

**NNLP COLLECTIVE MANAGEMENT ORGANIZATION INTELLECTUAL PROPERTY OWNERS
ASSOCIATION (IPOA).
CHARTER**

1. General provisions

1.1 NNLP Collective Management Organization – Intellectual Property Owners Association (hereinafter referred to as the Association) was founded voluntarily, directly by the owners of the copyright and related rights, in a legal form of non-entrepreneurial (non-commercial) legal entity and comprises organization that managements the property rights on the collective basis.

1.2 This charter is the part of memorandum of association bade between the Association founders, expressing their concerted will and it has binding power for the founders and members.

1.3 Association was established for achievement of the goals specified in this Charter – for protection and management of the rights of the holders of copyright and related rights.

1.4 Association is not an artistic union and hence, the Law of Georgia on the Workers of the Artistic Unions shall not be applicable to it.

1.5 The Association exists operates and it is managed in accordance with the Constitution of Georgia, universally recognized principles of international law, the Law of Georgia on Copyright and Related Rights, effective Georgian legislation and this Charter (hereinafter referred to as the Charter).

1.6 Full name of the Association in Georgian: ა(ა)იპ „ქონებრივი უფლებების კოლექტიურ საფუძველზე მმართველი ორგანიზაცია – ინტელექტუალური საკუთრების მფლობელთა ასოციაცია“. შემოკლებით (ისმა).

1.7 Full name of the Association in English: Collective Management Organization Intellectual Property Owners Association (IPOA).

1.8 Association is non-entrepreneurial (non-commercial) legal entity. Association is deemed founded and acquires status of the legal entity from the moment of registration with the Registry of Enterprises and Non-entrepreneurial (non-commercial) legal entities.

1.9 Association has the separate property and it can be the plaintiff and defendant at court, it can acquire the proprietary and non-proprietary rights and exercise the rights and obligations provided by the legislation of Georgia, according to the goals of the Association’s activities.

1.10 Association was established for unlimited time and operates without territorial restrictions.

1.11 Association has settlement and other accounts, including foreign currency accounts with the banks, in the territory of Georgia and/or abroad.

1.12 Founders of the Association, its members, person(s) responsible for management and representation shall not be responsible for the Association’s liabilities and Association shall bear no responsibility for the liabilities of its founders, members, management and person(s) with representation authorities. Association bears responsibility to the creditors with its entire property.

1.13 For achievement of its goals, the Association is authorized to establish the representation offices, commercial and non-commercial, among them, international legal entities, funds in the sphere of the copyright and related rights. Association is entitled to own the publishing houses, mass media, cultural-educational entities operating according to the goals stated by the Charter, in the sphere of copyright and related rights.

1.14 Association is entitled to conduct supplementary entrepreneurial activities, profit from which shall be spent for achievement of its goals. Distribution of the profits from such activities between the Organization founders, members, contributors, as well as management and persons with representation authorities is prohibited. Organization is authorized to acquire/accept tangible and intangible property, contributions.

1.15 Association is entitled to perform any activities not prohibited by the law, irrespective of whether such activities are specified in this Charter of not.

1.16 Association is entitled to own/acquire/accept/use tangible and intangible assets, among them, possess with the property rights the buildings, land parcels, recreation facilities. Association is entitled to acquire

and dispose, lease out and launch into turnover any movable and immovable property, according to effective Georgian legislation.

1.17 Property, received by the Association in accordance with the provisions of this Charter is the Association's property and is subject to protection.

1.18 Founders of the Association are:

Nino Karseladze-Zhordania (born on 11.04.1991, Tbilisi, Personal No: 01017023100, address: 54, Merab Kostava Street, Tbilisi)

Jemal Sepiashvili (born on 19.02.1947 in Tbilisi, P.N01026000467, address: suite 12, 11, M. Kostava 1st lane, Tbilisi),

Archil Purtseladze (born on 05.12.1979 in Tbilisi. P.N01012010532, address: suite 5, building 9, I micro/district, Vazisubani settlement, Tbilisi),

Mamuka Makhniashvili (born on 20.06.1971 in Tbilisi. P.N01009007356, address: Tbilisi, without address),

Zurab Khachidze (born on 03.01.1979 in Borjomi, P.#11001000684, address:

54, Merab Kostava Street, Tbilisi),

Giorgi Mamatsashvili (born on 05.01.1978 in Tbilisi. P.N01001012745, address: Suite 21, building 17, 5th block, Digomi Massif, Tbilisi),

Davit Khujadze (born on 25.06.1975 in Tbilisi, P.N01030026625, address: 22/4, El. Akhvlediani Street, Tbilisi),

Boris Shkhiani (born on 29.12.1977 in Kutaisi. P.N01024006651, address: suite 60, 18, Zaza Panaskertel-Tsitsishvili Street, Tbilisi),

Giorgi Pavliashvili (born on 26.12.1988 in Tbilisi. P.N01031006351, address: 9, Kakabadze brothers Street, Tbilisi),

Marine Malazonia (born on 14.11.1962 in Tbilisi. P.N01020005622, address: Tsuite 7, 13, Dimitri Bakradze Street, Tbilisi),

Lasha Nikabadze (born on 31.10.1974 in Kutaisi. P.N60002001088, address: 14, Asatiani 3rd lane, Kutaisi),

Guram Gorelishvili (born on 16.10.1950 in Tbilisi. P.N01009004260, address: 36, building 33b, 2nd block, Vazha-Pshavela Ave., Tbilisi),

Rusudan Morchiladze (born on 30.05.1970 in Tbilisi. P.N01020003953, address: Tbilisi),

Marika Tkheidze (born on 12.03.1988 in Tbilisi. P.N01024031558, address: suite 9a, 3, Pekin Avenue, Tbilisi)

Boris Shkhiani (born on 01.07.1950 in Kutaisi. P.N01005000675, address: 15, Lev Tolstoy Street, Tbilisi),

Nana Tsintsadze (born on 14.09.1952, P/N01010004459, address: Apartment 22, building 4, 18, Simon Chikovani, Tbilisi).

2. Associations goals, subject of activities, objectives and functions

2.1 The main subject of Association's activities is management of the property rights of the authors, performers of the scientific, literature and art works, producers of the phonograms and videograms, holders of the rights of use of the other objects protected with the copyright and related rights (hereinafter referred to as the Rightsholders) on the collective basis, in accordance with effective Georgian legislation.

2.2 Subject, of the Association's activities, its objects and functions are as follows:

2.2.1 Collective management of the rightsholders' property rights to the works protected with the copyright and related rights and parts thereof, including musical compositions (with and without lyrics), dramatic and musical-dramatic works, pieces of visual arts, decorative-applied arts, literature, stage, choreography, pantomime works, photographic works and those created by means, similar to photography, with respect of their public performance, public transmission or otherwise, including first transmission and retransmission, via cable or other similar means;

2.2.2 Management of the property rights of the authors (co-authors) of audiovisual works, their heirs, in relation to payment of the authors' royalties from the persons who, according to Georgian legislation, shall pay the royalties (royalty payers – broadcasting organizations, cinemas, theaters etc.) for use of such works,

including, but not limited to, public performance and public transmission (first transmission and re-transmission via cable or otherwise);

2.2.3 Management of the property rights of the work authors (co-authors) and their heirs, in case of publication, production of these works in any material form, including audio and video records, in case of production 2D copies of the 3D works and 3D copies of 2D works in electronic (including digital), optical or other mechanical form, suitable for reading;

2.2.4 Exercising, management of the rights of the authors of visual art works and original photographic works, in each case of sale of such works, after first disposal of the original works.

2.2.5 Exercising of the property rights of the audiovisual work authors, performers, phonogram producers, their heirs, successors for collection of the royalties, in case of reproduction of the audiovisual works or phonograms or other works for personal purposes;

2.2.6 Management of the rights of the producers of phonograms, issued for the purpose of profit generation purposes, their successors, in relation to collection of the royalties for public performance and public transmission of such phonograms, in case of the first transmission and re-transmission by cable or by other means;

2.2.7 Protection of the rights of the performers of the works recorded in the phonograms issued for the purpose of profit generation, in case of public performance and public transmission of such phonograms, including first transmission and re-transmission by cable or other means;

2.2.8 Management of the property rights in the event of use of the objects of copyright and other rights in case of their use in any other way and also, in case of exercising the rights of holders of the copyright and related rights, in accordance with the effective legislation of Georgia;

2.2.9 Prevention of Illegal use of the objects of copyright and related rights and collective protection of the holders of copyright and related rights;

2.2.10 Contribution to development and popularization of the sphere of copyright and related rights in Georgia, improvement of the population's awareness;

2.2.11 Support of the creative, cultural, educational and social needs of the holders of copyright and related rights by implementation of various projects, among them, through establishing of the special funds.

2.3 The rightsholder is entitled to transfer to the Association, for management, the rights that are within the sphere of Association's activities and correspond to its objectives.

2.4 Association shall be entitled to perform the charity activities, provide social and material support to the workers of culture and art of Georgia, within its competence, independently or with involvement of the third parties, among them, commercial organizations.

2.5 Association shall be entitled to perform other activities, within the scopes of its authorities, transferred by the rightsholders and/or not prohibited by Georgian legislation and/or granted as a result of relevant accreditation.

3. Activities of the Association

3.1 Association performs its activities on the basis of the principles of publicity and transparency.

3.2 To achieve the goals and objectives specified in this Charter, within the scopes of its authorities, the Association:

3.2.1 Makes agreements with the holders of the copyright and/or related rights or their successors, heirs, on management of their property rights on the collective basis and undertakes to collect, distribute and pay royalties according to the terms and conditions provided for by the legislation and by this Charter; Association is not entitled to refuse to conclude agreement with the holders of the copyright and related rights or their successors, with the exclusion of cases, where management of the rightsholders rights is not within the Association's authorities or such agreement is in breach of the law or is harmful for the Association;

3.2.2 Issues the licenses in the sphere of the Association's activities, for use of the copyright and related rights and in cases provided for by Georgian legislation – in the event of use of the copyright and/or related rights by any person, collection of the royalties and their distribution, without issuance of the license;

3.2.3 Makes agreements on mutual representation with the other similar organizations, including the ones of the foreign countries, providing management of the relevant property rights on the collective basis;

3.2.4 Association is entitled to request and receive from the users the reports on use of the relevant objects of the copyright and/or related rights, as well as the other data and documents required for collection and distribution of the royalties. List of the documentation and terms and conditions of their submission can be determined by the agreements/contracts between the Association and the users or by the Association's regulations or by the legislation;

3.2.5 Association shall be entitled to demand and receive the royalties from the persons obliged, under Georgian legislation, to pay the amounts for payment of the royalties to the rightsholders;

3.2.6 Association shall be entitled to request from the state authorities/institutions and other organizations any information and/or documentation required for collection, distribution and payment of the royalties;

3.2.7 In accordance with sections 3.2.4 and 3.2.6 of this Charter, the Association keeps confidential received information, in cases provided for by the legislation;

3.2.8 In accordance with the legislation of Georgia, this Charter, decisions made by the Association's management bodies, councils and persons responsible for management and representation, within their competence, the Association distributes the collected royalties and pays to the rightsholders;

3.2.9 Regularly, no later than within 9 months, from the date of end of the financial year, in which the royalties were collected for the rightsholders benefit, Association pays the royalties to the rightsholders and/or similar foreign organizations operating on the collective basis, in accordance with the agreements on mutual representation, with the exclusion of cases provided for by the legislation. Association may make decision on distribution of the royalties in shorter intervals;

3.2.10 From the royalties received from the royalty payers or users for the benefit of the holders of copyright and/or related rights, the Association deducts the amounts determined by the Association's effective charter but no more than 20% of the collected royalties, for the purpose of performance of its activities'

3.2.11 In case of establishing of the specific purpose funds for the benefit of the copyright and/or related rights holders by the Association, they transfer to such funds the monetary assets that shall not exceed:

- 30% of the of the royalties collected from realization of the rights in the sphere of management of the rights specified in Section 2.2.5;
- 15% of the collected royalties from realization of the rightsholders' property rights and/or rights. in the other cases;

3.2.12 Association ensures use of the undistributed royalties in a manner provided for by the law, among them, through transfer to the purpose funds;

3.2.13 In addition to payment of the author's royalties, in case of the request from the rightsholders, the Association provides to them the information about use of their rights, amounts deducted for management of their rights on the collective basis, as well as the amounts transferred to the funds established by the Association. In addition, in case of providing of such information, the information confidentiality standards, with respect of the rightsholders' personal data and their income shall be observed to the maximal extent;

3.2.14 Association provides monitoring of the use of the objects of copyright and/or related rights;

3.2.15 Association performs the legal actions required for protection and enforcement of the rightsholders rights. Within the scopes of the rightsholders' rights and interests, Association ensures representation at the court and administrative authorities;

3.2.16 Association provides consultations to the rightsholders and users, on the issues related to use of the objects of copyright and related rights;

3.2.17 Association organizes and/or participates in scientific and sociological researches;

3.2.18 Implements or participates in implementation of the cultural, educational, cognitive and scientific programs;

3.2.19 Maintains and regularly updates the registry of members thereof;

3.2.20 Publishes information and documentation about its activities on its website, in accordance with effective Georgian legislation;

3.2.21 Performs any other actions not contradicting the goals of the Association Charter that are not prohibited by Georgian legislation and are oriented towards achievement of the goals under this Charter;

4. Key principles and rules for distribution of the royalties

4.1 The royalties collected by the Association within the scopes of management of the property rights on the collective basis, shall be distributed on the basis of the principles of proportionality, non-discrimination, reasonability and justice, implying the following:

4.1.1 Amount of the royalties payable to the rightsholder shall be calculated in proportion with the data of use of the objects of the copyright and/or related rights of such rightsholder or based on the other objective indicators determining the share of use of the relevant object of the copyright and/or related rights in the total scopes of the use of the property rights in the sphere of the Association's activities (principle of proportionality);

4.1.2 Amount of the royalties payable to the rightsholder shall not be determined on the basis of personal characteristics of the rightsholder (membership of the Association, national, religious or gender belonging, citizenship, permanent residence place or other subjective characteristics), as well as the creative value or other characteristics of the object of the copyright or related rights held by him/her (principle of non-discrimination);

4.1.3 Amount of the royalties payable to the rightsholder shall achieve substantial extent, compared with the expenses made by the Association for collection thereof, as well as the expenses required for payment. Of required, to ensure economic reasonability, Association collects the royalties in the interests of the specific rightsholder during the consecutive periods, until total amount of the royalties achieve the required level (reasonability principle);

4.1.4 Distribution of the royalties to various holders of the copyright and related rights should be based on the quantitative indicators of use of the objects of copyright and related rights and should ensure fair distribution of the total amount of royalties between all rightsholders, whose lawful rights were used (principle of justice).

4.2 Association distributes the collected royalties reasonably, at maximal frequency achievable regarding available capabilities to ensure obtaining of the royalties by the holders of copyright and related rights within the shortest time, after recording use of the relevant objects. Periodicity of distribution of the royalties shall be determined by the decision of the Association management board, in accordance with general rules of distribution of the royalties adopted by general meeting. Different types of the royalties can be distributed with different periodicity.

4.3 Rules of calculation of the royalties payable to the rightsholders, as per relevant categories or types of the relevant property rights, regarding form of use of the objects of the copyright and related rights shall be as approved by the general meeting of the Association.

4.4 Association provides recording and maintenance of the data of use of the objects of copyright and related rights, on the basis of which the collected royalties are distributed, as well as availability of information about the paid royalties, in accordance with the requirements of this Charter, regulations and legislation.

5. Membership of the Association

5.1 Association membership can be only voluntary.

5.2 Association members are entitled to participate in the Association's activities.

5.3 Association members can be the holders of copyright and/or related rights, their heirs, legal entities, their successors, who have transferred their property rights to the Association for collective management, recognize the Association's charter, share the Association's goals and objectives/functions and express readiness to promote exercising of their property rights.

5.4 Association is not entitle to reject the rightsholder's request on membership, without written grounding.

5.5 Association guarantees equal and non-discriminatory treatment to its members.

5.6 Necessary condition of the Association's membership is transfer by the rightsholder his/her rights to the Association for management or grounds directly provided by the law. In case of membership, the rightsholder shall make relevant agreement with the Association and submission of the required

documentation (catalogue, copy of identity card, heritage certificate etc.) to be annexed to the agreement. Association shall be entitled to request additional documentation and/or information.

5.7 Acceptance of the association member is provided on the basis of the rightsholder's application and/or relevant agreement, with the exclusion of cases provided for by the law. Termination of the Association membership is provided in cases specified by this Charter and legislation.

5.8 Submission of the Association membership application/request and/or concluding of the agreement on transfer of the property to the Association and providing relevant documentation can be made as both, hard and electronic formats, by sending to the e-mail address published on the Association's website.

5.9 Legal entities that are Association members, participate in the Association's activities through their representatives.

5.10 Founders of the Association shall have the rights and obligations of the members.

5.11 Expelling from the Association is provided on the basis of the decision by the Association's permanent management body – management board.

5.12 Association member shall be entitled to:

5.12.1 Participate (personally or by proxy) in Association's activities, work of the general meeting, in a manner, provided for by the Association's charter and other normative acts; representative may represent unlimited number of the Association members, in accordance with the rules established by Georgian legislation.

5.12.2 Elect or be elected in the rightsholder board, supervisory board or management board, established by the Association in the interests of its members; at the same time, be appointed to any position within the Association structure;

5.12.3 Receive Association's consultations, demand collective protection of the violated copyright and or related rights, within the scopes of the Association's authorities;

5.12.4 Upon transfer of the property rights on the basis of the agreement between the Association and the rightsholder and submission of all required documents (catalogues etc.) to the Association, receive relevant royalties for use of his/her copyright and/or related rights;

5.12.5 Participate in various programs and events of the Association, regarding his/her qualification and experience;

5.12.6 Develop recommendations in relation to the Association's activities;

5.12.7 Get familiar with all required information, decisions and materials dealing with the Association's activities, among them, the annual reports, inspection results and other information about Association's activities, complying with the confidentiality requirements. Members' request on information may be denied, if there is a danger that such information will be used for the detriment of the Association's and/or its members' interests;

5.12.8 Terminate Association's membership voluntarily;

5.12.9 Apply to the fund and/or Association, in accordance with the established procedures, for artistic, social, cultural and educational needs, also, enjoy the services offered by the Association and the fund;

5.12.10 Exercise other rights provided by Georgian legislation.

5.13 Member of the Association shall:

5.13.1 Comply with the Association's charter, comply with and fulfil the decisions by the Association management bodies;

5.13.2 Protect the Association's name, business reputation, authority and property, do not commit the actions (omissions) causing harm to the Association or substantially complicating or making impossible achievement of the Association's goals;

5.13.3 Promote implementation of the Association's goals, objectives/functions;

5.13.4 Provide information required for dealing with the issues related to the Association's activities in a timely manner;

5.13.5 Pay the membership fees to the Association, in accordance with the regulations adopted by the Association's decision (if any);

5.13.6 Provide to the Association the information about his/her legal and actual address, contact phone number, e-mail address, bank account and change thereof, as well as any other information related to the

issue of payment of the royalties by the Association to such member, within 5 (five) calendar days from the date of such changes;

5.13.7 Do not make declarations on the Association's behalf and/or do not act without Association's prior written consent;

5.13.8 Exercise other rights and obligations, in accordance with Georgia legislation, this Charter or internal normative documents of the Association, as well as the agreement with the Association;

5.14 Grounds for termination of the Association's membership:

5.14.1 By the incentive of the Association member, based on his/her application;

5.14.2 Decease of the Association member, his/her declaration as deceased by the court or recognition as missed;

5.14.3 Liquidation of the member legal entity;

5.14.4 Expelling from the Association, in accordance with the Charter;

5.14.5 Other cases provided for by Georgian legislation.

5.15 Grounds for expelling of the Association member:

5.15.1 Gross violation of the Association's Charter and decisions of the Association's management bodies;

5.15.2 Actions harmful to the interests of the Association and its members and business reputation of the Association;

5.16 Former member of the Association shall be entitled to re-submit application for Association membership.

5.17 Termination of the Association member's authorities – leaving or expelling from the Association does not automatically exclude the Association's right to manage the rightsholder's property rights, in relation to the objects of copyright and/or related rights.

5.18 If the member gives written notification to the Association on rejection of his/her property rights by the Association, Association management board shall consider it and make decision on the applicant's request, in accordance with the rules established by the Association and Georgian legislation.

5.19 Maintenance of the registry of Association members shall be ensured by the general director.

6. Management bodies of the Association

6.1 Association management bodies are as follows: general meeting of the Association members, Management board of the Association and Association rightsholders board.

6.2 Association management is provided by:

6.2.1 Association chairman;

6.2.2 General director;

6.2.3 International relations director.

6.3 Chairman of the Association/management board and general director exercise their powers independently, separately, in a manner provided for by the Charter. International relations director exercises his/her powers in a limited manner, in accordance with the rules established by this Charter.

6.4 Control and supervision of the activities for management of the property rights on the collective basis by the Association, as well as resolution of the disputes arisen in the course of Association's activities is provided by the supervisory board.

6.5 Key principles of action of the members of Association management bodies, persons with representation authorities are as follows:

6.5.1 Members of the Association's management bodies and Association managers shall disclose in advance any circumstances that can cause conflict of interests.

6.5.2 In the event of conflict of interests, the relevant person shall abstain from participation in consideration and voting on the issue.

6.5.3 General meeting of the Association, management board, supervisory board of the Association and rightsholder board act independently from one another, in accordance with the law, this Charter and within the scopes of their authorities.

6.5.4 None of the management bodies perform the functions of the other ones and intervene into the issues within the latter's competence, with the exclusion of cases, where this is directly provided by the law or this Charter.

7. General meeting of the Association members

7.1 Ordinary general meetings shall be held no less than once per year, to consider the annual results and other issues provided for by the charter and the extraordinary meetings – as required.

7.2 All members of the Association are entitled to attend the general meeting personally or by proxy and participate in voting.

7.3 Ordinary general meetings shall be summoned by the management board or general director, appointing the date, place, time and agenda of general meeting.

7.4 Extraordinary general meetings can be summoned by the incentive of management board, general director or no less than 1/3 of the Association members, also upon request of Sakpatenti – in cases provided for by Georgian legislation.

7.5 Request of no less than 1/3 Association members or Sakpatenti to conduct the extraordinary general meeting shall be provided to the management board of Association for consideration. The latter shall consider the request within 10 (ten) days from the date of request and make decision on conducting of the extraordinary general meeting of the Association.

7.6 In making decision on extraordinary general meeting of the Association, the management board or general director, with due regard of the issues initiated by the requestors of extraordinary general meeting, in accordance with Section 7.3 of this Charter, determines the date, venue, time and agenda of extraordinary general meeting,

7.7 Notification on general meeting of Association, together with the agenda, shall be posted on the official website of the Association, no later than 10 (ten) calendar days before proposed general meeting. Association shall be entitled to use other means of notification, among them, send the notification to the e-mails of the Association members and/or short text message to their phone numbers that the members have provided to the Association or that became known to the Association. Association shall be entitled to use mass media or any other technological means for publication of notifications or for sending thereof.

7.8 Association shall be entitled to ensure attendance of the Association members at the general meeting of Association members via electronic or other technological equipment.

7.9 Body/person/persons summoning general meeting shall be responsible for proper summoning and conducting of general meeting. Fulfillment of the decision made by general meeting within the scopes of its competence shall be mandatory for all founders and management bodies of the Association.

7.10 General meeting elects the meeting chairman and secretary, by majority of votes of the attending members. Chairman shall manage the procedures at general meeting. Record of proceedings of general meeting shall be drawn up and signed by the chairman and secretary of the meeting.

7.11 Before election of the chairman of general meeting or if the chairman of general meeting was not elected and/or his/her authorities were terminated, Association chairman and in case of his absence – general director shall chair the general meeting.

7.12 General meeting:

7.12.1 Approves the strategic goals of the Association's activities;

7.12.2 Elects and dismisses the management board members, among them the management board chairman, members of the rightsholders board, members of the supervisory board, chairman and secretary of the general meeting; approves the regulations on their remuneration, such as payment of the bonuses and monetary and non-monetary benefits and pension supplements, as well as the other regulations related to remuneration;

7.12.3 Hears and considers the reports on activities of the management board, rightsholders' board and supervisory board;

7.12.4 Approves the annual report on transparency of the Association's activities;

7.12.5 Approves general rules and policies of distribution of the collected royalties;

7.12.6 Approves general rules and policies of disposal of the undistributed royalties;

- 7.12.7 Makes decisions on the use of undistributed royalties, with due regard of the Association's financial plan;
- 7.12.8 Approves the Association's charter and makes amendments and addenda to it; makes decisions on rules of Association membership;
- 7.12.9 Makes decisions on the issues related to liquidation and reorganization of the Association, founding of the legal entities and acquiring and/or disposal of the shares and/or participation interests in the other legal entities;
- 7.12.10 Makes decisions on the Association's risks management policies;
- 7.12.11 Makes decisions on acquisition, disposal or burdening of the real property;
- 7.12.12 Makes decisions on borrowing, lending, guarantee or application loan security measures by the Association;
- 7.12.13 Makes decision on establishment/reorganization/liquidation of the commercial and non-commercial organizations, as well as acquisition of the shares/participation interests in the other legal entities;
- 7.12.15 Makes decisions on the other issues, in accordance with Georgian legislation.
- 7.13 General meeting shall be effective, if at least one third of the Association members or their representatives attend or are represented.
- 7.14 General meeting makes decisions by voting, by simple majority of the represented members, unless Georgian legislation or this Charter otherwise provide.
- 7.15 If, due to absence of quorum, general meeting of the Association cannot be held, deferred meeting can be held on the same date and such meeting shall be effective, irrespective of the number of attending members.
- 7.16 General meeting can be held as follows:
- 7.16.1 Members of the Association physically attend the meeting;
- 7.16.2 Remote voting (prior request form), through exchange of the documents by post, electronic or other similar means or by posting of the electronic questionnaire on the website or other platform;
- 7.16.3 By electronic or other technological means (remote form), allowing the Association members consideration of the issues on agenda and participate in voting in real time, through website, e-platform or other technological means;
- 7.16.4 Combined forms, by combination of several forms of general meeting specified in this Section, in accordance with terms and conditions of this Charter.
- 7.17 Notification (hard copy, electronic, SMS (message) or other technological means) on general meeting, by remote voting (form of poll), in accordance with Section 7.16.2 hereof, shall be given to the Association members no later than 10 (ten) days before such general meeting.
- 7.18 Association members are entitled to get familiar with the issues on agenda, required information and materials before commencement of voting, also, they shall be entitled to make proposals on including additional issues on agenda. Such proposals shall be submitted 7 (seven) days before the general meeting.
- 7.19 Record of proceedings of general meeting shall contain:
- 7.19.1 Association name and identification number;
- 7.19.2 Venue and date of general meeting, times of commencement and completion;
- 7.19.3 Procedure of summoning of general meeting and the issue of effectiveness of this general meeting;
- 7.19.4 Data of the chairman of general meeting;
- 7.19.5 Agenda of general meeting, resolutions of general meeting, specifying the results of voting.

8. Management board of the Association

- 8.1 Association management board provides management of the Association in the periods between the Association general meetings.
- 8.2 General meeting elects and dismisses the management board members, as well as determines their number, at the same time, the total number of the members shall not exceed 9 (nine) persons. Management board members are elected for 5 (five) years term. In the event of tie, the chairman shall have the casting vote.

8.3 Authority of nominating the candidates of members of the management board has the incentive group composed of no less than 20 members and/or management board or the chairman thereof.

8.4 In formation of the composition of the Association management board, the persons holding various categories of the rights shall have equal opportunities of nomination of the candidates, election and participation.

8.5 In the event of early termination of the management board member's authorities, the new member of the management board shall be elected by the general meeting.

8.6 Management board commences exercising of its powers directly from the moment of their members' election and it shall operate up to election of the new composition thereof.

8.7 A person not member of the Association (invited person) can be elected as the member of the management board.

8.8 Requirements to the invited non-members:

- Higher education in the spheres of the law, finance, economics, culture management, intellectual property or other spheres;
- No less than 3-year professional experience;
- He/she shall not be the Association member, representative of the Association member or employee of the Association;
- The nature of his/her relationships with Association or members thereof shall not affect unbiased decision-making;
- He/she shall be a reputable person with high standards of the professional ethics;
- He/she shall have good skills of decision making, critical analysis and risks assessment;
- High skills of communication and collaboration.

8.9 Management board sessions shall be conducted as required, such sessions shall be summoned by the management board chairman or 1/3 of the management board members. Notification of the management board members on the session shall be given to them 7 (seven) days before the date of the session, personally and/or by e-mail and/or via other electronic communication. Session of the management board can be held both, by physical attendance and remotely, using technological equipment. Compliance with the procedures specified in this Section shall not be mandatory, if each member agrees with the resolution in written, with his/her signature, respectively.

8.10 Management board chairman is, at the same time, the chairman of the Association.

8.11 Management board session shall be effective, if more than half of its members attend the session.

8.12 If, by the reason of absence of quorum, Association's management board session cannot be held, chairman of the management board shall appoint new date of the Association management board session within 3 (three) days. Session of the management board summoned in such manner shall be deemed effective irrespective of the number of management board members attending such session.

8.13 Management board decisions shall be made by simple majority of votes. In case of tie, the chairman of the management board shall have the casting vote.

8.14 Competence of the Association management board includes:

8.14.1 Approval of the Association's annual financial plan and budget;

8.14.2 Dealing with the issues related to exclusion of the Association member;

8.14.3 Approval of the principles of formation and use of the Association's property;

8.14.4 Establishment/dissolution of the Association structural subdivisions, branch offices, regional subdivisions;

8.14.5 Adoption of the charters of the Association's branch/representation offices;

8.14.6 Familiarization with the Association auditor reports and submission of the recommendations to general meeting, as required;

8.14.7 Election and dismissal of the general director, as well as making labor agreement with him/her and termination thereof;

8.14.8 Dealing with the issues of remuneration of the management board members, in accordance with the approved regulations on monetary and non-monetary benefits and other remuneration;

- 8.14.9 Establishing the calculation regulations for distribution of the collected royalties between the rightsholders, on the basis of the principles and regulations for royalties' distribution approved by the general meeting;
- 8.14.10 Setting of the maximal amount of the deals that can be made by the Association chairman and/or general director without consent of the management board;
- 8.14.11 Making decisions, on behalf of the Association, on conclusion of the deals with the value over the maximal limit established by the management board, the deals signed by the chairman and/or general director of the Association, as well as the deals in which any of the management board member is interested;
- 8.14.12 Making decision on change of the Association's legal address;
- 8.14.13 Approval of the amounts of the fees for collection, distribution of the royalties by the Association and/or special deductions that can be transferred into the funds established by the Association, within the limits specified by the charter;
- 8.14.14 Control of the expenses of the funds established for the special purposes by the Association, in accordance with the decisions of the Association's general meeting;
- 8.14.15 In case of establishing the fund by the Association for the benefit of the holders of the copyright and related rights and for furtherance of the Association's goals, making monthly transfers to the fund from the collected royalties, in amount approved by the management board;
- 8.15 Being the permanent management body of the Association, the management board enjoy the rights provided by effective Georgian legislation and this Charter, among them, exercising of the powers of the legal entity on behalf of the Association and performance of its duties in accordance with this Charter.
- 8.16 Chairman of the management board/Association shall be elected by the general meeting, together with the management board members, for the term of 5 (five) years.
- 8.17 One and the same person can be elected as the chairman of the Association for no more than 2 (two) consecutive terms.
- 8.18 In the event of early termination of the chairman's office, the chairman of management board shall be elected by the general meeting of the Association. Before the meeting is held, the powers of the chairman of the management board shall be exercised by one of the management board members elected by the management board.
- 8.19 Chairman of the management board/Association:
- 8.19.1 Represents the Association without the power of attorney before the state and other organizations, judicial and other authorities, among them, before the international organizations;
- 8.19.2 Provides management of the Association's property and monetary assets, in agreement with the management board, deals with the objectives related to the Association's operation, funding and material-technological support, also, for the above goals, signs the agreements on behalf of the Association;
- 8.19.3 Summons the management board sessions, prepares the issue for consideration at the management board sessions;
- 8.19.4 Chairs the management board sessions;
- 8.19.5 If required, invites the relevant specialists, among them, the foreign ones, for the purpose of consulting, court procedures and other tasks;
- 8.19.6 Signs and approves the management board documents, among them the management board protocols and in the event of his/her absence – a person elected by more than half of the management board members attending the same session;
- 8.19.7 Presents, on the annual basis, the reports provided for by Georgian legislation to the general meeting, among them the reports containing information about the royalties received from the Association during the previous financial year, as well as about the undistributed royalties;
- 8.19.8 Exercises other powers provided for by this Charter, with the exclusion of the authorities that are within the competence of the other bodies of the Association;
- 8.20 In the event of absence of Association chairman, due illness, vacation or other reasons, thus his/her inability to perform the rights and obligations of the Association chairman, his/her functions shall be performed by the person appointed by the chairman.
- 8.21 Authorities of the Association chairman shall terminate upon election of the new chairman.

9. Association rightsholders board

9.1 Rightsholder board members are elected by the general meeting for 5 (five) years term. Their number is determined by the general meeting, but no more than 25 (twenty five) members.

9.2 Authority of nominating the candidates of members of the board of rightsholders has the incentive group composed of no less than 20 members and/or management board of the Association.

9.3 Upon expiry of the term of authorities and/or in the event of early termination of the member's authorities, the new members of the rightsholders board shall be elected by the general meeting.

9.4 Rightsholders board represents various categories of the rightsholders (composers, [pets, performers, dramatists, choreographers, phonogram producers etc.) of the number of Association members.

9.5 Newly elected rightsholders board holds the first session within one month, from the date of election. First session shall be summoned by the effective chairman of the Association. Notification about the session shall be given to the members of the Association's rightsholders board 7 days before the date of session, personally and/or via electronic communication. Session of the rightsholders board can be held both, by physical attendance and remotely, using technological equipment. Compliance with the procedures specified in this Section shall not be mandatory, if each member agrees with the resolution in written, with his/her signature, respectively.

9.7. The chairman and deputy chairman of the rightsholders board shall be elected at the first session of the newly elected board, from among the members of the rightsholders board elected by the general meeting.

9.8. The competence of the rightsholders board of the Association shall include:

9.8.1. Election of the chairman and deputy chairman of the rightsholder board from among its members for the term of office of the board;

9.8.2. Approval of tariffs and standard forms of contracts to be concluded by the Association with various categories of rightsholders and users;

9.8.3. Consideration of applications of users/royalty payers regarding the unacceptability of the approved tariffs and adoption of relevant decisions;

9.8.4. Making decisions on changes in the amount of tariffs to be paid by users in accordance with license agreements signed with the Association, as well as changes in the amount of tariffs to be collected by the Association in accordance with agreements on the payment of royalties;

9.8.5 Approval of the Association's logos/

9.9 Authorities of the persons elected by the rightsholders board commence from the moment of their election and continues in accordance with the established procedure, before their termination. Authorities of the members of the rightsholders board continue until election of the new members.

9.10 Session of the rightsholders board is effective, if more than half of the board members attend.

9.11 If, by the reason of absence of quorum, Association's rightsholders board session cannot be held, chairman of the Association rightsholders board shall appoint new date of the Association rightsholders board session within 2 (two) days. Session of the rightsholders board summoned in such manner shall be deemed effective irrespective of the number of rightsholders board members attending such session.

9.12 Decisions of the rightsholders board shall be made by the simple majority of votes of the members participating in the session. In the event of the tie, the chairman shall have the casting vote.

9.13 Rules of summoning and conducting of the rightsholders board shall be determined by the chairman of the board.

9.14 Decisions of the rightsholders board shall be documented in a form of the records of proceedings, to be signed by the board chairman.

9.15 Chairman of the rightsholders board:

9.15.1 Summons and chairs the sessions of the rightsholders board;

9.15.2 Informs the general meeting about activities of the rightsholders board;

9.15.3 Signs the documents of the rightsholders board;

9.15.4 Ensures exercising of the powers in accordance with the effective legislation and these regulations;

9.16 Deputy chairman of the Association rightsholder board ensures fulfillment of the functions of the Association board chairman in his/her absence/

9.17 Association rightsholder board exercises other authorities specified by the decision of general meeting or management board.

10. Directorate

10.1 General director of the Association provides guidance of the Association activities and represents its interests. He/she is elected by the Association management board and shall be subordinated to such board.

10.2 General director exercises the following powers:

10.2.1 General director acts on behalf of the Association, without power of attorney, provides administration of the activities of Association and its structural subdivisions;

10.2.2 Provides organization and control of fulfillment of the decisions of Association general meeting, management board and rightsholders board;

10.2.3 Provides management of the Association's property, monetary assets, within the scopes of financial plan approved by the management board, deals with the objectives related to the Association operation, funding and material-technological provisioning, makes agreements and performs other operations within his/her authorities, deals with the organizational, administrative and financial-economic issues;

10.2.4 Determines the wages and salaries, issues of the benefits and bonuses of the employees;

10.2.5 Appoints and dismisses the Association staff members, among them, makes labor agreements with the Association staff and approves their job descriptions. He/she is entitled to pay the bonuses to the staff members, according to their merits, applies the disciplinary measures, appoints the heads of the representation offices, branches and regional subdivisions, at his/her discretion, delegates the powers to them, with respect of appointment and dismissal of the staff of representation offices, branches and regional subdivisions;

10.2.6 Makes agreements on the Association's behalf, among them, with the foreign collective organizations, issues the powers of attorney for management of the rights;

10.2.7 Represents the association against the state and public authorities and organizations;

10.2.8 If required, invites the relevant specialists, among them, the foreign ones, for the purpose of consulting, court procedures and other tasks;

10.2.9 Submits to the rightsholders board of the Association, for consideration and approval, the forms of the agreements intended for the various categories of the rightsholders, as well as the users of the objects of copyright and related rights and persons paying the royalties.

10.2.10 Prepares the proposals on the royalties payable by the users in relation with the agreements with the Association for the Association's board of the rightsholders'

10.2.11 Submits to the Association's management board the draft financial plan (annual budget) of the Organization;

10.2.12 Periodically presents to the Association members the reports for the rightsholders, other interested parties. Procedures for information presentation is determined in accordance with the legislation;

10.2.13 Ensures informing of the Association members about the Association activities;

10.2.14 Ensures maintenance of the Association members registry;

10.2.15 Makes decisions about acceptance of the new members and termination of membership;

10.2.16 Exercises other authorities that are beyond the competence of the Association's other bodies or managers.

10.3 Director of international relations is elected by the Association management board, he/she is controlled by the management board and shall exercise the following authorities:

10.3.1 Cares about international contacts of the Association, both, with the similar organizations and various subjects (umbrella organizations, unions, rightsholders' unions etc.);

10.3.2 Conducts negotiations for strengthening of international contacts;

10.3.3 Provides recommendations on international relationships to the management board;

10.3.4 With the consent of general director, represents Association in international relations, among them, identifies and negotiates with the similar organizations of the foreign countries, with the purpose of making agreements with them.

11. Supervisory board

11.1 Supervisory board is established for the purpose of control of proper exercising of the authorities provided for by the law and charter of the Association/

11.2 Supervisory board exercises the authorities provided for by Section 11.1 of the Charter in a manner and within the scopes specified by the law.

11.3 The persons with the professional experience allowing effective performance of the supervision function are eligible for election in the supervisory board, irrespective of whether they are members of the organization for management of property rights on the collective basis or not. Members of the supervisory board are elected by the general meeting, for 5-year term. Their number shall be determined by the general meeting but no more than 9 (nine) members.

11.4 Supervisory board is accountable to the general meeting, it shall submit for approval the report on its activities at least once per year.

11.5 Supervisory board members shall provide to general meeting the information about existing or proposed conflict of interests that can hinder exercising of the authorities by the supervisory board members in the future.

11.6 Association members whose rights are managed by the Association on the basis of mutual representation agreements shall be entitled to apply to the supervisory board for the purpose of their involvement, support and/or dispute resolution, in relation to the issues dealing with Association's accreditation, termination of the agreement or withdrawal of the rights, membership terms and conditions, as well as collection of the royalties, their distribution and/or deduction for certain purposes. Supervisory board shall consider the application immediately.

11.7 Persons that are not Association members whose rights or category of right are managed by the Association, can apply to the supervisory board for their involvement, support and/or dispute resolution, in relation to the issues of collection of the royalties, their distribution and/or deduction for certain purposes.

11.8 Organization for management of the property rights on the collective basis shall respond to all claims or requests specified in sections 11.6 and 11.7 in written. Association's refuse to satisfy the request shall be grounded.

11.9 Supervisory board shall resolve the disputes specified in Section 11.6 hereof with due regard of the best interests of the parties, act in good faith, without any bias. Each party of the dispute resolution process shall act in good faith.

11.10 Any dispute under Section 11.6 hereof shall be terminated, if:

- a) The parties sign the conciliation agreement;
- b) Any of the parties gives to the supervisory board the notification, at any time, after such party receives the supervisory board's notification, according to Section 11.8 hereof that the party does not desire to continue the dispute;
- c) As per supervisory board's assessment, the issue cannot be resolved within the scopes of the dispute under Section 11.6 of this Article and relevant grounded written notification is served to the parties;
- d) Initial and additional terms for the procedures expire and relevant notifications are served to the parties.

11.11 Consideration of the case in accordance with Section 11.6 hereof shall be without prejudice to the party's right to apply to the court.

11.12 In the process of dispute resolution, the supervisory board shall be entitled to request explanations from the management board members and/or any employee, Supervisory board shall examine the annual report and accounting documents before decision.

11.13 Supervisory board, from its members, for the term of its authority, elects the supervisory board chairman, for five (5) years, a person exercising the authorities of Association's rightsholders board or management board cannot be the member of the organization's supervisory board.

11.14 Sessions of the supervisory board shall be held as required, such sessions shall be summoned by the supervisory board chairman. The supervisory board members shall be notified about the session 7 (seven) days before the date of such session, personally and/or by e-mail or other means of electronic communication. Supervisory board session can be held as by physical attendance or remotely, using

technological equipment. Procedure of summoning of the session specified in this Section shall not be mandatory, if every member gives written consent/signs the decision.

11.15 Supervisory board chairman:

11.15.1 Provides governance of the supervisory board;

11.15.2 Reports to the Association general meeting about the Association's activities;

11.15.3 Chairs the supervisory board sessions;

11.15.4 Exercises other authorities that are not in breach of this charter and effective Georgian legislation.

11.16 Authorities of the supervisory board member can be terminated before term, among them, in the event of voluntary termination, by the decision of Association general meeting. In the event of early termination of the Association supervisory board member's authorities, Association general meeting, based on the nomination of the supervisory board, makes decision on appointment of the new supervisory board member to the vacated position.

11.17 Supervisory board session shall be effective if more than half of the supervisory board members attend such session. If, by the reason of absence of quorum, Association's supervisory board session cannot be held, chairman of the Association supervisory board shall determine new date of the Association supervisory board session within 5 (five) days. Session of the supervisory board summoned in such manner shall be deemed effective irrespective of the number of supervisory board members attending such session.

11.18 Decisions on the issues within the competence of the supervisory board shall be made by simple majority of votes of the supervisory board members.

11.19 Decisions of the supervisory board shall be documented in the record of proceedings to be signed by the chairman of supervisory board.

11.20 In the event of absence of the supervisory board chairman, his/her authorities shall be exercised by the person elected at the specific session.

12. Association structure

12.1 Association structure can include the Association branch offices and representation offices, as well as the regional subdivisions.

12.2 Association's regional subdivisions can be established in the administrative-territorial units of Georgia, as required, on the basis of the Association management board decisions.

12.3 Regional subdivisions shall be established and operated without legal entity status.

12.4 Association's branch offices and representation offices are separate subdivisions of the Association and they are not legal entities.

12.5 Charters of the branch offices and representation offices shall be approved by the Association management board.

13. Association reorganization and liquidation

13.1 Association reorganization or liquidation shall be provided in accordance with Georgian legislation.

13.2 Decision on reorganization and/or liquidation of the Association shall be made by general meeting.

13.3 Process of Association liquidation shall be controlled by the Association management board or liquidation manager, appointed in accordance with the legislation.

13.4 On the basis of the decision of the Association general meeting, at a time of liquidation, the liquidator shall:

13.4.1 Complete the deals made on Association's behalf;

13.4.2 Prepare the property inventory and evaluate it;

13.4.3 From the revenues obtained from sale of the property pay the creditors' claims;

13.4.4 Comply with the other liquidation requirements.

13.5 Property remained after liquidation (if any) shall be distributed in accordance with the law.

13.6 The court can appoint the liquidator in accordance with the requirements of the law.

14. Final provisions

14.1 If any of the provisions of this Charter is against the law, relevant provisions of the law shall apply.

14.2 Invalidity of any provision of this Charter shall not affect validity of the other provisions hereof.

14.3 In the event of contradictions between the provisions of this Charter, the provisions specially regulating the given issue shall apply.