**CHARTER OF THE ASSOCIATION OF THE HUNGARIAN AUTOMOTIVE INDUSTRY**

CONSOLIDATED VERSION

with the AMENDMENTS adopted at the 21st April 2015 Assembly

**I. GENERAL PROVISIONS**

**1 Name, registered office and legal status of the Association**

1.1. Name of the Association: Association of the Hungarian Automotive Industry

1.2. Short name of the Association: AHAI

1.3. Registered office the Association: H-1119 Budapest, Than Károly utca 3-5.

1.4. The Association is an independent legal entity, operating in accordance with the provisions of Act CLXXV of 2011 on the Right of Association, Non-profit Status, and the Operation and Funding of Civil Society Organisations (*Civil Law*), of Act V of 2013 about Civil Code, with other regulations and the provisions of this Charter.

#### 1.5. Names and addresses/seats of the founding member(s) of the Association:

* Audi Hungária Motor Kft.(name at the time of foundation: Audi Hungária Motor Kft.) (9027 Győr, Kardán út 1.)
* *Halla Visteon Hungary Kft. (*name at the time of foundation*: Ford Hungária Kft.) (8000 Székesfehérvár, Aszalvölgyi út 9-11.)*
* Korr-Bremse Fékrendszerek Kft. (6000 Kecskemét, Georg Knorr utca 8.)
* Magyar Suzuki Zrt. (2500 Esztergom Schweidel József u. 52/A.
* NABI Észak-Amerikai Járműipari Rt. (1165 Budapest, Újszász u. 45.)
* Opel Szentgotthárd Autóipari Kft. (name at the time of foundation: Opel Hungary Kft.) (9970 Szentgotthárd, Füzesi u. 15.)
* Prec-Cast Öntödei Kft. (3980 Sátoraljaújhely, Ipar u 2.)
* Rába Járműipari Holding Nyrt. (name at the time of foundation: Rába Magyar Vagon- és Gépgyár Rt.) (9027 Győr, Martin út 1.)
* Lear Corporation Hungary Autóipari Gyártó Kft. (name at the time of foundation: ÚT Automotive Hungary Kft.) (2100 Gödöllő, Haraszti út 4.)
* Nemak Győr Alumíniumöntöde Kft. (name at the time of foundation: VAW Alumíniumtechnikai Kft.) (9027 Győr, Ipari park, Nyírfa sor 5387/112.)

#### 1.6. The first senior office holder of the Association: Albert Lidauer

**2 The objectives and duties of the Association**

The objective of the Association is to actively participate through its Members in harmonising the human values of society and the requirements of technological progress accompanying the spreading of motorisation, developing conditions for environmental protection in road transport and road safety, efficiently integrating human factors into motor vehicle technology developments, better utilising the advantages offered by alternative energy sources, and developing a technical environment better aligned with the expectations and needs of society.

Furthermore, another goal of the Association is the sectoral protection and joint representation of the eployers of the automotive industry with regards to economic and employment issues, and the ensurance of the representation of employer interests.

In this regard, the Association:

- participates in the work of the World Forum for Harmonisation of Vehicle Regulations of the UN/ECE, in the course of which it actively contributes to:

- evaluating the introduction of rules on environmental protection in road transport,

- improving road safety conditions for disabled persons,

- developing solutions for harmonising the needs of society and the opportunities of motorisation.

- participates, as a member, in the work of The International Organization of Motor Vehicle Manufacturers (OICA) and The European Automobile Manufacturers’ Association (ACEA),

- with view to harmonising Hungarian environmental protection in road transport and road safety legislation with EU regulations:

- organises consultation forums,

- liaises with relevant government agencies and non-governmental organisations pursuing similar objectives,

- on request, assesses and evaluates draft legislation to be introduced,

- liaises with the relevant EU organisations,

- issues opinions on draft decisions and regulations concerning environmental protection in road transport and road safety,

- monitors the practical implementation of legislation applicable to entities involved the automotive sector,

- participates in developing transport policy concepts and ideas,

- compiles and publishes data, information, trends and analyses suitable for presenting the technological culture and development level of Hungary and the members of Hungarian society,

The Association’s duties do not include the harmonisation of the activities of its Members in connection with their regular business activities.

**II**  **MEMBERSHIP**

1. Any legal entity which is a vehicle or automotive systems manufacturer with a registered office or a site in Hungary and which agrees with the objectives of this Charter and complies with its rules and pays the membership fee may join the Association as a member.

Any legal entity with a registered office or a site in Hungary which pursues activities related to the automotive industry and agrees with the objectives of this Charter and complies with its rules and pays the membership fee may join the Association as a supporting member.

Members and supporting members of the Association (“Members”) shall have the same rights and obligations except for the amount of payable fee, and for that office holder of supporting member cannot become Board member.

Supporting members of the Association shall only take part in the practices of the Association with a contribution of assets; they shall only attend the sessions of the Association bodies with a consultative status and they shall not be elected senior officials.

1. A written notice on the intention to join the Association must be submitted to the Secretary of the Association. The Board shall decide on the admission of applicants.
2. Following approval of the Board, admission becomes effective upon payment of the admission fee.

4. Membership is terminated by

- withdrawal;

- termination of membership by the Association;

- exclusion;

- cessation of the member without a legal successor.

4.1. Members shall give written notice of their intention to withdraw from the Association to the Chairman of the Association. The rights and obligations related to membership expire upon delevering the written notice. Membership fees already paid shall not be recoverable. Members are not obliged to explain the reason of their withdrawal.

4.2. If the member – following a change – does not comply with the conditions set forth in point 1 of paragraph II of the Charter, the Association may, by the decision of the Board, terminate the membership in a written 30-day notice.

The Association shall send the termination decision to the member concerned to the postal or electronic address provided by the member in a way that is suitable for the confirmation of receipt.

The member concerned may appeal against the decision to the General Assembly of the Association within 15 (fifteen) days from the receipt of the decision. In the appeal one must indicate the reason for requesting the changes in the termination decision and must indicate their evidences for it. The person entitled for summoning the General Assembly makes a decision about the substantive negotiative eligibility of the appeal within 30 days from the receipt of the appeal. In the case of an eligible appeal, the summoner must summon the General Assembly in order to negotiate the appeal within 30 days at the latest. The possibility of defense and participation of the member at the General Assembly must be provided, however, the member concerned must not vote during the decision-making process. The decision made by the General Assembly shall be sent to the member concerned to the postal or electronic address provided by the member in a way that is suitable for the confirmation of receipt.

4.3. Members failing to pay membership fees on a continuing basis, and do not pay despite a written notice, may be deleted from the Register of Members by the Board in accordance with point 4.4. of this Charter. Prior to the initiation of the exclusion the Board must set a second deadline in writing reminding the member to discontinue the inappropriate behaviour.

4.4 The membership of members seriously violating the provisions of the Charter shall be terminated by exclusion by the Board upon the proposal of the Board or any member of the Association in the first instance. Prior to making the final decision of the exclusion the representative of the member shall be given an opportunity to speak at the Board Meeting presenting his point of view and that of his proofs negating his suspected anti-Charter behaviour to the Board. The statements of the Supervisory Board shall also be described to the Board prior to making a final decision about the exclusion of that very member. The document of exclusion must be put down in writing and must be accompanied with explanations; the explanations must include the facts and proofs the exclusion was based upon and information about the ways of appeal. The member concerned shall not participate in the voting of the exclusion. The decision of exclusion shall be sent to the member concerned in writing to the postal or electronic address provided by the member in a way that is suitable for the confirmation of receipt.

The member excluded may appeal against the exclusionary decision to the General Assembly of the Association within 15 (fifteen) days from the receipt of the decision. In the appeal one must indicate the reason for requesting the changes in the exclusionary decision (for example because of unlawfulness, including the violence of the Charter, or unfoundedness) and must also indicate their evidences for it. The person entitled for summoning the General Assembly makes a decision about the substantive negotiative eligibility of the appeal within 30 days from the receipt of the appeal. In the case of an eligible appeal, the summoner must summon the General Assembly in order to negotiate the appeal within 30 days at the latest. The possibility of defense and participation of the member at the General Assembly must be provided, however, the member concerned must not vote during the decision-making process. The decision made by the General Assembly shall be sent to the member concerned to the postal or electronic address provided by the member in a way that is suitable for the confirmation of receipt.

In the case of exclusion the membership of the member ceases in the following dates:

* in the case of a Board decision on the day following the closing date of the possibility of an appeal within 15 days of receipt
* in the case of an appeal on the day of the General Assembly’s approval of exlusion

4.5 The cases of termination of the Association are set out in Chapter VI hereof.

**III. RIGHTS AND OBLIGATIONS OF MEMBERS**

1. Members of the Association have a right to:

1.1. vote through their representatives, and their representatives may be elected to bodies and offices of the Association;

1.2. exercise their right to vote and attend the General Assembly through their representatives;

1.3. submit proposals to the bodies and officers of the Association;

1.4. participate in the work for accomplishing the objectives of the Association.

The provisions contained in point 1 of Chapter III shall be applied for financing members in accordance with the amendment in point 1.4 of Chapter II of the Charter.

2. Members of the Association are obliged to:

2.1. comply with the provisions of this Charter;

2.2. regularly pay membership fees;

2.3. regularly participate in the work of the Association;

3. The amount of the membership fee:

The amount of the annual membership fee of full members and the membership fee of financing members shall be set by the Board in the year preceeding the current year. The membership fee of financing members differs from the membership fee of full members.

Full members and financing members are obliged to transfer the membership fee to the bank account of the Association every year by 31 March the latest.

**IV. BODIES OF THE ASSOCIATION AND THEIR POWERS**

1. The General Assembly

1.1. The principal decision-making body of the Association is the General Assembly, which includes all Members.

The General Assembly is not open for the public, members, Board members, the CEO, members of the Supervisory Board, others invited by those authorized to convene the General Assembly and those with consultation rights as set forth by the Charter or by the General Assembly may participate exclusively in the General Assembly Meeting.

1.2. The powers exclusively reserved for the General Assembly are as follows:

- adopting and amending the Charter of the Association;

- deciding on the termination, merger of the Association with other associations, and the division or dissolution of the Association;

- electing and recalling the members of the Board and the Supervisory Board

- adopting the annual budget;

- adopting the annual report (including the report of the financial status of the Board and the Association) of the Chairman

- adopting the annual financial report of the Assembly

- excercising employer’s rights over the senior office holder providing that the office holder is employed by the Association

- confirmation of contracts concluded with a member, a senior office holder of the Association, with a Supervisory Board member or with their relatives

- decision to validate compensation claims against present and former members, senior office holders, Supervisory Board members and members of other bodies of the Association.

- electing, recalling, deciding on the remuneration of members of the Supervisory Board

- adopting the report of the Supervisory Board

- electing, recalling and deciding on the renumeration of the auditor – if auditor is elected

- appointing liquidator

- deciding on all matters submitted to the General Assembly by the Board or the Chairman.

* 1. The General Assembly shall be convened at least once a year.

The General Assembly shall be convened to carry out the necessary measures, if

- the assets of the Association do not cover the due payables,

- the Association is foreseeably unlikely to be able to pay the debts when they are due or

- the achievement of the goals of the Association are at risk.

At the General Assembly Meetings summoned upon the above mentioned cases members are obliged to take measures to eliminate those barriers identified or decide about the termination of the Association.

The Meeting shall also be convened if it is ordered by a court or it is requested by at least one third of the Members, who must specify the purpose of and reason for their request.

1.4. The General Assembly is summoned by the Chairman representing the Board. The invitation including the date, the venue, the agenda of the General Assembly meeting and the accompanying written materials shall be sent to the members 10 working days prior to the General Assembly meeting to the postal or electronic address provided by the member in a way that is suitable for the confirmation of receipt. Each member has one vote.

Within 5 (five) days from the delivery of the General Assembly invitation the members and the bodies of the Association may request amendments of the agenda from the person convening the General Assembly meeting, together with the reasons for the possible amendments.

The Board has the right to decide over the amendments of the agenda.

In case the Board does not decide over or refuses the request of the amendments of the agenda, the General Assembly shall decide separately over the above mentioned request prior to the adoption of the agenda of the General Assembly Meeting.

The General Assembly Meeting shall be convened either to the registered office of the Association, or to any suitable venues within the borders of the municipality of Budapest.

The agenda in the Invitation shall be written as detailed as to enable those eligible to vote to prepare their positions regarding the issues to be discussed.

If the meeting of the General Assembly was summoned in an irregular way, the meeting can only be held if all the members eligible to participate are present and unanimously agree to hold the meeting. At the General Assembly meeting decisions can be made in all the issues listed in the agenda that were announced in a regular way except if all the members eligible to vote are present and unanimously agree to discuss the issues not listed previously in the Agenda.

1.5. The meeting of the General Assembly has a quorum if more than 50% of the Members are present. If the meeting has to be postponed to a later time because a quorum is not met, the re-convened General Assembly meeting starting an hour later than the original time indicated in the invitation and with the same agenda meets a quorum regardless of the number of Members present, provided that the members were given notice of the legal consequences of absence in the original invitation.

The modification of the Charter of the Assembly requires the simple majority vote of three quarters of the members present.

The General Assembly resolution regarding the modification of the goals and the termination of the Association requires the majority vote of the three quarters of those members having voting rights.

1.6. Unless provided otherwise, the General Assembly shall adopt its resolutions by open vote with a simple majority of the Members present. In the case of a tie vote, the vote of the Chairman shall decide.

A secret voting must be held when electing the Chairman, the members of the Supervisory Board and if decided by the General Assembly to resolve any matter.

At the beginning of the General Assembly the Chairman, the person taking the minutes, and 2 (two) members authenticating the minutes shall be elected. The latter at the same time form a board of tellers at votings.

All matters discussed and resolutions adopted by the General Assembly shall be recorded in the minutes. The minutes must include the premises, the time and date of the General Assembly, the statement of quorum, the elected officials of the General Assembly, the adopted agenda, the summary of the discussion comments in the points of the agenda, the decisions taken, the time of their adoption, their effect and the proportion of members supporting and opposing the decisions.

The General Assembly shall send the decisions taken to the members to the postal or electronic address provided by the member in a way that is suitable for the confirmation of receipt.

**2. The Board**

2.1. The Board is the general executive body of the Association, which ensures the implementation of the resolutions of the General Assembly and the continuity of the work of the Association.

2.2. The Board has 9 members. The members of the Board are the Chairman of the Association and 8 representatives of full members of the Association elected for these purposes. The Secretary of the Association and the Chairman of the Supervisory Board are invited to all meetings of the Board.

The members of the Board are elected by secret voting by the General Assembly for a period of 4 years.

All members of the Board shall be appointed for the same period. If the appointment of any member of the Board should, for any reason, be terminated before the 4-year period, the General Assembly shall elect a new member for a period ending upon expiry of the appointment of the rest of the members of the Board.

2.3. The powers exclusively reserved for the Board are as follows: to decide over the

- election of the Chairman

- admission of a new Member to the Association;

- exclusion of members in the first instance

- termination of membership

- division of responsibilities within the Board;

- deletion of a Member from the Register of Members in the case of exit or termination;

- giving proposal of the annual membership fee to the General Assembly Meeting the amount of the admission fee;

- employment of the Secretary of the Association;

- designating information provided by the Members of the Association as public.

2.4. The Board shall hold a meeting at least once in every six-month period. The meeting of the Board shall also be convened if proposed in writing by any member of the Board or the Supervisory Board, specifying the purpose of and reason for such request, or if deemed necessary by the Chairman of the Association.

2.5. The meetings of the Board are convened by the Chairman of the Association or, if hindered, by the CEO/Secretary of the Association.

2.6. The meetings of the Board are chaired by Chairman or, if hindered, by a member of the Board authorised in writing by the Chairman.

2.7 The meeting of the Board has a quorum if the Chairman – or, if hindered, the member of the Board authorised under point 2.6 – and at least 50 percent of the members are present. The resolutions of the Board are adopted by open vote with a simple majority of the members present. In the case of a tie vote, the vote of the Chairman shall decide. The Board shall send the decisions taken to the members to the postal or electronic address provided by the member in a way that is suitable for the confirmation of receipt.

2.8. Minutes shall be recorded on the meetings of the Board, including the names of persons attending, the matters discussed, the resolutions adopted and the time of the adoption of the decisions, their effect and the proportion of members supporting and opposing the decisions. The minutes shall be authenticated by the signatures of the Chairman and the CEO/Secretary having kept the minutes.

**3. The Chairman**

3.1 The Board shall elect the Chairman of the Association from among the members of the Board for a period of 4 years and shall determine their remuneration.

3.2 The Chairman:

- represents the Association;

- may enter into agreements subject to authorisation by the Board;

- convenes and chairs the General Assembly and the meetings of the Board;

- monitors the implementation of the resolutions of the General Assembly and the Board;

- supervises the use of the budget of the Association;

- holds the signatory rights over the bank account of the Association jointly with the CEO/Secretary;

- co-ordinates the work of the CEO/Secretary of the Association.

**4. The Supervisory Board**

4.1.The Supervisory Board is a subordinate body to the General Assembly, obliged to control the administration of the Association (Board) and shall report to the General Assembly.

The Supervisory Board consists of three natural persons (non-member of the Association or a person representing a member of the Association).

The members of the first Supervisory Board:

Dr. László URBÁN – Vice President, Magyar Suzuki Zrt. chairman

Armin KRUG – partner, PwC Könyvvizsgáló Kft.

Dr. Péter BERETHALMI, partner, Nagy & Trócsányi Ügyvédi Iroda

4.2. Members of the Supervisory Board are independent from the executive body of the Association and cannot be instructed in their activities.

4.3. The three members of the Supervisory Board are eleceted by the General Assembly for a period of 4 years. The Supervisory Board membership is established by its approval. The Supervisory Board elects a Chairman among its members and determines its regulations.

4.4. The Supervisory Board is obliged to examine the proposals submitted to the General Assembly and to present its point of view regarding those proposals at the Meeting.

4.5. The Supervisory Board may look into the official documents, books, accounting records of the Association, may also ask for information from the senior office holders and from the employees of the Association, may itself examine and can order to have the account, the petty-cash, the securities, the stock of goods and the contracts examined by other experts.

4.6. The decisions of the Supervisory Board are made by simple majority vote of those members present.

4.7. The members of the Supervisory Board are liable for the damages caused to the Association by the unfulfilled, inappropriate or failed execution of their obligation to control as set by the rules referring to the liability for damage caused to the Association by violation of the contract.

4.8. The Supervisory Board membership terminates

- in case of the expiration of a fixed period mandate

- in case of a terminating condition specified in the agreement occurs

- by withdrawing

- by resignation

- by the death of the Supervisory Board member

- in case of the member’s limitation of capacity to take actions within the required scope of his activities

- in case any ground for refusal or incompatibility occurs against the Supervisory Board member.

**5. The Secretary General/CEO of the Association**

5.1 The Secretary of the Association:

- prepares the meetings of the General Assembly and the Board;

- provides for recording the minutes;

- provides for administration regarding the operation of the Association;

- liaises with the Members of the Association on an ongoing basis;

- performs all tasks assigned to him by the General Assembly, the Board or the Chairman;

- exercises employer’s rights with respect to the administrator.

5.2 The Secretary General/CEO of the Association performs its duties under a contractor arrangement. Instruction and employer’s rights related to the work of the Secretary General/CEO shall be exercised by the Chairman of the Association.

**6. Conflict of Interest**

Senior officials and the members of the Supervisory Board fall under the incompatibility and exclusionary regulations of Act 3.22 of the Civil Code. In accordance with this the following are prevalent:

* A senior official can be any adult who is not limited in capacity regarding the functions necessary to fulfil the duties.
* A person who was finally sentenced to imprisonment due to a commitment of crime until they are exempt from disadvantageous circumstances connected to criminal record must not become a senior official.
* A person finally banned from this occupation must not become a senior official. Whoever has been legally and finally banned from any kind of occupation must not become, under the banning, a senior official of the legal entity engaging in an activity specified in the sentence.
* For the period determined in the banning decision a person who has been banned from senior official activities must not become a senior official.

Furthermore, the grounds for refusal of section 2 of Act 3.26 of the Civil Code refer to the members of the Supervisory Board. In accordance with this, a member of the Supervisory Board can be any adult who is not limited in capacity regarding the functions necessary to fulfil the duties. A person, against whom there is a ground for refusal relating to senior officials or persons being themselves or having close relatives as senior officials must not become members of the Supervisory Board.

The following persons are not allowed to participate in the decision making process:

* those who are exempt from obligations and responsibilities by the regulation or are privileged at the expenses of the Association;
* those with whom a contract shall be entered in accordance with the regulations;
* those who shall be sued in accordance with the regulations;
* those whose relatives are interested in the decision-making but are not members of the Association;
* those who are in connection - which is based on majority influence - with other organizations interested in the decision-making;
* those who are otherwise personally interested in the decision-making.

**V. ECONOMIC ACTIVITIES OF THE ASSOCIATION**

1. The Association shall be held liable for its liabilities to the extent of its own assets. The Members of the Association shall only be held liable for the liabilities of the Association to the extent of their membership fees.

2. The assets of the Association comprise the membership fees and contributions made by legal and natural persons.

3. The Association may perform business activities directly related to achieving its objectives.

**VI. TERMINATION OF THE ASSOCIATION**

1. The Association shall be terminated:

1.1. by legal succession: an association shall only merge with another association and shall only be separated into associations

1.2. without legal succession

1.2.1. if its mandate is over (established for fixed term)

1.2.2. its termination is subject to specific condition occuring

1.2.3. if its founders and members declare its termination

1.2.4. if the authorized body terminates it;

provided in the above mentioned instances the legal entity is deleted from the court register after the performance of the procedures referring to the termination of their financial circumstances.

1.2.5. if the association has fulfilled its objectives or the fulfilment of the objectives has become impossible and there are no new objectives;

1.2.6. if the number of association members does not reach 10 for six months in a row;

1.3. In the case of the termination of the Association without a legal successor, any assets of the Association remaining after satisfying all of its creditors shall be given over to a non-profit organization whose aims and objectives are the same as or similar to the Association and which is determined in the Charter, or, failing that, which is appointed by the registering court.

**VII. CLOSING PROVISIONS**

1 Any unlawful decision of any body or officer of the Association may be challenged in court by any Member within 30 days of becoming aware of such decision.

2 The Association becomes a legal entity upon its registration by the court. Registration shall be requested by the Chairman within 30 days of the founding General Assembly and adoption of the Charter.

3 This Charter shall be binding on all Members of the Association.

4 Matters not regulated in this Charter shall be governed by the relevant provisions of Act CLXXV of 2011 on the Right of Association, Non-profit Status, and the Operation and Funding of Civil Society Organisations and Act V of 2013 of the Civil Code.

Budapest, 21 April, 2015

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István Pintér

Chairman of the Association of the Hungarian Automotive Industry

In accordance with point 2 of Section 38 of Act CLXXXI of 2011 on the registration of civil organisations by courts and in the rules of procedures by signing the present Charter I hereby confirm that the consolidated verson of the Charter is in conformity with the content of the articles of association which is valid with the amendments.

Budapest, 2015. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_.

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Noerr & Társai Iroda

Dr. Zoltán Nádasdy

attorney