

[seal: INTRODUCTION BY THE SOCIETY OF INVENTIONS
OF INNOVATORS, OGRN (Primary State Registration Number)
1177627025861
ISII CONSUMERS' CO-OPERATIVE]

Approved
I.A. Bukhalev, Chairperson of the
Management Board of ISII CC

[signature]

[illegible] 08/2017

BUSINESS PARTICIPATION AGREEMENT

This document is an official offer of the **Introduction by the Society of Inventions of Innovators Consumers' Co-Operative** (hereinafter referred to as ISII CC), represented by its Chairperson of the Management Board, Igor Anatolyevich Bukhalev, acting on the basis of the Articles of Association of ISII CC, to individuals and legal entities (hereinafter referred to as the Shareholder).

1. GENERAL PROVISIONS AND BASIC CONCEPTS

1.1. This Agreement establishes the general rules for joint business activities between ISII CC and the Shareholder for the purpose of satisfying the social, economic and cultural needs and interests of the members (Shareholders) of ISII CC on the basis of pooling and mobilizing their material, financial, technical, intellectual and information resources, property and non-property rights, for which purpose they agree, by mutual consent, to perform the necessary physical and legal acts, jointly and in agreement, up to making a decision on the winding up.

1.2. For purposes of this Agreement, the following basic concepts shall be used:

- **Introduction by the Society of Inventions of Innovators Consumers' Co-Operative (ISII CC)** – ISII Introduction by the Society of Inventions of Innovators Consumers' Co-Operative. The Consumers' Co-Operative has been established for purposes of introducing and developing the inventions and innovations with the help and support from the Society (of individuals and legal entities), and shall exist in accordance with the Constitution of the Russian Federation, the Civil Code of the Russian Federation, the Federal Law of the Russian Federation No. 3085-1 dated 19 June 1992 “On Consumers' Co-Operatives (Consumers' Societies and Their Unions) in the Russian Federation (as amended by the Federal Laws No. 97-FZ dated 11/07/1997, No. 54-FZ dated 28/04/2000, No. 31-FZ dated 21/03/2002, etc.), other legislative instruments of the Russian Federation, its own Articles of Association and the internal documents of the consumers' co-operative adopted on the basis of its Articles of Association.

- **Shareholder** (member of ISII CC) – an individual, individual entrepreneur or legal entity, who has paid the admission fee and share contribution and has been admitted to ISII CC in accordance with the procedure established by the Articles of Association:

- **participation in business activities of ISII CC** – provision or receipt of goods, products, services from ISII CC out of Share Fund of ISII CC, attraction of new Shareholders to ISII CC, participation in business operations as a consumer or supplier:

- Co-Operative Member Group – a group (part of ISII CC) in which a certain number of Shareholders are united and which may be established on the basis of production, club affiliation or other basis:

- **Director of the Co-Operative Member Group** (authorised representative of ISII CC) – a Shareholder elected at the meeting of shareholders of the Co-Operative Member Group and empowered to pass resolutions at the General Meeting of ISII CC. This Director shall arrange the activities of the Co-Operative Member Group of ISII CC;
- **Community** – a group (part of ISII CC) in which a certain number of Shareholders are united and which may be established on the basis of territorial, club affiliation or other basis;
- **Community Chairperson** – a Shareholder elected at the general meeting of the Shareholders of the Community and empowered to pass resolutions at the General Meeting of Shareholders of ISII CC. This Chairperson shall arrange the activities of ISII CC in his or her Community;
- **Society's representative** – a Shareholder elected at a General Meeting of the Society to attend the General Meetings of the Unions where the Society is a member;
- **admission fee** – an amount of money used to cover the expenses associated with the Shareholder's admission to ISII CC. The admission fee, in the amount determined by the General Meeting of Shareholders of ISII CC, shall be paid on a mandatory basis and, along with the minimum Share Contribution, shall grant the right to vote and to participate in the activities of ISII CC;
- **share contribution** – property refundable contribution of the Shareholder of ISII CC consisting of one or more share contributions of the Shareholder to the share fund of the consumers' co-operative made in the form of unrestricted movable and immovable property that has not been removed from circulation, as well as things, including cash and non-cash funds, certified and book-entry securities, property rights; results of works and provision of services, rights to the results of intellectual activity and equivalent means of individualization, including exclusive rights to inventions, utility models, industrial designs, computer programs, databases, integrated circuits, production secrets (know-how), a land plot or a farmland allotment, other property, or property or other rights having a monetary value, which forms the basis for the formation of borrowed property of ISII CC. Share contributions shall be voluntary investments of the Shareholder into the share fund of ISII CC, and the totality of acts for their realisation (contribution, transfer, exchange, pledge and return) shall be investment activities. Minimum share contribution, in the amount determined by the General Meeting of Shareholders of ISII CC, shall be paid on a mandatory basis and shall grant the right to vote and to participate in the activities of ISII CC;
- **funds of ISII CC** – capital of ISII CC formed to achieve charitable, social or other socially relevant goals. Funds of ISII CC may be both won and borrowed, which in their turn shall be subdivided into distributable, accumulation and non-distributable funds. ISII CC may establish other funds, including non-systemic ones;
- **own funds of ISII CC** – funds formed out of the resources owned by ISII CC on the basis of ownership right. Own funds of ISII CC shall include the business operations fund, insurance fund, reserve fund, development fund and consumption fund;
- **borrowed funds of ISII CC** – funds formed from personal savings of the Shareholders, which are not owned by ISII CC. Resources of borrowed funds of ISII CC shall be the common shared property of the Shareholders. Borrowed funds shall not be accounted as assets of ISII CC. Borrowed funds of ISII CC shall include a fund for fulfilment of Shareholders' instructions, a fund for investment in the development of Shareholders-suppliers, and an author's mutual fund;
- **distributable fund** – a general concept used to denote the funds of ISII CC, the resources of which are expended in the same accounting period as the receipt of funds therein. Distributable funds shall include funds for business transactions, fulfilment of instructions, and investments in development of Shareholders-suppliers;
- **accumulation fund** – a general concept used to denote the funds of ISII CC in which resources are accumulated and the decision on their use is made by the Supervisory Board of ISII CC

based on the Articles of Association and the Regulations on such funds. Accumulation funds shall include the share fund and the insurance fund;

- **non-distributable fund** – a general concept used to denote the funds of ISII CC, the assets of which may not be distributed among the Shareholders. Non-distributable funds shall include the reserve, development and consumption funds;

- **business operations fund** – a distributable fund intended for settlements with third-party organisations in respect of the obligations of ISII CC and for the purchase of low-value property;

- **instruction fulfilment fund** – a distributable fund intended for payments for goods and services of suppliers who are not the Shareholders of ISII CC under the orders of the Shareholders of ISII CC to satisfy their internal needs;

- **fund for investments for development of Shareholders-suppliers** – a distributable fund intended for investments to Shareholders-suppliers of ISII CC in order to obtain goods and services from them to satisfy the needs of the Shareholders of ISII CC for goods and services;

- **share fund** – an accumulation fund consisting of share contributions made by the Shareholder at the time of establishment of ISII CC or joining it and being one of the sources of formation of the shared contributed property of ISII CC;

- **insurance fund** – an accumulation fund designed to insure various risks, liabilities, property and property interests related to the implementation of projects of ISII CC;

- **reserve fund** – a non-distributable fund intended to cover bad accounts receivable, overdue accounts payable, reimbursement of balance sheet loss within three months after approval of the annual balance sheet, cover the expenses which were not included in the income and loss estimate of ISII CC, but not more than 50% of the Reserve Fund, financial aid to the Shareholders of ISII CC suffering from accidents – to be spent as decided by the Supervisory Board of ISII CC;

- **development fund** – a non-distributable fund intended for the formation of budgets for development projects of ISII CC. Budgets of the project funds shall be allocated from the development fund for the implementation of individual projects of ISII CC. The project manager appointed by the Supervisory Board of ISII CC shall be responsible for the use of the project budget and its results on the basis of a contract with the project manager;

- **consumption fund** – a **non-distributable fund intended for labour compensation**, incentives and financial encouragement of employees of ISII CC, compensation of expenses of members of the Supervisory Board, the Management Board, the Audit Committee of ISII CC and Directors of Co-Operative Member Groups of ISII CC related to performance of their functions and labour participation, representation expenses, other expenses as decided by the Supervisory Board of ISII CC;

- **author's mutual fund** – a non-systemic fund intended for the formation and development of technology change management, innovation development, in the interests of the Shareholders and Consumers. The author's mutual fund of ISII CC shall be established personally by the author of a particular idea for its implementation; the author shall be the sole manager of the author's mutual fund and shall bears full responsibility for the results of its activities. The author may engage any specialists to perform specific functions related to increasing the efficiency of activities, but cannot be removed from the management of its activities under any circumstances. In the event of his or her death or loss of legal capacity, the management of the fund shall be transferred to his or her heirs or professional managers, who will manage the fund for the benefit and interests of the heirs and the Shareholders of ISII CC, as well as other members of the author's fund. The managers shall be appointed by the Committee of the Development Fund of ISII CC. The founder of the author's mutual fund shall independently and unilaterally determine its share-based structure, method of share management and asset attraction for implementation of the author's idea underlying the author's mutual fund of ISII CC. Resources contributed by the members of the author's mutual fund for the implementation of its underlying idea shall be non-

refundable. All shares of the fund not transferred to the management of the author's mutual fund members in accordance with the regulations of the author's mutual fund shall not be at the disposal of the founder of the author's mutual fund.

2. AGREEMENT EXECUTION

2.1. This Agreement shall be concluded by the interested person by sending an application for admission as a member Shareholder of ISII CC (offer) with an offer to enter into this Agreement and by ISII CC by accepting this offer.

2.2. The terms and conditions of this Agreement are defined in this form published on the website of ISII CC at: <https://pkvoir.ru>

2.3. The fact of sending an offer by a person wishing to enter into this Agreement shall constitute acceptance by that person of all the terms and conditions set out in this Agreement and adherence to the proposed Agreement in its entirety.

2.4. ISII CC shall be deemed to have accepted the offer to enter into this Agreement if ISII CC opens an individual personal account and issued a document certifying membership in ISII CC – a membership plastic card; the rules of use of the membership plastic card are laid down in the Terms of Issuance and Use, which are published on the website of ISII CC at: <https://pkvoir.ru>

2.5. This Agreement shall become effective 5 (five) calendar days after the date of execution and publication on the website of ISII CC at: <https://pkvoir.ru> ; if the Shareholder of ISII CC who has signed a new version of this Agreement does not agree with its terms and conditions, such Shareholder must, within 5 calendar days from the date of publication, send to ISII CC a statement of non-acceptance and withdrawal from ISII CC; if no statement of non-acceptance of this restated Agreement is sent within the specified time limits, the Shareholder shall be considered as having agreed to the terms of this Agreement and has accepted this Agreement by default.

3. SUBJECT MATTER OF THE AGREEMENT

3.1. ISII CC agrees, as instructed by the Shareholder and at the expense of the Shareholder's funds or the Shareholder's shares contributed to the share fund of ISII CC, to provide to the Shareholder the information on the composition of the share fund, make arrangements and perform acts to manage the shares owned by the Shareholder on the basis of such Shareholder's instructions and orders. The list of services, works and goods shall be agreed upon by the Parties and specified in Appendixes (Certificates) to this Agreement, which shall form an integral part hereof. A request for a service, works or goods submitted in accordance with the document management rules adopted by ISII CC and sent to ISII CC by any convenient means, including sending it to the email of the Society (info@pkvoir.ru) from a personal email or provided on the Society's website at <https://pkvoir.ru> shall be considered the Shareholder's instruction.

3.2. The Shareholder shall participate in the business activities of ISII CC, including by contributing shares for the maintenance and conduct of the statutory activities of ISII CC.

4. RIGHTS AND OBLIGATIONS OF THE PARTIES TO THE AGREEMENT

4.1. For purposes of implementing this Agreement, ISII CC shall be entitled to:

4.1.1. If the Shareholder fails to comply with the provisions of clause 4.8. of this Agreement, or in case of provision of inaccurate accounting data or inaccurate details of transactions performed by such Shareholder in connection with the management of such Shareholder's shares or using the capabilities and services of ISII CC, in the event that ISII CC is damaged by the failure of the Shareholder of ISII CC to fulfil such Shareholder's duties and obligations, or, if any claims are brought against ISII CC as a result of the Shareholder's failure to fulfil such Shareholder's duties and obligations on behalf of ISII CC, provided that the Shareholder did not have the right to join ISII CC or lost the right to be a Shareholder of ISII CC, remove the Shareholder from ISII CC or suspend such Shareholder's membership in ISII CC.

4.1.2. As part of the business activities under this Agreement, carry out the necessary approvals and obtain any kind of permits from the city, municipal and other governmental authorities, with the allocation of costs to the Shareholder.

4.1.3. Carry out the activities specified in the Articles of Association of ISII CC published on the website of ISII CC at: <https://pkvoir.ru> ;

4.1.4. Require the provision of official certificates, warranties, guarantees and other documents necessary for successful implementation of the provisions of this Agreement.

4.1.5. Engage third parties who fulfil the obligations of ISII CC under this Agreement properly and in full.

4.1.6. The General Meeting of the Shareholders of ISII CC may also establish other rights of ISII CC which are not in conflict with the legislation of the Russian Federation and the Articles of Association of ISII CC published on the website of ISII CC at: <https://pkvoir.ru> ;

4.2. For purposes of implementing this Agreement, ISII CC shall be obliged to:

4.2.1. Perform this Agreement in good faith;

4.2.2. Promptly inform the Shareholder of the progress of performance of this Agreement, and promptly inform the Shareholder of any changes that may affect the performance of this Agreement;

4.2.3. Not disclose the information deemed confidential by the Shareholder;

4.2.4. Arrange and hold consultations with specialists;

4.2.5. Enter into on behalf of ISII CC the necessary contracts with third parties for the receipt of services, works and goods by the Shareholder and to pay the cost of the services, works and goods provided at the expense of the share contributions of the Shareholder;

4.2.6. Arrange for the conclusion by the Shareholder of all necessary contracts with third parties for the supply of services, works and goods and pay the cost of the services, works and goods provided at the expense of the Shareholder's contributions;

4.2.7. Enter into on behalf of the Shareholder the necessary contracts with third parties for the receipt of services, works and goods by the Shareholder and to pay the cost of the services, works and goods provided at the expense of the Shareholder's contributions;

4.2.8. Form the special purpose funds of ISII CC out of the Shareholder's share contribution upon performance by ISII CC of its obligations to the Shareholder in accordance with this Agreement by reducing the share contribution of the Shareholder.

4.3. The powers of ISII CC referred to in clause 4.2 of this Agreement shall apply only to the extent of the list of services, works and goods published on the website of ISII CC at: <https://pkvoir.ru>

4.4. The powers of ISII CC referred to in paragraph 4.2 of this Agreement shall become effective with effect from the moment of execution of this Agreement and shall remain in force until a decision is made to cease joint activities.

4.5. Other liability of ISII CC may be envisaged by a supplemental agreement between the parties.

4.6. For purposes of implementing this Agreement, the Shareholder shall be entitled to:

4.6.1. Join and withdraw from ISII CC on a voluntary basis at their own will;

4.6.2. Participate in the activities of ISII CC, elect and be elected to the management and control bodies, make proposals to improve the activities of ISII CC, eliminate shortcomings in the work of its bodies;

4.6.3. Participate in the system for obtaining services, works and goods developed by ISII CC for its Shareholders;

4.6.4. Voluntarily replenish its share contribution according to its needs and desire; the amount, property form and time limits for the share contribution shall not be limited by the legislation of the Russian Federation, i.e. may be arbitrary in accordance with the intended amount of the Shareholder's participation in the business activities of ISII CC in cash or other form in accordance with the Articles of Association of ISII CC published at the website of ISII CC at: <http://www.pkvoir.ru>;

- (by agreement with the Supervisory Board of ISII CC or an authorised person appointed to provide approvals);
- 4.6.5. Repay part of their share contribution to the extent exceeding its minimum required amount established by the General Meeting of ISII CC, in cash or in kind, as any type of property or any type of services (by agreement with the Supervisory Board of ISII CC or an authorised person appointed to provide approvals), as they wish, depending on the needs being satisfied by the Shareholder of the Consumers' Co-Operative, without withdrawal from ISII CC;
- 4.6.6. The Shareholder's share contribution to the share fund of ISII CC, contributed in the form one type of property, may be returned to the Shareholder of ISII CC as another type of property from the share fund of ISII CC contributed by other Shareholders of ISII CC, by way of novation (by agreement with the Supervisory Board of ISII CC or an authorised person appointed to provide approvals);
- 4.6.7. Use the property of ISII CC on a fee-based and gratuitous basis;
- 4.6.8. Allocate part of their share contribution to the non-distributable and other funds of ISII CC in accordance with the regulations on such funds;
- 4.6.9. Be hired on a priority basis to ISII CC in accordance with education, profession training level and the need of ISII CC for employees;
- 4.6.10. Receive study referrals to educational institutions of consumer co-operation;
- 4.6.11. Use the social facilities on the terms and conditions to be determined by the General Meeting of Shareholders of ISII CC;
- 4.6.12. Receive information from the management and supervisory bodies of ISII CC on their activities;
- 4.6.13. Address the General Meeting of Shareholders of ISII CC with complaints about unlawful acts of other management and control bodies of ISII CC;
- 4.6.14. Appeal to a court of law against resolution of the governing bodies of ISII CC affecting their interests.
- 4.7. The General Meeting of Shareholders of ISII CC may establish other rights of the Shareholders which are not in conflict with the legislation of the Russian Federation and the Articles of Association of ISII CC.
- 4.8. For purposes of implementing this Agreement, the Shareholder shall be obliged to:
- 4.8.1. Pay contributions, including additional contributions, in a manner, within the time limits, in the amounts and using the methods applicable in ISII CC;
- 4.8.2. Comply with the provisions of the Articles of Association of ISII CC;
- 4.8.3. Perform its duly assumed obligations to ISII CC, including resolution of the General Meeting of Shareholders of ISII CC, other management bodies and control bodies of ISII CC;
- 4.8.4. Assist ISII CC in carrying out its activities;
- 4.8.5. Not disclose the confidential information about the activities of ISII CC, observe the principle of confidentiality of official, intellectual and other types of secrets obtained during the work in ISII CC and cooperation with it, never use the information obtained as a result of their activities as a member of ISII CC for the benefit of third parties;
- 4.8.6. Inform ISII CC immediately of any changes that may affect the performance of this Agreement.
- 4.9. Other obligations of a Shareholder may be stipulated by a supplemental agreement of the parties and resolution of the General Meeting of Shareholders of ISII CC.

5. RESPONSIBILITY OF THE PARTIES TO THE AGREEMENT

- 5.1. The parties shall be responsible for the non-performance or improper performance of their obligations under this Agreement in accordance with the effective civil legislation of the Russian Federation.

5.2. Losses which may arise in the course of business under this Agreement and in connection with non-performance or improper performance of the obligations assumed by one of the Parties shall be compensated by the guilty Party at its own expense.

6. SPECIAL CONDITIONS

6.1. In the event of a change in the conditions for receiving services, works and goods, the parties shall consult each other, make arrangements for settling the issues raised and formalise a joint decision in a supplemental agreement.

6.2. In the event of a change in the fees for receiving services, works and goods from suppliers, the Shareholder shall, in addition, be assigned contributions to ISII CC to cover the actual difference in the cost of services, works and goods received by the Shareholder due to a change in the fees for services, works and goods whose value exceeds the initial contribution, which is beyond control of ISII CC.

6.3. This Agreement shall provide for the consent of the Shareholder to have the Shareholder's share contribution repaid by another thing at law.

6.4. The Parties shall use their best efforts to solve any disputes and conflicts by negotiations. In the event of failure to resolve any disagreements and disputes by negotiations within one month of the commencement of negotiations, the disputes may be submitted for resolution in accordance with the procedure established by the legislation of the Russian Federation.

6.5. ISII CC shall have the right to repudiate the Agreement in the event of the failure by the Shareholder to perform the Shareholder's obligations.

6.6. Any amendment or supplement to the Agreement shall be formalised by supplemental agreements, which shall form an integral part of this Agreement, if made and signed in the same manner as the Agreement itself.

6.7. This Agreement shall be made in writing as a single document signed by the parties hereto.

The written form of the agreement shall be deemed to have been complied with if the written offer to enter into this agreement is accepted as set out in clause 2. 2 hereof.

7. FORCE MAJEURE CIRCUMSTANCES

7.1. The Members shall not be held liable for the failure to perform their obligations in full or in part under this Agreement if such failure to comply occurs as a result of circumstances beyond reasonable control of the Member which could not be foreseen or prevented by reasonable actions, provided that such circumstances arise after the date of this Agreement.

7.2. Force majeure circumstances shall include any events that the Member could not affect and for the occurrence of which such Member may not be held liable, such as earthquake, flood, fire, as well as a strike, governmental orders or instructions of governmental authorities, military operations of any nature and other circumstances that prevent from implementing the subject matter hereof.

7.3. Any Party referring to force majeure circumstances must immediately notify the other Member of occurrence of such circumstances in writing, and a certifying document must be presented at the request of any Member.

7.4. If the state of default under the Agreement persists for more than six months and it is not possible to make a binding declaration on the date of cessation of the circumstances within a period of not more than six months, each Shareholder shall be entitled to terminate this Agreement unilaterally by notifying the other Shareholder thereof.

8. ADDRESSES AND DETAILS OF THE PARTIES TO THE AGREEMENT

ISII CC:

Registered address: 150052, Yaroslavl city, Eleny Kolesovoy St., 23^{ai}

Address of the Management Board: 150052, Yaroslavl city, Eleny Kolesovoy St., 23^{ai}

<https://pkvoir.ru>

E-mail: info@pkvoir.ru;

OGRN (Primary State Registration Number): 1177627025861;

INN (Taxpayer Identification Number) 7602138680;

KPP (Tax Registration Reason Code) 760201001;

OKPO (Russian Classification of Businesses and Organisations): 19147711; **OKATO (Russian Classification of Objects of Administrative Division):** 78401362000;

OKTMO (Russian Classification of Territories of Municipal Formations); 78701000001;

OKOGU (Russian Classification of Governmental Authorities): 4210014;

OKOPF (Russian Classification of Types of Business Entities); 20100; **OKFS (Russian Classification of Types of Ownership):** 16; **OKVED (Russian Classification of Types of Economic Activity):** 91.33;