

# Articles of association

for Södra Skogsägarna Economic Association  
14 May 2008



*N.B. This document is only an unofficial translation of the Swedish document Stadgar för Södra Skogsägarna ekonomisk förening. In case of any legal arguments, it is only the Swedish version that works as an official and legally bounding document.*

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## Association, object, membership area and registered office

<b>Association</b>	<b>SECTION 1</b> The Association trades as Södra Skogsägarna Economic Association.
<b>Object</b>	<b>SECTION 2</b> The object of the Association is to collaborate with the farmers' organisations' movement to promote the financial interests of its members, on its own behalf or on a third-party basis, by <ol style="list-style-type: none"><li>1) trading and processing forest and forest products primarily from Association members, and in conjunction with this conducting other industrial and/or financing operations;</li><li>2) seeking to achieve a secure and appropriate market for members' forest products at market prices;</li><li>3) promoting large-scale, high-value forestry production with consideration for natural and cultural factors, as well as providing information and supplying harvesting, forest management, administration and other services to achieve satisfactory profitability in its members' forestry;</li><li>4) supporting and developing individual forestry;</li><li>5) monitoring and promoting the business policy interests of members, primarily the provisions of ownership rights; and</li><li>6) conducting operations that are compatible or associated with the above.</li></ol>
<b>Membership area</b>	<b>SECTION 3</b> The Association's membership area, where the members' forest estates are situated, primarily comprises Götaland in Sweden. The extent of the membership area is determined by the Board of Directors.
<b>Registered office</b>	<b>SECTION 4</b> The Board of Directors has its registered office in Växjö, Sweden.

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## Membership

<b>Acceptance of members</b>	<b>SECTION 5</b> Physical persons, the estates of deceased persons or private companies that own or lease at least five (5) hectares of forest land within the Association's membership area and that can be expected to adhere to the Association's Articles of Association and contribute towards realising the Association's objects, and who do not conduct operations in competition with those of the Association, may be accepted as members. The Board of Directors is entitled, if specific reasons exist, to grant membership to other parties that conduct forestry. The application for membership, which must be in writing, is to be examined by the Board of Directors or by a person appointed by the Board.
<b>Acquisition of member's share</b>	<b>SECTION 6</b> <b>6.1. Acquisition of share under family law</b> A party that has acquired a member's share in the Association through estate distribution in the event of death, inheritance or last will and testament, is entitled to become a member in the place of the deceased person. The same entitlement is granted to a member's estate. This applies on the condition that the terms in section 5 Acceptance of member are satisfied. In the event of the acquisition of a deceased member's share, the application for membership must be made no later than the time of the estate's departure from the Association according to the rules in section 15 Leaving the Association.

During the intervening period, the deceased's estate possesses the rights and obligations granted to the deceased person.

In the event of other acquisitions, an application for membership must be made no later than six months after the share, in the event of the distribution of a deceased's estate, has been added to the other spouse's share.

#### **6.2. Other acquisitions of a member's share**

A party that has acquired a member's share through transfer, and who is not already a member, must apply for membership within six (6) months from the time of the transfer.

If the application is approved, this person becomes a member in place of the transferor.

If the person acquiring the share does not apply for membership or has their application rejected, this person is not entitled to share in any profit in accordance with section 36 below.

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## Shares

### **SECTION 7**

#### **Shares**

#### **7.1. Mandatory share (capital contribution requirement)**

Members must participate in the Association with one (1) share for each hectare of productive forest land. Members are not obliged to participate in the Association with more than 200 shares. In special cases, the Board of Directors, or the person(s) appointed by the Board, is entitled to determine the number of shares.

The share has a nominal value of SEK 600. The Annual General Meeting (AGM) may make decisions regarding raising or lowering the value of the share. However, the value of the share may not exceed SEK 1,000.

#### **7.2. Entitlement to participate with extra shares**

In addition to that stated in 7.1., members are entitled to participate with an unlimited number of shares. Shares over and above the mandatory share are referred to as extra shares.

For extra shares in accordance with this point, the same rules apply for repayment as for mandatory shares. Exemptions apply in the event the share value is reduced or there is some other mitigation of the member's capital contribution requirement.

#### **7.3. Transfer of shares**

Members are entitled to acquire the mandatory shares of a departed member according to 7.1. above and, from the departed member or another member, to acquire extra shares according to 7.2. above, although not more than the amount corresponding to one share for each hectare of productive forest land.

Members are also entitled to transfer to another member amounts that have been supplied to the member through bonus issues in accordance with 8.1. below.

The transfer of shares is not effective until it has been approved in writing by the Association or the person(s) appointed by the Board of Directors.

### **SECTION 8**

#### **Payment of shares**

#### **8.1. General rules**

Shares are normally paid through deductions from the member's payment for supplied products, and/or through the transfer in whole or in part of patronage refunds due to the member.

Amounts supplied to the member through bonus issues are not granted to the member as fulfilment of the capital contribution requirement.

The Board of Directors, or the person(s) appointed by the Board, is entitled to decide on cash payment for fulfilment of the capital contribution requirement in specific cases.

Share deductions from the settlement payment may be set at a maximum of four (4) per cent by the Board of Directors.

The Board decides on the transfer of patronage refunds to the capital account.

However, such a transfer may not exceed half the determined patronage refunds if these amount to four (4) per cent or more of the delivery value during the preceding financial year.

If the patronage refunds are less than four (4) per cent of the delivery value, a transfer may be made of up to two (2) per cent of the delivery value.

## **8.2. Special rights**

Members may request from the Association that the deductions and transfers specified above during a single calendar year may not exceed ten (10) per cent of the maximum contributed capital with which the member participates in the Association.

Newly-established forest owners, which are forest owners whose title to their property has been registered during the year of entry or the previous year, are entitled, following a written request to the Association, to receive a decision indicating that specified deductions and transfers during a calendar year will not exceed five (5) per cent of the maximum contributed capital with which the member participates in the Association. This applies during the year of entry and the subsequent three (3) calendar years.

## **SECTION 9**

### **Member account**

Once a member has fulfilled its capital contribution requirements, its profit dividend – both patronage refunds and dividends on capital contributed – is transferred to a special member account, unless the member has asked to receive direct payment of this dividend.

More detailed terms and conditions for member accounts are determined by the Board of Directors or the person(s) appointed by the Board.

## **SECTION 10**

### **Repayment of shares**

#### **Item 1**

When a member has left the Association, and following the approval of the AGM, the member receives paid-up shares and bonus shares as well as that part of the adopted dividend due to the member, provided one of the following conditions applies:

Members who are physical or legal persons

- 1) the entitlement thereto is prescribed in Chapter 7 section 15 third paragraph (share increase etc.) and Chapter 12 section 4 second paragraph (merger) of the Societies' Act;
- 2) leaving the Association was due to the death of the member;
- 3) leaving the Association was due to the member giving notice of resignation, caused by the member who conducted forestry having permanently ceased forest production within the Association's membership area;
- 4) the member has given notice of resignation according to section 12, third paragraph;
- 5) the member has given notice of resignation for some other reason; and

Members who are legal persons and where points 1-5 cannot be applied

- 6) a member who is a legal person is entitled, after 20 years of membership without leaving, but subsequent to written cancellation of the contributed capital, to receive payment in shares with the obligation once again to pay statutory shares. This entitlement does not extend to bonus shares.

#### *Payment out/repayment*

In cases as specified under points 2, 3 and 4 above, shares paid in and shares supplied through bonus issues are paid out 6-8 months from the time of the member's statutory departure, and in cases as specified under point 6 above, after the notice of resignation from the end of the financial year in question.

In cases as specified under point 5 above, shares paid in and shares supplied through bonus issues are paid out at an amount corresponding to 1/5 each year, calculated from the year after the member's statutory departure.

In special cases, however, the Board of Directors is entitled to decide on a shorter period of time for payment out/repayment.

If a member that has left the Association rejoins it before the full share value has been repaid/paid out, the repayment/payment out ceases and the remaining amount is provided to the returning member as a share, irrespective of that prescribed in sections 7 and 8.

If a member leaves/has left the Association and in conjunction with this applies for a new membership for a physical or legal person, and there is no significant change to the forest

holding or to the persons covered by the membership, the share capital will not be paid out but will instead be transferred to the new membership. In special cases, the Board of Directors may decide that payment out is to take place regardless.

#### **Item 2**

However, repayment/payment out of shares in accordance with item 1 may only take place to the extent proposed for the Association's assets retained for that purpose according to the balance sheet drawn up at the time the member leaves the Association, without utilising the statutory reserve, the revaluation reserve, subordinated debentures or setting aside the equal rights of other members.

### **SECTION 11**

#### **Subordinated debentures**

#### **Item 1**

The Board of Directors can decide that capital in the form of subordinated debentures may be paid to the Association. Such capital may be paid in by both members and non-members. Within the Association, subordinated debentures may exist that will be redeemed at a certain time without prior notice, although no earlier than five years from the time of the contribution. The Board of Directors must decide:

- who will be able to make subordinated debentures;
- the amount of the subordinated debentures; and
- the terms that, in addition to those stated below, must be observed in each individual case when applying this paragraph.

The Board of Directors may decide that the certificates must be registered with a central securities administrator instead of issuing certificate notes.

#### **Item 2**

Each subordinated debenture entails a preferential right to a dividend from the amount that, according to the balance sheet adopted for the financial year, is at the disposal of the AGM once deductions have been made for that which is used to cover any losses from previous years and that which, by law, must be transferred to the statutory reserve.

The preferential right applies ahead of patronage refunds and dividends, regardless of whether these have been included in the annual profit or not, and ahead of the dividend on shares and other purposes for which the specified funds may be used.

Each year, the AGM will decide that, to the extent there are sufficient funds available for this purpose under the terms of the Societies' Act, dividends will be payable on subordinated debentures in accordance with that stated in the certificate notes.

The AGM decide on payment of the last year's/outstanding dividends when redeeming the subordinated debenture.

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## **Withdrawal etc.**

### **SECTION 12**

#### **Notice of resignation**

#### **A notice of resignation must be submitted in writing.**

It is not possible to resign until two years after joining. Exemptions are granted in cases when the resignation is due to the member having permanently ceased forest production within the Association's membership area.

If a member has permanently ceased owning or conducting forestry within the Association's membership area, and has not become an owner or operator of a forest estate again within the area within 6 months, the member will be considered to have given notice of resignation from the Association. However, the Board of Directors is entitled to grant exemptions from this in particular cases.

The Economic Association Act includes specific provisions regarding notice of resignation and withdrawal, for example in conjunction with changes to capital contribution requirements and mergers.

## **Exclusion**

### **SECTION 13**

Members that act in breach of the regulations, harm the Association, do not fulfil their obligations in relation to the Association or otherwise act against its interests or objectives, or conduct competing activities, may be excluded from the Association by the Board of Directors.

If a member has harvested but not delivered forest products to the Association over the last five financial years, the Board of Directors may ask the member to give notice of resignation. If the member does not comply with this request within three months, the Board of Directors may decide that the membership is to cease.

Excluded members may refer the matter of their exclusion to the AGM through an application to the Board within one month from the notification of exclusion being communicated to the member.

## **Consequence prior to departure**

### **SECTION 14**

Members that have given notice of resignation or been excluded from the Association immediately lose the right to participate in discussions and decisions regarding the Association's business.

## **Leaving the Association**

### **SECTION 15**

A member leaves the Association at the end of a financial year. However, departure may take place at the earliest one month after the member has given notice of resignation or been excluded, or if other circumstances have arisen that have caused the departure.

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## **Organisation of the Association**

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### **SECTION 16**

The Association is organised as follows:

- 1) Forestry districts and the district councils they have appointed
- 2) Administrative Council
- 3) Annual General Meeting (AGM)
- 4) Board of Directors and CEO
- 5) Auditors

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## **Forestry districts**

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### **SECTION 17**

#### **17.1. Area**

The Association's membership area is divided up into forestry districts, the number and scope of which will be determined by the Board of Directors after consulting with the Administrative Council.

#### **17.2. Object**

The object of a forestry district is to promote a high level of valuable timber production while taking natural and cultural aspects into consideration, high quality forest service, as well as constitute the basis for the Association's wood procurement. The forestry district will encourage co-operation between individual forest owners, promote self-activity, as well as strengthen and develop contacts with members of the Association.

#### **17.3. District councils**

For each forestry district, a district council is appointed whose task is to promote the financial and business policy interests of the members. In between the forestry districts' statutory meetings, the district council is responsible for the co-operative activities of the individual forestry district. In addition, the district council must, prior to the forestry district's annual meeting, table a report regarding the past year's operations as well as present an operating plan for the current year.

The chairman and vice chairman will be appointed from among the members who are entitled to vote. Other members of the district council will be appointed from among the members who are entitled to vote, or a member's father, mother, husband, wife, partner, children of legal age or siblings.

#### **17.4. Delegates**

Delegates must be members who are entitled to vote.

There are to be 200 delegates, and these must be distributed between the forestry districts in proportion to the number of members in each forestry district at the start of the financial year. All the forestry districts must be represented at the AGM.

#### **17.5. Nomination Committee**

The annual meeting's election of members to the forestry district's council, as well as the election of delegates to the AGM, must be prepared by a separate Nomination Committee that is appointed by the annual meeting for the period up to and including the next ordinary annual meeting.

#### **17.6. Other**

More detailed provisions regarding the forestry district are issued by the Board of Directors.

### **SECTION 18**

#### **Annual meeting**

#### **18.1. Ordinary annual meeting**

The ordinary annual meeting in the forestry district must be held no later than three months after the end of the financial year.

#### **18.2. Extraordinary meeting in the forestry district**

Extraordinary meetings in the forestry district are to be held to deal with matters for which the Board considers that the opinion of the forestry district should be obtained. The district council can also decide on extraordinary meetings in the forestry district.

#### **18.3. Members' democratic rights**

At the forestry district's annual meeting or extraordinary meetings, each member within the forestry district is entitled to vote and has one vote, although not members who have given notice of resignation or been excluded from the Association.

Members are entitled to raise issues (table motions) at the annual meeting of the forestry district to which the member in question belongs. Members who want to raise an issue must register this with the forestry district's council no later than one month after the end of the financial year. The annual meeting can then refer the motion to the AGM. If the member tabling the motion so requests, the motion is referred to the AGM irrespective of the outcome at the annual meeting.

Members who do not live within the forestry district in which their property is situated are entitled, following registration with the Member Department no later than one month after the end of the financial year, to exercise their democratic rights within another forestry district instead.

Members who are entitled to vote may authorise another person of legal age to represent them at the forestry district's meeting through written authorisation. Nobody may represent more than one member by means of such authorisation.

### **SECTION 19**

#### **Invitation to attend**

The invitation to attend the forestry district's annual meeting or extraordinary meeting must be communicated via a written invitation to all the forestry district's members, with the exception of excluded members and those who have given notice of resignation. This invitation must be communicated no later than one week before the meeting, and it is the duty of the district council to send out the invitations. No later than one week prior to the meeting, all members of the forestry district are to be sent an agenda, supporting information for decisions to be taken, as well as a brief report regarding the past year's operations in the forestry district.

**Matters at the annual meeting of the forestry district**

**SECTION 20**

The following matters must be covered at the annual meeting of the forestry district:

- 1) election of chairman
- 2) election of secretary
- 3) adoption of voting register
- 4) election of two people to adjust the minutes alongside the chairman of the meeting
- 5) enquiry as to whether notice of the meeting was published in the authorised manner
- 6) adoption of agenda
- 7) the district council's report and an enquiry regarding approval of the past year's operations within the forestry district
- 8) presentation of the forestry district's operating plan
- 9) decision on the number of members and the election of members to the district council (at least five and at most twelve members); for forestry districts with more than 1,000 members, however, an additional member may be elected for each commenced group of 250 members above 1,000 at the start of the year, although the number of members may not exceed 15; the members are elected for the period up to and including the ordinary annual meeting during the second financial year after the election, although the term of office must be determined so that half or almost half of the members are elected at each annual meeting
- 10) election of chairman and vice chairman of the district council from among the members appointed in point 9; the term of office will be one financial year
- 11) election of the number of delegates that have been determined for the forestry district, the election of the same number of alternates as the elected regular delegates determining the order in which the alternates are to join; these elections cover the period from the next AGM until the following AGM
- 12) election of at least three and at most five members to be included in the forestry district's Nomination Committee, of which at least one member must be newly elected at each annual meeting
- 13) processing received motions and communications
- 14) processing the Board of Directors' financial statements for the past financial year as well as auditor's reports
- 15) other matters that the meeting decides to take up.

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## Administrative Council

**SECTION 21**

The Administrative Council is an advisory body to the Board of Directors and the AGM.

The Administrative Council must help to ensure that the Association's strategic goals and decisions are established with the members. The Administrative Council manages this task by

- 1) making pronouncements on matters that will arise at the AGM;
- 2) making pronouncements on issues that have been referred to the Administrative Council by the Board or the AGM;
- 3) preparing the AGM's election of Nomination Committee and remuneration to this Committee;
- 4) providing advice and submitting proposals to the Board or the AGM on other issues; and
- 5) being a forum for the handling of business policy issues.

The Administrative Council must adopt a procedure for its activities.

**Duties of the Administrative Council**

<b>Composition of the Administrative Council</b>	<p><b>SECTION 22</b></p> <p>The Administrative Council comprises the chairmen of the Association's forestry districts, with the relevant vice chairmen as alternates. The Administrative Council appoints a chairman and vice chairman internally.</p>
<b>Meetings</b>	<p><b>SECTION 23</b></p> <p>The chairman convenes meetings of the Administrative Council when he considers this necessary, as well as when the Board of Directors or at least a third of the members of the Administrative Council request this in writing to the chairman of the council. However, the Administrative Council must hold at least two minuted meetings annually.</p> <p>At the Administrative Council's meetings, the President or another person appointed in his place will submit a report. The Board members and the auditors may participate in the deliberations and table proposals.</p> <p>A quorum exists in the Administrative Council when at least half the members are present.</p> <p>Annual General Meeting (AGM)</p>
<b>Delegates' authorisation</b>	<p><b>SECTION 24</b></p> <p>The delegates appointed at the annual meetings of the forestry districts meet at the Annual General Meeting (AGM) and exercise the AGM's powers in accordance with these regulations and that which is otherwise prescribed about the AGM by the Societies' Act.</p>
<b>AGM</b>	<p><b>SECTION 25</b></p> <p>The AGM is held at the latest six months after the end of the financial year. Extraordinary general meetings are held when the Board of Directors considers this necessary or when this has been requested in writing for a specified purpose by the auditors or at least a tenth of all the delegates.</p> <p>Each delegate has one vote. Delegates may not vote through agents.</p> <p>The Board members and alternates, the President, the members of the Administrative Council and the auditors are entitled to participate in the AGM's deliberations and to table proposals.</p> <p>The AGM is opened by the Chairman of the Board of Directors or, if this person is unable to attend, by the person appointed by the Board.</p> <p>A quorum exists at the AGM when at least half the delegates are present.</p>
<b>Invitation to attend</b>	<p><b>SECTION 26</b></p> <p>An invitation to attend a General Meeting must be sent in writing to each delegate at the earliest four weeks before and at the latest two weeks before an ordinary AGM and at the latest one week before an Extraordinary General Meeting. At the same time, the Board of Directors must notify the auditors and the members of the Administrative Council about the meeting.</p>
<b>Nomination Committee</b>	<p><b>SECTION 27</b></p> <p>The AGM's elections and decisions in accordance with section 28, points 1, 4, 11, 13 and 14, must be prepared by a Nomination Committee comprising 5-7 members, of which at least one member must be newly elected each financial year. The composition of the Nomination Committee must reflect the membership and if possible the entire membership area. The term of office is one financial year. The Nomination Committee appoints a chairman internally.</p>
<b>Matters at an ordinary AGM</b>	<p><b>SECTION 28</b></p> <p>At an ordinary AGM, the following matters are to be covered:</p> <ol style="list-style-type: none"> <li>1) election of chairman and vice chairman</li> <li>2) announcement of secretary</li> <li>3) adoption of voting register</li> <li>4) election of two people to adjust the minutes</li> <li>5) enquiry as to whether notice of the meeting was published in the authorised manner</li> <li>6) adoption of agenda</li> </ol>

- 7) the Board of Directors' financial statements for the past financial year as well as the auditor's report
  - 8) decisions on adoption of
    - a) income statement and balance sheet
    - b) consolidated income statement and consolidated balance sheet
  - 9) decision on granting discharge from liability for the Board members and the President
  - 10) decision on allocations regarding the Association's profit or loss according to the adopted balance sheet
  - 11) determination of remuneration to delegates, the Board of Directors, the Administrative Council and auditors
  - 12) determination of remuneration to the AGM's Nomination Committee
  - 13) decision on the number of Board members and the election of these individuals
  - 14) decision on the number of auditors and alternates and the election of these individuals
  - 15) decision on the number of Nomination Committee members and the election of these individuals
  - 16) matters that the Board of Directors, the Administrative Council or annual meetings in forestry districts have referred to the AGM
  - 17) other matters that may arise at the AGM by law.
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## Board of Directors, CEO, etc.

### **SECTION 29 BOARD OF DIRECTORS**

#### **29.1. Composition of the Board of Directors**

The Board of Directors must comprise at least six and at most ten members elected by the AGM, of which at least three-quarters must be members of the Association. The Board also includes the CEO.

#### **29.2. Decisions**

A quorum exists within the Board of Directors when present Board members elected by the AGM exceed half the total number of Board members.

#### **29.3. Term of office**

Board members who are appointed by the AGM are selected for the period up to and including the AGM in the second financial year after their election. However, the term of office shall be determined so that half or almost half the Board members leave at each AGM.

#### **29.4. Chairman and Vice Chairman of the Board**

The Board of Directors appoints a Chairman and Vice Chairman from among the Board members elected by the AGM.

#### **29.5. Other**

Individuals who have been appointed Board members will thereby be considered to have vacated other positions of trust within the Association.

### **SECTION 30 CEO**

The Association must have a CEO.

### **SECTION 31 ASSOCIATION SIGNATORY**

In addition to the Board of Directors, at least two members of the Association appointed by the Board will be entitled to act as Association signatories.

### **SECTION 32 FINANCIAL YEAR**

The Association's financial year covers the period 1 January – 31 December starting on 1 January 2008.

# Auditors

## SECTION 33

### Selection of auditors

A maximum of four auditors with at most the same number of alternates are appointed by the AGM. The term of office is one financial year. At least one of the auditors and the alternate for this auditor must be an authorised public accountant. The duties and responsibilities of the auditors, in addition to those stipulated by law, are regulated by an instruction laid down by the AGM. Individuals who have been appointed auditors will thereby be considered to have vacated other positions of trust within the Association.

## SECTION 34

### Submission of auditor's

The auditors must submit their auditor's report to the Board of Directors no later than 65 report days after the end of the financial year.

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# Other provisions

## SECTION 35

### Announcements

Announcements on Association law matters other than invitations to attend the AGM must be brought to the attention of the members and delegates through advertisements in the member's newspaper or through written announcements.

## SECTION 36

### Allocation of profits

#### 36.1. Dividend on shares and patronage refunds

Any profit arising from the Association's activities, once the allocation prescribed by law has been made to the statutory reserve and dividends on subordinated debentures paid according to section 11 of the regulations, must, according to the decision by the AGM, be funded or distributed among members and departed members. The distribution to members and departed members must take place through dividends on member shares paid in and/or supplied through bonus issues at the end of the financial year and/or calculated on the basis of the value of the forest and the forest products that members have supplied to the Association during the past financial year, or the last two financial years' deliveries according to Chapter 10, section 1, paragraph 2, point 2 of the Economic Associations Act. The Board of Directors is to decide on the application. The transfer of patronage refunds is regulated in section 8.1. above.

#### 36.2. Bonus shares

Decisions on bonus shares in accordance with Chapter 10, section 2 a of the Economic Associations Act are taken by the AGM following a proposal by the Board.

Only distributable non-restricted equity may be transferred to the shares through bonus issues. The members' paid in shares and/or shares supplied through bonus shares will form the basis for the distribution of bonus shares amounts between the members.

#### 36.3. Restriction regarding allocation of profits

The AGM may not decide on the allocation of profits or transfer to the shares through bonus issues for amounts higher than those proposed or approved by the Board.

## SECTION 37

### Price

Prices or other remuneration for the wood and forest products that are supplied or offered to the Association, are determined by the Board of Directors or by the person(s) to whom the Board has delegated this entitlement. In the case of remuneration, the Board of Directors can also refer the matter to the AGM for a decision.

## SECTION 38

### Dissolution

In the event of the dissolution of the Association, the assets held shall be distributed between those remaining members at the time of the final decision for the Association to enter into liquidation, in such a way that the members first receive the paid-up shares, including capital from bonus issues, and that the remainder thereafter is distributed between them in relation to the proceeds for wood and forest products, which they have received over the Association's past ten financial years.

In this respect, a member who has joined the Association in accordance with section 6 is entitled to include those proceeds that, during the specified time, have been paid out to those who, as members, held the member's share prior to the member.

#### **SECTION 39**

#### **Security**

The member's paid-up shares and shares supplied through bonus shares constitute a permanent security for all the Association's claims against the member. The Association is entitled, if the member does not pay its liabilities, to retain a corresponding amount from the shares when the member leaves or, for other legal or regulatory grounds, is granted entitlement to receive membership shares.

#### **SECTION 40**

#### **Disputes**

Disputes between the Association on the one hand, and the Board of Directors, Board members, alternate Board members, liquidators, members or parties entitled to vote who are members or holders of certificate notes on the other hand, must be administered by a court of law in the location where the Association's Board of Directors has its registered office.

#### **SECTION 41**

#### **Reference to the Co-operative Societies' Act**

That which is prescribed in the Economic Association Act shall otherwise apply where appropriate.

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**The Articles of Association were registered on 18 August 2008**

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