

CHARTER OF THE CLUB OF FLORENCE ASSOCIATION

Title I: DESIGNATION, DOMICILE, OBJECT, DURATION

Art. 1) Among all those who agree to this Charter an Association is hereby set up, designated “Club of Florence”, abbreviated “CoF” - Istituto internazionale per una buona Corporate Governance - international institute for good Corporate Governance - internationales Institut für gute Corporate Governance.

It shall be a cultural association of a charitable nature.

Art. 2) The domicile of the Association shall be Piazza di Bellosguardo 9a, 50124 Florence, but may be transferred elsewhere by decision of the assembly of members.

Art. 3) The Association shall have the object of supporting and promoting scientific research and disseminating the results of the same, including through publications, in the field of ‘corporate governance’, viz. the securing of respect for and adequate application of the principles of democracy in the distribution of rights and responsibilities among the various participants in company life, in the interest of the whole of society and with transparency for shareholders.

CoF shall in particular study the rights, duties and interests of shareholders, as well as the degree of their involvement (shareholder engagement), and analyse and define the meaning and advantages of good corporate governance.

Particular attention shall be paid to institutional investors and investment funds for pension purposes, to verify their internal and external structures and their operation from the viewpoint of application of the rules of good corporate governance, the guarantees furnished to the beneficial owners and the sustainability of the amounts invested.

In this context CoF shall concern itself with the culture of general meetings and promote its gradual harmonization at European level.

CoF shall further promote all types of meeting and debate on topics of corporate governance, in relation also to the general meetings of issuing companies, as well as of Corporate Social Responsibility (CSR), accountability, sustainable development and respect for the environment.

CoF may accomplish its objectives by acting on its own account or also through contributions from third parties.

The activities of the Association shall include:

- a) organizing courses, lectures, lessons and seminars;
- b) organizing meetings, congresses and the like, both national and international;
- c) creating and running specialized libraries, open to consultation by members and third parties;
- d) producing publications on matters of corporate governance;
- e) taking part in professional events dealing with the matters handled;
- f) initiating and following up projects in support of the Association’s objects;
- g) any other activity or initiative in any way connected with the Association’s objects, to be undertaken on prior favourable opinion from the Board.

The Association may further join other, including foreign, associations pursuing similar goals, and do whatever it sees fit to pursue its objects.

Art. 4) The duration of the Association shall be until 31 December 2050.

Title II: ASSETS and BUDGET

Art. 5) The Association’s assets shall consist of:

- a) membership fees and any voluntary contributions by members which may be called for in relation to the Association's needs and operations;
- b) contributions from public bodies and other physical and legal persons;
- c) any gifts, donations or bequests;
- d) proceeds of initiatives by the Association of a partly commercial nature, as long as they serve the purposes indicated in Art. 3 of this Charter.

Art. 6) BUDGET – The financial year shall close on 31 December each year. By 30 April each year the Board shall bring before the assembly the final statement for the foregoing year covering assets, the economic accounts and accompanying report, and by 31 December each year the forecast budget for the following year.

The final statement and forecast budget to be brought before the assembly of members for approval shall be displayed at the legal domicile for at least fifteen days preceding the date of convocation of the assembly, so that any member may examine and take a copy of them; both documents shall also be published on the Association's web site.

The budget and accompanying report shall after approval by the assembly be transcribed on the Association's ledgers for this purpose.

Any profits or surpluses from operations shall be employed exclusively on carrying out the activities mentioned in Art. 3. In line with the Association's charitable nature the profits or operating surpluses shall not be distributed, even indirectly, during the life of the Association, except as earmarking or distribution may be prescribed by law.

Title III MEMBERS

Art. 7) Members of the Association may be physical or legal persons, as long as their participation is not contrary to the objects of the Association and their membership applications have been accepted by the Board, and they shall on acceptance pay the annual fee for the current year set by the Board.

The Association shall have ordinary members, supporting members and honorary members, who shall on registration accept this Charter. Temporary participation in the life of the Association is explicitly excluded.

- a) ordinary members shall be physical persons participating actively in the life of the Association. They shall be entitled to vote in the assembly and may hold elective office;
- b) supporting members shall be physical or legal persons who explicitly ask to support the Association's purposes, also by paying voluntary contributions, but without participating actively in the life of the Association. They may attend the assembly but not vote nor hold elective office;
- c) by decision of the assembly by 2/3 majority of those present, persons distinguished for particular commitment in favour of the Association may be appointed honorary members. They may take part in the assembly but with the right neither to vote nor to hold elective office.

Members shall appear on a special membership list which may be consulted by any member on written request to the Chair of the Board. All communications shall be sent to the address appearing on that list. A membership list without addresses shall also be published on the web site.

Members shall be entitled to use the Association's headquarters and use the facilities and materials available.

Ordinary and supporting members shall pay an annual fee to be set by the Board, which may be differentiated.

The budget shall clearly break down the fees and contributions paid by the various categories of member, including those earmarked for carrying out particular projects.

Those who resign or who fail to pay the annual fee within 30 days of the date set by the Board shall lose membership rights.

The Board may further, on evidence of conduct conflicting with the Association's spirit and purposes, propose to the assembly a member's suspension for up to one year or expulsion, always subject to their right first to be heard.

On cessation of membership restricted to one member only, the latter shall have no rights to assets of the Association.

Title IV: ORGANS OF THE ASSOCIATION

Art. 8) The bodies set over the functioning of the Association shall be:

- the general assembly of members
- the Board
- the board of auditors
- the scientific committee.

Art. 9) THE ASSEMBLY

The assembly shall be the sovereign body of the Association, composed of all members entitled to vote. Except for members who took part in the founding act, members shall acquire entitlement to vote and to hold elective office after having taken part for three years continuously in the Association's activities as active members, unless presented by three sponsors who are active members or hold or have in the past held elective office.

The assembly shall meet regularly at least once per year by 30 April to approve the final statement for the financial year that closed on 31 December and the forecast budget for the current financial year, and whenever the Board sees fit to convoke it.

The assembly shall be convoked by the Board through its Chair. Should the Chair fail so to provide, the assembly shall be convoked by the Vice-Chair of the Board, failing whom the oldest Board member.

The Chair shall be entitled to convoke the assembly in any case should two consecutive Board meetings with convocation of the assembly on their agendas fail to reach the quorum prescribed in Art. 10.

The agenda shall be set by the Board, or in the above case by its Chair.

The assembly shall be chaired by the Chair of the Board, failing whom the Vice-Chair, failing whom the oldest Board member.

The ordinary assembly shall:

- approve the final statement and forecast budget
- decide the Association's general lines of activity
- appoint the Board and its Chair in accordance with the procedures in Art.10
- appoint the board of auditors
- decide other business on the agenda not reserved for the extraordinary meeting.

It shall be valid if at least half those entitled to vote are present in person or by proxy, or on second convocation whatever the numbers present. Decisions shall be taken by absolute majority of those voting.

In extraordinary meeting the assembly shall decide:

- amendments to the Charter;
- transfer of the Association's domicile;
- dissolution and liquidation of the Association.

The extraordinary meeting shall be validly constituted on first convocation if at least half those entitled to vote are present in person or by proxy, or on second convocation if 20% of members entitled to vote are present in person or by proxy. The extraordinary meeting shall decide all

matters in its province by majority of at least two thirds of those voting, save as provided in Art. 21 of the Italian Civil Code (c.c.) regarding dissolution.

The assembly, whether ordinary or extraordinary, shall be convoked by mail, fax or e-mail at least eight days before the date set by the meeting, by notice indicating date, place and time of meeting and the matters to be discussed. The Board shall in setting the agenda for the meeting take into account any requests from members.

Meetings may also be held elsewhere than the Association's domicile, in Italy or abroad, as long as in Europe.

The first notice of convocation may specify a second convocation should the first fail as inquorate, to be held within 30 days of the date first set.

Validly constituted meetings shall represent all members, and their decisions shall be binding on all members, whether or not present or dissenting.

The minutes of the assembly, signed by Chair and secretary, shall be recorded on the assembly ledger and may be consulted on request by any member and shall be published on the Association's web site.

Any member with fees paid up shall be entitled to vote. No member may represent more than three members by proxy; proxies shall be in writing, and faxed proxies shall be valid.

Votes may be cast by mail as long as sent to the Chair of the Board. Such votes shall be taken into account in determining the quorum for the meeting.

Title V: THE BOARD

Art. 10) The Association shall be administered by the Board, consisting of three members, who may be re-elected. Appointment of Board members shall be by the assembly, except for the first Board, whose members shall be designated in the founding charter.

Board members shall remain in office for three financial years, to expire on the date of the assembly convoked to approve the budget for the last financial year of their office.

Board members designated in the founding charter shall remain in office until the date of the assembly convoked to approve the final statement for the financial year closed on 31 December 2005.

Each year the assembly may appoint one Board member only, replacing or reconfirming the Board member whose term has expired.

In particular, the assembly convoked to approve the final statement on the year closed on 31 December 2005 shall appoint three Board members, at least two of whom shall be re-elected from among those whose term has expired, adding that the term of the new appointment shall be one year for one of the two and two years for the other.

The Board shall, should the assembly not have so provided, appoint from among its members a Chair, and also a Vice-Chair, secretary and treasurer.

The founding charter shall designate the Chair, secretary and treasurer.

Board members elected by the assembly shall be members entitled to vote.

The Board may also be convoked by the Chair by fax or e-mail on eight days' notice, whenever the latter sees fit.

The Board shall meet at least twice per year by 31 March to approve the final statement on the foregoing year, and by 31 December to approve the forecast budget for the forthcoming year.

Any Board member may make a reasoned request for convocation to the Chair. The notice of convocation must give the date, time and place of meeting and the items on the agenda. Board meetings shall be chaired by the Chair, failing whom a Board member chosen for the occasion. For Board decisions to be valid the Chair or Vice-Chair and at least a majority of members must be present; decisions shall be taken by absolute majority of those present. The person chairing the meeting shall have a casting vote. Minutes of Board meetings shall be drawn up by the secretary and signed by the latter and the Chair, transcribed on the appropriate ledger and

published on the Association's web site. Any member shall be entitled to consult the ledger containing these minutes.

Art. 11) Unjustified absence by a Board member from two consecutive Board meetings shall entail termination of the appointment, to be ratified by the next Board meeting.

Should one or more Board members drop out during office, the Board shall co-opt from the list of the first members not elected at the last elections. The new Board members shall remain in office until the end of the term of the Board members replaced.

Should the Chair resign or be otherwise definitively unavailable, the Vice-Chair shall be the replacement for all purposes.

Art. 12) The Board shall provide for the administration of the Association in every respect, in accordance with the programmatic guidelines laid down by the assembly, and in particular carry out the acts of ordinary and extraordinary administration associated with achieving the Association's objects, except for acts reserved by the Charter to the assembly.

By way of example and non-exhaustively, the Board shall:

- consider applications to join the Association and decide on them in compliance with the rules in the Charter;
- establish the amount of the annual membership fees and notify them in writing by fax or e-mail, with payment dates, to all members;
- hire and fire staff, and lay down their duties;
- draw up the forecast budget and final statement and bring them before the assembly for approval
- bring before the assembly the suspension or expulsion of members.

It may draw up rules governing the Association's activities, which it shall submit to the assembly for approval.

Art. 13) The Board may mandate members or third parties to carry out tasks it specifies, along with any reimbursement of expenses and/or remuneration.

It may further delegate part of its powers to one or more Board members.

Any reimbursement of expenses must first be authorized by the Board, and may in no case exceed expenses actually incurred and listed. Any honoraria for carrying out elective offices shall be determined by the ordinary assembly of members.

Art. 14) The Chair of the Board shall legally represent the Association in relations with third parties and in court and shall have signing power. The Chair shall see to implementation of assembly and Board decisions, and may delegate signing and representational power to the secretary or treasurer, and in urgent cases exercise the Board's powers, subject to ratification by the latter at its next meeting thereafter.

The Chair shall chair and set the agenda for Board meetings, and on the basis of its decisions promote the Association's activities and express its line of thought externally.

Art. 15) The secretary shall draw up minutes of Board meetings; if absent, the Board shall allot the tasks of secretary to one of its members.

Art. 16) The treasurer shall administer the Association's revenue and expenditure and keep its accounts, compile the annual final statement and report on cash transactions, and be delegated for payments.

Any bank account opened for the Association shall bear the separate signatures of the Chair, secretary and treasurer.

Art. 17) BOARD OF AUDITORS

The assembly shall appoint the board of auditors, composed of three persons registered on the album of auditors run by the Minister of Grace and Justice, who need not be Association members, with the function of verifying the propriety of the administration in relation to the provisions of law and the Charter, ascertaining the proper keeping of the Association's accounts on the basis of correct accounting principles and drawing up an annual report on the occasion of approval of the final statement. The same functions may also be performed by a single auditor.

Art. 18) THE SCIENTIFIC COMMITTEE

The Board shall appoint the members of the scientific committee from among people particularly distinguished for their professional, educational and scientific capacities in the areas of the Association's objects.

It shall be a body with a purely advisory role, to be consulted by the Board whenever it sees fit.

It shall consist of a variable number of members, who shall remain in office indefinitely.

Participation shall be in an honorary capacity.

Title V – ASSUMPTION OF DEBTS FOR FISCAL SANCTIONS

Art. 19) Pursuant to Art. 11(6) of Decree-Law 472 of 18.12.1997, the Association shall assume vis-à-vis the Public Administration and tax authorities the debt for any sanctions consequent upon breaches Association representatives may have committed in carrying out their duties within the limits of their powers, specifying that such assumption shall in every case be excluded where the person committing the breach has acted voluntarily and to the detriment of the Association or in any case with malice or severely negligently.

Title VI DISSOLUTION

Art. 20) The Association shall be dissolved pursuant to Art. 27 c.c.:

- should the assets have become inadequate for the objects;
- for the other causes in Art. 27 c.c.

In the event of dissolution of the Association, for whatever reason, the assets shall be transferred to another association, which may be foreign, as long as charitable, with similar goals, or used for the public benefit, after consulting the review body pursuant to Art. 3(190) of Law 662 of 23 December 1996, unless as otherwise provided by law.

Title VII ARBITRATION CLAUSE AND FINAL PROVISIONS

Art. 21) Any disputes arising between members or between them and the Association and its bodies shall be subject, to the exclusion of any other jurisdiction, to the competence of three arbitrators appointed by the assembly. They shall judge *ex bono et aequo* without procedural formalities. Their findings shall be unappealable.

Art. 22) For anything not provided for in the Charter, the provisions of the Italian Civil Code and relevant laws shall apply.