult education network in organic farming;
 - 2.7 the introduction of a participatory research in farms;
 - 2.8 the protection of the genetic fund of endemic and aboriginal species of agricultural flora and fauna and its purposeful utilization;
 - 2.9 the establishment of qualified extension service for villages, rural population and farmers;
 - 2.10 the promotion of markets for organic production;
 - 2.11 the facilitation of basic and supplementary activities generating benefits for organic farmers;
 - 2.12 the facilitation of the consistent growth of the quantitative and qualitative indicators of organic farms in Georgia.

Article 3 . Association member's status

1. Any citizen of Georgia or of a foreign country or a person without citizenship, over the age of 18 as well as a legal entity can become a member of the Association.
2. A matter of membership in the Association is decided by the "Elkana" Board based on a written application of the applicant, at the nearest meeting being held after such application. The application shall be appended with a copy of the ID certificate, a letter of recommendation (reference) by an officer of the Advisory Service of the Association, and a membership fee payment receipt. In case the Board for any reason rejects an application for membership, the applicant will be refunded the paid membership fee.
3. A member of the Association shall have the right:
 - 3.1 to participate in General Meetings of the Association Members with an equal right;
 - 3.2 to be elected to any vacant position in management bodies of the Association, as well as to work in the Association on the basis of a contract;
 - 3.3 to receive free services and publications as provided under the Association program, as well as to take part in any general activities organized by the Association.
 - 3.4 In case membership in the Association is suspended to an Association member due to the non-payment of membership fees, he/she will have the right to have the membership restored in a year by having paid the fee.
4. A member of the Association shall be obliged:
 - 4.1 to pay membership fee in the amount fixed by the Board on a yearly basis; at the same time, the initial payment shall be made prior to a decision on the membership of the person in the Association to be made by the Board, and respectively before May 1 of the each next year;
 - 4.2 to comply with the provisions set out in the Association Charter and with the standards set by the Association "Elkana", when engaged in economic activity;
 - 4.3 to take care of dignity and standing of the Association.
5. In the case of a failure to pay membership fees, the defaulting Association member will be sent a notice of warning with the explanation of the non-payment consequences; a failure to respond to the warning will, within 2 months after the receipt of the warning (but not later than by July 1), result in the automatic suspension of membership.
6. The authorization of a member of the Association is suspended by a decision of the Board:
 - 6.1 if the member's activity runs counter to the goals of the Association or undermines dignity and standing of the Association, and/or the member grossly violates the "Elkana" standards when being engaged in economic activity;
 - 6.2 on the basis of a personal application;
 - 6.3 under a court decision on acknowledgement of the member incapable, from the date on which the decision entered into force;
 - 6.4 in the case of death.

Article 4 . General Meeting of the Association

1. The General Meeting of the Association Members is the ultimate authority of the Association.
2. The General Meeting of the Association Members shall be called by the Board once every four years, as well as at any time when the Association interests so require. General Meetings can also be called at the written request of at least one tenth of the Association Members to be attached to the Agenda of the Meeting.
3. The Board shall notify all the Members of the venue, date and Agenda of the Meeting in writing or by making public the relevant information in a publication of the Association at least two weeks in advance of the Meeting.
4. The Association Members shall, at least a week in advance of the General Meeting, call a District Meeting of the Association Members in order to form own opinions on the matters to be considered at the Meeting and to

- elect delegates who will represent their interest at the General Meeting.
5. The Association Members who have not been elected as delegates but are willing to participate in the General Meeting shall have the right to take part in the work of the General Meeting under a general procedure.
6. The District Meeting of the Association Members shall end with the making of Minutes to be signed by the attending members. The Minutes shall contain the opinions expressed by the District Meeting participants in relation to the items placed on the Agenda. The Minutes shall also record the members who have not been elected as delegates but expressed willingness to attend the General Meeting. The said Minutes shall be submitted to the administration of the Association at least two days prior to the General Meeting.
7. A delegate member may not represent more than 5 Association Members inclusive own self. The allocation of a vote to the delegate member shall be indicated in the Minutes of the District Meeting against signatures of the Chairperson and the Secretary of the Meeting.
8. The General Meeting of the Association Members shall decide on the following issues:
- 8.1 the election of the Board Members, the forms and size of their remuneration;
 - 8.2 the election of 3 reserve candidates for Board membership;
 - 8.3 the approval of the outcomes of activities and reports of the Board;
 - 8.4 the approval of the Charter of the Association, making amendments and additions to it;
 - 8.5 the modification of the objective of the Association;
 - 8.6 the reorganization and liquidation of the Association;
9. The decisions stipulated in subparagraphs 8.1 and 8.2 of paragraph 8 of this Article shall be taken in an open ballot by a simple majority vote of the attending members; the decisions stipulated under subparagraphs 8.3 and 8.4 are taken in an open ballot and shall require a two-thirds vote of the attending members; the decisions as per subparagraphs 8.5 and 8.6 shall be taken by in an open ballot and require four-fifths of the votes of all the Association Members.
10. The Members, who are not attending the Meeting and/or represented at the Meeting, may take part in the voting by correspondence with the same status as the attending members.
11. Decision taken at the General Meeting of the Association Members shall be recorded in the Minutes to be signed by the Chairperson and the Secretary of the elected at the General Meeting from among the Association Members by a simple majority vote in order to chair the Meeting and make records of its proceedings.

Article 5. Board of the Association

1. The Board shall consist of 9 members to be elected by a General Meeting of the Association Members for four years of office. The Board members shall elect from among themselves a Chairperson of the Board by a two-third vote at least.
2. A Board member may not hold a position stipulated by the manning table of the Biological farming Association "Elkana".
3. The Association Board shall:
- 3.1 work out a strategic development plan of the Association;
 - 3.2 approve the "Elkana" standards;
 - 3.3 approve action programs, financial and program reports of the Association on the proposal of the Director;
 - 3.4 elaborate and approve the organizational structure and the manning table of the Association on the proposal of the Director;
 - 3.5 determine primary activities of the structural units of the Association;
 - 3.6 approve the working policy of the Association on the proposal of the Director;
 - 3.7 take decisions on establishing enterprises, non-entrepreneurial legal entities, as well as branches, representative offices of the Association and approves their statutes; take decisions which, under the statutes of these enterprises and non-entrepreneurial legal entities, are within the authority of a member, partner or

founder;

3.8 identify persons authorized to dispose assets of the Association, as well as the scope of the above authorization;

3.9 appoint and dismiss the Director of the Association, enter and terminate an employment contract therewith;

3.10 approve projects lasting more than a year and worth more than GEL 100,000;

3.11 approve the logo and other symbols of the Association;

3.12 handle all other matters which, pursuant to this Charter, are outside the competence of other bodies.

4. The Chairperson of the Board shall manage the Board's activity. The Chairperson shall lead the Association activities to achieve its Charter-set objectives, as well as represent the Association in relations indicated in subparagraph 3.9 of this Article.

5. In case the Chairperson resigns, terminates his/her authority before due, or is incapable to discharging the duties as per this Charter, one of the Board members – Deputy Chairperson - to be elected from among the Board members by a simple majority vote shall act as the Chairperson.

6. Regular meetings of the Board are held at least once in every three months. Meetings shall be called by the Chairperson of the Board or the Deputy Chairperson where the former is unable to discharge his/her duties or terminates his/her authorities, or the eldest member of the Board until the latter is elected. Candidates to the Board membership (reserve) may attend meetings without the right to vote. An extraordinary meeting shall be called on the proposal of the Chairperson of the Board or at the recommendation of the Director. Extraordinary meetings may also be called at the written request of the two thirds of the Board members.

7. The Board is capable to make decisions if the meeting attended by more than half of the members.

8. Decisions at a meeting of the Board shall be taken by a simple majority vote.

9. The Board shall continue to be authorized after expiry of the fixed term until the election of the new Board.

10. Where the authorities of any Board member are terminated before due (based on a personal application, the deterioration of health or through other reason), a reserve candidate shall take the place of the withdrawn member in accordance with the number of votes obtained at the General Meeting.

11. The board is accountable to the general meeting of the association.

12. Each Board meeting shall end with the making of Minutes to be necessarily signed by the Chairperson and the Secretary of Meeting.

Article 6. Director

1. The Director shall be in charge of the running and representing of the Association.

2. The Director shall organize the accomplishment of the decisions taken at the General Meeting of the Association Members and by the Board and handle all other question in relation to the Association activities within his/her competence.

3. The Director shall be in charge of operational management of financial and other tangible assets of the Association and be responsible for their adequate use.

4. The Director shall sign official documents of the Association, including financial documents, issue orders binding on all the employees of the Association, and coordinate activities of the structural units of the Association.

5. The Director shall, without any warranty, represent the Association in legal relations with third parties, its interests before any organization and agency. He/she shall be acting at own discretion and his/her representative authority shall not be restricted in relations with third parties.

6. The Director shall be responsible that all accounts and reports of the Association be in compliance with the accounting standards established under the effective Georgian legislation. The Director shall ensure safekeeping of all the statute-stipulated documents in connection with the Association activities during ten years.

7. The Director shall be authorized:

- 7.1 to temporarily delegate some of his/her functions to other employees;
 - 7.2 to appoint and dismiss Association, branch and representative office employees;
 - 7.3 to enter into transactions and powers of attorney;
 - 7.4 to open accounts;
 - 7.5 to take other decisions for achieving the Association objectives.
8. The Director shall be accountable to the Board of the Association.
 9. The Director's authority may be restricted at the decision of the Board of the Association.
 10. In the absence of the Director, he/she shall appoint his/her Deputy. In the case of absence for more than two weeks, the Director shall notify the Board Chairperson thereof.

Article 7. Property, economic activities and responsibilities of the Association

1. The Association is authorized to engage in economic activities in accordance with a procedure prescribed by the law.
2. The property of the Association consists of the fixed assets, the working capital and other assets being reflected on its independent balance sheet and necessary for material security of the Charter-stipulated activities.
3. The Association funds are made up of:
 - 3.1 membership fees;
 - 3.2 grants, voluntary charity contributions and donations;
 - 3.3 receipts from implementation of the Association projects and programs;
 - 3.4 receipts from the enterprise set-up with the participation of the Association;
 - 3.5 other sources not forbidden by the applicable legislation of Georgia.
4. The Association may own the property needed for securing the Charter-stipulated activities.
5. The gain from the economic activity of the Association shall not be allocated among the Association members and shall be used only for achieving the Charter-set objectives.

Article 8. Reorganization and liquidation of the Association

1. The Association shall terminate its activities through its reorganization or liquidation on the basis of the decision of the General Meeting of the Association Members or the court having entered into force.
2. The liquidation shall be carried out by the Board. In the course of liquidation of the Association, the General Meeting of the Association Members or the court, in individual cases, shall approve the liquidation procedure.
3. The following shall be authorized to the assets remaining after the liquidation:
 - 3.1 non-entrepreneurial legal entities founded by the Association;
 - 3.2 non-entrepreneurial legal entities with similar goals and activities.
4. The liquidation shall be carried out as prescribed by Georgian legislation.