

## **SCF ARTICLES OF ASSOCIATION**

### **Title 1**

#### **Company name, registered office, duration, content**

##### **Art. 1 – Company name**

**1.1** - It is established a limited liability company called "SCF S.r.l."

##### **Article.2 – Registered Office**

**2.1** - The company has its headquarters in city of Milan.

**2.2** - The Board of Directors, through a resolution, may established, modified and abolished secondary locations and dependencies, however named, both in Italy and abroad, as well as the transfer of the registered office within the same city.

##### **Article. 3 – Duration**

**3.1** - The duration of the company shall be until 31 December 2050.

##### **Article. 4 – Object**

**4.1** - The company, in the quality of a collective management organisation according to the Directive 2014/26/EU, dated 26/2/2014, provides for the management of proceeds deriving from the rights listed below in Italy and abroad, in its own name and on behalf of a plurality of Artists, Performers and Executors and Phonographic Producers and their assignees, holders of rights relating to copyright referred to the Law of 22 April 1941, n. 633 and successive amendments<sup>1</sup> (hereinafter LDA) to any name claimed, directly or through their associations or bodies for this purpose created, for the collective advantage of these holders and by mandate of the same:

- a) right of remuneration for the use by any means, for profit, of Phonograms, according to art. 73, paragraph 1, LDA and subsequent amendments;
- b) right to fair remuneration for the use referred to in the preceding paragraph (a), not for profit, according to art. 73bis LDA and subsequent amendments;
- c) right to remuneration for private copying for personal use and not for profit of Phonograms and Music videos, referred to in art. 71-septies LDA and subsequent amendments;
- d) right to authorise retransmission by cable of Phonograms, referred to in art. 180-bis LDA and subsequent amendments;
- e) right to authorise phonogram publications in such a way that everyone can access them from any place and at any time, as referred to in letter d) of art. 72 LDA and subsequent amendments;

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<sup>1</sup> The Italian Copyright Law

f) to the extent that it is functional to the management of the rights listed above, the right of the reproduction of Phonograms, referred to in point (a) of art. 72, paragraph 1, LDA and subsequent amendments;

g) rights similar to those of the previous letters from a) to f) appertaining to the Principal, in accordance with the rules of the law of the country of origin or on the basis of international Conventions;

h) rights of economic use relative to musical movies, music videos and playback in the ownership of the Principal;

i) rights similar to those referred to in the preceding paragraph "h" that should be granted in favour of the Principal, also as a result of legislative changes and are by their very nature and function similar or complementary to the previous;

l) the management of any other intellectual property rights, if compatible and suitable for the purposes of better use of the rights of the previous letters from a) to i).

**4.2** - The Company manages without exclusive the rights referred to above and consequently the Company:

(i) Negotiates the finalisation of contracts with users of the rights referred to in this article;

(ii) Collects the fees relating to those rights in their own name and on behalf of the Principals from which it has received a mandate;

(iii) Distributes the fees so collected between the Principals as incumbent on them and in accordance with the provisions of the Regulation referred to in art. 5;

(iv) Carries out all the services of an administrative and technical nature necessary or useful for the development of the activity of the management of the rights referred to in this article;

(v) Draws up, within the limits of the management entrusted by the Principals, the necessary contracts, and, however, related to the management of the rights referred to in this article.

**4.3** - For these purposes, the company assumes all initiatives, even before the courts, necessary or appropriate for the protection of the collective interests of Principals and, on behalf of the Principal, for the protection of his individual interests, promoting and carrying out activities for the repression of any form of counterfeiting and illegal use of rights managed by the company on behalf of the Principals and, in general, of every activity considered as music piracy, without prejudice to individual actions of the Principals; to this end also adhering to associations, committees, movements or dedicated bodies against piracy.

**4.4** - In order to pursue the best operational efficiencies and reciprocal economies of scale, the company may also finalise operational cooperation agreements with other collective management organisations of copyrights or rights related to copyright.

**4.5** - Each Principal has the right to directly exercise the rights of intellectual property within the limits of the respective ownership or legitimacy.

**4.6** - The Company may carry out any investment, real estate, or financial operation, provided they do not involve the public, necessary or useful for the achievement of its social goals, including the establishment or participation to the constitution or the assumption of shareholdings in bodies of private law, provided that they are accessory and instrumental with regard to the delivery of the company object.

**4.7** - All activities must take place within the limits and in accordance with the regulations governing their practice as well as in respect of the regulations in the theme of activities reserved for registration in professional associations. In particular, the activities of a financial nature must be carried out in compliance with the laws in force on the subject.

**4.8** - In accordance with the regular continuation of the company aims, the company must keep the mandatory books and other accounting records as per Book V - Title II - Chapter III - Section III - paragraph 2 of the Civil Code as well as the compulsory cooperative books referred to in article 2421 of the Civil Code.

#### **Article 5 - Internal regulation regarding the granting of the mandate and the distribution of rights**

**5.1** - It is the responsibility of the Board of Directors to draw up, endorse and/or modify the regulation aimed at governing, in particular, the allocation of the rights of competence of the eligible parties, either members or third parties and the administrative mandate to the company by those who are entitled, in accordance with the guidelines approved by the Shareholders' member reserving the right to the latter in the subjects listed in art. 8, paragraph 5(a) to (e) of Directive 2014/26/EU, which if appropriate are better governed when the same directive is received by the Italian state.

#### **Article 6 - Share capital and its variations**

**6.1** - The share capital is of Euros 120.000 (one hundred and twenty thousand) and is divided into shares according to Article 2468 of the Civil Code.

**6.2** - Either in the constitution of the company or when deciding to increase the share capital the provisions of article 2464, paragraph 3 of the civil code about the need to carry out contributions in cash may be dispensed.

**6.3** -Members are entitled to subscribe to the shareholdings issued on the occasion of company capital increase proportionally to the share capital respectively possessed by each of them on the date on which the subscription is carried out; members may however decide that the shareholdings issued in the increase of the capital shares are allocated to subscribers to an extent not proportional to the contributions in company capital carried out by the same.

**6.4** - The right to subscribe the shares issued in occasion of the increase of the share capital must be exercised by the members within 30 (thirty) days from the receipt of the communication sent by the Board of Directors to each member carrying the notice of tender in option of the new shares unless the decision of the members to increase the share capital does not establish a period greater than 30 (thirty) days for the exercise of the right of option predicted.

**6.5** - Those who exercise the right to subscribe the shares of new issue in the increase of the share capital, provided that they make a simultaneous request, shall have a right of first refusal in the subscription of the shares not chosen by other members, unless the decision to increase the capital does not exclude it; if the capital increase is not entirely subscribed by the shareholders, both as a result of the exercise of the right of option and as a result of the exercise of the right of pre-emption of shareholdings not opted for, the Board of Directors may not perform the placement of shares with third parties extraneous to the shareholders, unless the decision of an increase in capital does not allow this.

**6.6** - Members may decide that the subscription of the shares issued on occasion of the capital increase either in whole or in part be reserved for third parties extraneous to the shareholding or that the right of option is

excluded or limited; in this case, the decision to increase the capital must give the reasons for the limitation or exclusion of the right of option and it is up to members not consenting the right of withdrawal referred to in article 2473 of the Civil Code.

**6.7** - The right to subscribe to shares of new issue on occasion of the increase in share capital does not lie with those newly issued shareholdings which, according to the reasoned decision of members favourable to the increase in share capital, must be released by granting contribution in kind or employment services. In this case, it is up to members who do not agree the right of withdrawal referred to in article 2473 of the Civil Code.

**6.8** - In the case of reduction of share capital through loss, the prior deposit at the registered office of such a relationship and the observations referred to in article 2482 bis, paragraph 2, of the Civil Code can be omitted on condition that the reasons of this omission are stated in the minutes of the meeting.

**6.9** - In the case referred to in Article 2466, paragraph 2 of the Italian Civil Code, in the absence of offers for purchase, the company shareholding of defaulting shareholder cannot be sold by auction.

#### **Article 7 - Financing of company shareholders**

**7.1** - The funds with right to repay the amount paid can be made by shareholders, also not in proportion to their respective shareholdings in the share capital, in the manner and the limits in the regulations in force from time to time concerning the collection of savings.

**7.2** - Unless otherwise determined, the payments made by shareholders to the company do not bear interest.

#### **Article 8 - Debt securities**

**8.1** - The Company may issue debt securities to the bearer or nominees on the decision of the Board of Directors.

#### **Article 9 - Shareholders**

**9.1** - Can acquire the capacity of company shareholders, through the subscription or purchase of shares of its share capital, phonographic producers, artists or executors and their representative bodies, such as collective management organisations and trade associations.

**9.2** - The shareholder must inform the company of its personal data, including the email address, which may be processed by the company, processing holder, either electronically or with non-automated methods, for the development and organization of its own company activities.

Such notice is pursuant to article. 130, paragraph 4, of Legislative Decree. 30.6.2003 no.196, and relates to the development of the said company activities, such as provided in the company by-law, and the refusal to provide such data prevents the company from being able to perform the same activities in the interest of the shareholders. The personal data revealing racial or ethnic origin, religious beliefs, philosophical or other beliefs, political opinions, membership of parties, unions, associations or organizations of religious, philosophical, political and trade union membership and personal data disclosing health and marital relations, is sensitive information. This data, together with the judicial data, that at every moment by the

member should be spontaneously granted to the company, may not be the subject of treatment unless prior express written consent is given by the shareholder itself.

The shareholder may at any time exercise the rights referred to in article 7 of the aforementioned measures, including the right to access to personal data and obtain the update or cancellation, by sending a communication by electronic mail to the company address.

#### **Article 10 -Transfer of shareholdings**

**10.1** - In the event of an inter vivos transfer of the shareholdings to share capital and of the subscription rights and of first refusal provided for in Article 6 of this by-law, the right of first refusal under the same conditions is up to other shareholders.

**10.2** - The first refusal right is excluded in transfers from shareholders (natural persons) to his/her spouse and relatives within the third degree and to his/her relative in law within the second degree.

#### **Article 11 – Shareholder withdrawal**

**11.1** - The shareholder can withdraw from the company for all of its shareholdings in the cases foreseen by article 2473 of the civil code,

**11.2** - The shareholder who intends to withdraw must communicate his/her intention to the Board of Directors by registered letter sent within 15 days of registration in the Companies Register of the decision that legitimizes it or, failing that, by transcription of the said decision in the minutes book of the shareholders or directors or, in the absence of the previous, from the knowledge of the fact or of the act that legitimizes the withdrawal.

**11.3** - The total termination of the mandate given to the Company, for any reason, is cause of exclusion of the Member, starting from the effective moment of the termination itself. The exclusion will be approved by the Board of Directors, having received the favorable opinion of the Board of Statutory Auditors. In this case, the provisions of art. 2473, paragraph 3, of the civil code will apply.

**11.4** - The reimbursement of the share of the excluded Member must be made within 180 (one-hundred and eighty) days starting from the date of the resolution to exclude the shareholder referred to above paragraph.

**11.5** - The share of the excluded shareholder must be preliminarily offered by the Board of administration to all the other shareholders members, giving them 30 days to exercise the right to participate in the offer, at a price determined according to the criteria referred to in the aforementioned art. 2473, paragraph 3, of the civil code. In the event of multiple members adhering to the offer, the excluded shareholder's share will be assigned proportionally to the extent of the shares held by each of them, with consequent proportional distribution of the price as determined above.

**11.6** - In the absence of adhesions to the offer by any of the other shareholders, the excluded shareholder's share may be acquired, at a price at least equal to that determined pursuant to paragraph 5 of this article, by an identified third-party member, in compliance with the subjective requirement pursuant to art. 9, paragraph 1, by the Board of Directors, subject to any request by resolution of approval by the other shareholders pursuant to art. 2479, paragraph 1, of the civil code, without the right of pre-emption in favor of the same.

**11.7** - In the absence of third-party purchasers, the share of the excluded shareholder will be reimbursed, in the measure determined according to the criteria referred to in the aforementioned art. 2473, paragraph 3, of the civil code, by use of available reserves, subject to verification by the Board of directors of the continued ability of the Company to perform its obligations. In this case, without prejudice to the provisions of art. 2474 of the civil code, the share of the excluded shareholder will be cancelled without reduction of the share capital and with automatic increase on a proportional basis of the shares of all other shareholders.

**11.8** - If the prerequisite referred to in the previous paragraph of permanence of the capacity of the Company to fulfill its obligations does not exist and in any case if, upon expiry of the term referred to in the fourth paragraph of this article, the excluded shareholder has not yet been reimbursed, the exclusion must be considered null and void.

## **Title II**

### **Company Organs**

#### **Article 12 – Organs**

**12.1** - The following are organs of the company:

- a) The Shareholders' Assembly;
- b) The Board of Directors;
- c) The Chairman;
- d) The Vice Chairman;
- e) The Board of Statutory Auditors;
- f) The Registered Auditing Firm;
- g) The Supervisory Body.

#### **Article 13 - The Shareholders' Assembly - Summons - Place - Representation**

**13.1** - The Assembly is convened by the Board of Directors whenever this is deemed appropriate and when requested, with the indication of the subjects to be dealt with, by members who have at least one third of the share capital. The summons is made by notice sent to members at least 8 (eight) days before the day fixed for the meeting. The notice can be drawn up on any media (paper or magnetic) and can be sent with any communication system (including fax and email).

**13.2** - Even without a formal summons, the Assembly is validly formed when the entire share capital participates in this and all directors and statutory auditors are present or informed of the meeting and no one objects to the items on the agenda. The meeting may be convened either at the office of the company or elsewhere, in a country in Europe.

**13.3** - The representation in the Assembly must be conferred by written proxy, delivered to the delegate also by telefax or email.

#### **Article 14 – Shareholders’ Assembly – Intervention in Assembly**

**14.1** - All those from the Companies Register and who have the right to vote on items on the agenda can intervene in the Assembly. The vote cannot be delivered by mail.

**14.2** - The Assembly may also unfold with participants located in different places, near or distant, audio/video connected, provided that they comply with the auditing method and principles of good faith and fair treatment of shareholders. In this case, it is necessary that:

- a) The Chairman is allowed to, also by means of its role as Chairman, unequivocally ascertain the identity and legitimacy of the participants, regulate the meeting’s development and verify and proclaim the votes;
- b) The person taking the minutes is allowed to perceive the Assembly events;
- c) The participants are allowed to take part in real time in the discussion and vote simultaneously on the items on the agenda.

**15.3** - The Assembly is held in places where the Chairman and the person taking the minutes are present.

#### **Article 15 - Decisions of the Shareholders – Quorum**

**15.1** - The decisions of the shareholders are made in the presence and with the favourable vote of the members who represent the majority of the share capital.

**15.2** - The decisions of the shareholders concerning the amendment of art. 4, 6.3 second paragraph, 6.6, 15, 17 and 18 of this By-law shall be adopted in the presence and with the favorable vote of the members who represent 60% (sixty per cent) of the share capital.

**15.3** - The minutes of an extraordinary Assembly shall be drawn up by the notary who deals with the subsequent formalities at the Register of Companies office.

#### **Article 16 - The Shareholders’ Assembly - the Chairmanship**

**16.1** - The Chairman of the Board of Directors takes Chairmanship of the Assembly or, in case of lack or absence, the Vice-Chairman/Vice Chairman older in age, and in his absence the most senior board member. In the further alternative, the Assembly shall appoint as Chairman any one of the participants by a simple majority of the capital.

**16.2** - The Chairman of the Assembly is assisted by a secretary appointed by the Assembly by a simple majority of the capital.

**16.3** - The secretary’s assistance is not required when the minutes are drawn up by a notary.

#### **Article 17 – Chairman and Vice Chairman**

**17.1** - Within ten days of the appointment by the Assembly, the Board of Directors shall be summoned by the oldest member, to appoint from among its members the Chairman and a maximum of two vice-

chairmen. The appointment of the Chairman and the Vice Chairman/Vice Chairmen require the favourable vote of all the members of the Board of Directors except one; if, on the occasion of the first meeting of the Board of Directors the aforementioned majority has not been reached, the Board of Directors shall be summoned by the oldest member on the next day and, in this case, the appointment of the Chairman and the Vice Chairman/Vice Chairmen requires the favourable vote of the absolute majority of the members of the Board of Directors.

**17.2** - The Vice Chairman /Vice Chairmen are invested with powers to replace the Chairman in case of his absence or disability, within the limits and in the manner which may be decided by the Board of Directors upon their appointment.

**17.3** - The Chairman and/the Vice Chairman/Chairmen shall hold office for the same period as the Board of Directors and may be re-elected.

**17.4** - The Chairman, in cases foreseen by the law and by the present By-law and each time that it is appropriate, summons the Assembly and plans the agenda, possibly setting dates for subsequent summons. It is obliged to summon it, without hesitation, if written request is made, with detailed indication of points to be registered in the agenda of the two Directors.

**17.5** - The Chairman chairs the meetings and the meetings of the Board of Directors.

**17.6** - In the absence or incapacity of the Chairman, the Vice Chairman/Chairmen also severally shall provide for the Chairmanship.

**17.7** - The Chairman, or in his absence or impediment the Vice Chairman/Chairmen also severally, has the legal representation of the Company faced with third parties and court.

#### **Article 18 - Board of Directors of -Appointment –Voting List**

**18.1** - The Company is managed by a Board of Directors composed of 7 (seven) members, appointed by the shareholders Assembly, whose members operate with a collegial method that can be carried out either simultaneously or by written consent or consultation expressed in writing, in the manner described below, with the clarification that the decisions relating to the preparation of the draft budget and plans for a merger or split, the share capital increase decisions according to article 2481 of the civil code and the approval of the regulations provided for in article 5 must in any case be taken with collegial method.

**18.2** - The company's management can also be entrusted to individuals who are not shareholders.

**18.3** - Members of the Board of Directors cannot be appointed and if nominated they are disqualified from their role if they find themselves in conditions foreseen in article 2382 of the civil code.

**18.4** - The roles of Chairman, Vice Chairman and Director are given to those who meet the provisions by law for the collective management of rights related to copyright.

**18.5** - Members of the Board of Directors shall hold office for a period of three company financial years and until the financial statements for the third financial year are approved.

**18.6** - Members of the Board of Directors can be re-elected.

**18.7** - The appointment of the Board of Directors will take place on the basis of lists submitted by shareholders in the manner specified below, in which candidates must be listed in numerical order.



**18.7.1** - The lists submitted by shareholders, subscribed to by those who submit them, shall be lodged at the Company's registered office and be available to anyone on request, at least fifteen days before the date set for the Shareholders' Assembly on first summons.

**18.7.2** - The shareholder cannot present or participate in the presentation of more than one list nor can he vote for different lists, and each candidate may appear on only one list failing which he will be ineligible. Accessions and votes expressed in breach of this prohibition will not be attributed to any list.

**18.7.3** - Only shareholders who, alone or together with other shareholder presenters are, as a whole, holders of shares with voting rights representing at least 10% of the capital share with voting rights in the ordinary Shareholders' Assembly, have the right to submit the lists.

**18.7.4** - Together with each list, within their respective terms indicated above, the declaration with which the individual candidates accept their nominations must be lodged and they must attest, under their own responsibility, the nonexistence of reasons of ineligibility and incompatibility, as well as the existence of any specific requirements prescribed for the respective roles.

**18.7.5** - The lists presented without complying with the foregoing provisions are considered as if they were not submitted.

**18.8.1** - On election of the Board of Directors proceedings will take place as specified in the following:

a) From the list that has obtained the highest number of votes 4 (four) Directors are elected in the sequential order in which they are listed in the list itself,

b) The remaining 3 (three) Directors will be taken from the list that has obtained the second highest number of votes in the sequential order in which they are listed in the list itself, and that does not connect in any way, even indirectly, with those who have presented or voted the list referred to in the preceding paragraph (a).

c) The lists that have not achieved a percentage of the votes equal to at least half of that required for the presentation of the lists referred to in paragraph 18.7.3. will not be taken into account.

**18.8.2** - For the purposes of appointing Directors according to point (b) of the preceding paragraph, in the case of equality between lists, prevails that presented by members in possession of greater participation or in the alternative by the largest number of members.

**18.8.3** - In the case where you have submitted a single list, all the Directors to be elected shall be drawn from the list itself; in the case in which a list is not submitted, the Assembly shall act with the majorities referred to in the previous article 15 without observing the procedure provided above. However, different and additional provisions provided for by mandatory law or regulations are not affected.

**18.9** - In the event that, for whatever reason, one or more Directors go missing (but not more than two, where among them is the Chairman), and as long as the majority remains in charge, the Board of Directors shall appoint the replacements (co-opting) from among those belonging to the same list whose office has terminated at the original decision of appointment of the Board. In the absence of those non-elected in the submitted lists, the co-option is deliberate without constraints. The Director or Directors so appointed shall hold office until the next Assembly which must approve the appointment of the Director or the Directors needed to complete the Board of Directors in the manner provided for in paragraph 18.8.1. The new appointees expire together with those in office. If the Board fails to co-opt within two months from the

resignation of the Director or of the Directors, the members remaining in office are considered lapsed and the Chairman, or in his absence the senior Vice Chairman or the Director appointed for the purpose by the Council can summon the Assembly for the renewal of the Board without delay. If, for whatever reason, there is no longer a majority of the board members, or three Directors including the Chairman, all other Directors are considered lapsed and the President or in his absence the senior Vice President or the Director appointed for the purpose by the Board, can summon the Assembly for the renewal of the Board without delay.

**18.10** - The Board of Directors may appoint from among its members one or more Directors or an executive committee, by setting their powers and remuneration. The powers referred to in art. 2475, paragraph 5 of the Italian Civil Code cannot be delegated, as well as the approval of the budget plan.

**18.11** - The Vice President/Vice-presidents are given the powers to replace the Chairman in the case of absence or impairment, within the limits and in accordance with the regulations that may be established at the time of their appointment by the Board of Directors.

**18.12** - The Board of Directors may appoint special attorneys and may also decide that the signing authority is conferred both jointly and separately, for certain acts or categories of acts, to employees of the company and possibly to third parties.

**18.13** - Members of the Board of Directors may be revoked, with resolution of the Assembly approved with the majorities provided by art. 15 and without prejudice to the right of the Director to be compensated of damage if the withdrawal takes place in the absence of just cause.

**18.14** - Members of the Board of Directors shall be reimbursed for expenses incurred in accordance with their role.

**18.15** - Members can assign, for every single financial year or more years, a compensation for the members of the Boards of Directors and may also decide on changes relating to the compensation that is established in the memorandum of association.

**18.16** - The competition clause contained in article 2390 of the Civil Code applies to members of the Board of Directors.

**18.17** - As otherwise provided for in this By-law, the articles from 2380 to 2396 bis of the Italian Civil Code apply to the Board of Directors.

## **Article 19 - Decisions the Board of Directors by simultaneous collegial method**

**19.1** - The Board of Directors shall meet either at the registered office or elsewhere, as often as the Chairman deems it necessary or when a written request is made by at least one third of its members.

**19.2** - The Board is convened by the Chairman by notice sent at least 7 (seven) days before the meeting to each member of the Board of Directors and to the statutory auditors, and, in cases of urgency, at least three (3) days before. The notice can be issued using any medium (paper or magnetic) and can be sent by any means of communication (including fax and email).

**19.3** - The Board of Directors is still valid and competent to decide if, even in the absence of this formality (subject to the right of each of the participants to oppose the discussion of matters on which it considers insufficiently informed) members of the Board are present and provided that the members of the Board of Statutory Auditors are present or informed of the meeting.

**19.4** - Meetings of the Board of Directors may also be held with participants located in different places, near or distant, audio/video or audio only connected, provided that they respect the collegial method and principles of good faith and equal treatment of councilors. In such a case, it is necessary that:

- a) the Chairman is allowed to unequivocally ascertain the identity and legitimacy of the participants, direct the proceedings, establish and announce the results of voting;
- b) in any audio/video linked site attendance sheets are prepared, where the names of the participants in the meeting in that place must be indicated; the said presence sheet should be attached to the minutes of the meeting;
- c) the person taking the minutes is allowed to adequately perceive the events being recorded;
- d) the participants are allowed to take part in real time the discussion and vote simultaneously on the items on the agenda.

**19.5** - For the validity of resolutions of the Board the presence of the majority of its members in charge will be required.

**19.6** - Decisions are taken with the majority of votes of the Board of Directors intervened. In case of equality of votes, the vote of the sitting Chairman prevails.

**19.7** - Votes cannot be given neither by proxy nor by correspondence.

**19.8** - The meeting is considered to have taken place where the Chairman and the person taking the minutes are present.

## **Article 20 – Decisions of the Board of Directors via written consent or consultation expressed in writing**

**20.1** - In the Chairman's opinion, the members of the Board of Directors can make their own decisions, in place of the foreseen simultaneous collective method, by written consultation or consent in writing,

**20.2** - The decisions of the Directors by written consent or consultation expressed in writing are considered formed at a time when the company received the affirmative vote of a majority of the members of the Board of Directors. In case of parity the vote of the Chairman of the Board of Directors prevails.

## **Article 21 - Powers of the Board of Directors**

**21.1** - The Board of Directors manages the company with the diligence required by the nature of the task and does everything necessary to achieve the corporate aim, except for:

- a) decisions on matters reserved to the shareholders by Article 2479 of the Civil Code;
- b) decisions on matters reserved to the shareholders by this By-law.

## **Article 22 – Managing Director**

**22.1** - Without prejudice to the powers of the Board of Directors to appoint attorneys and to make use of each other supporting staff, the Board of Directors may appoint a Managing Director, responsible for the exercise of company activity, arranging his assignments, fees and other conditions relating to his job.

**22.2** - The Managing Director is subject to dismissal by the Board of Directors.

## **Article 23 – Powers of the CEO and the Managing Director**

**23.1** - In the event that a CEO or the Managing Director have been appointed, in addition to that established by the Board of Directors, the following powers are their responsibility:

- (i) negotiation of contracts with users;
- (ii) distribution of the proceeds collected according to the distribution regulation;
- (iii) treasury management, within the general criteria of financial management established by the Board of Directors;
- (iv) the hiring of employees with no managerial functions;
- (v) the management of technical and administrative services;
- (vi) the current administration of the Company;
- (x) periodic information to Shareholders and Principals about the performance of the Company;
- (xi) the drawing up of the management report, the balance sheet and income statement budget, to be presented to the Board of Directors.

## **Article 24 – Statutory Board of Auditors**

**24.1** - Control of the company is entrusted and carried out by a Board of Auditors composed of three members and two substitutes.

**24.2** - The Board of Auditors is appointed by the Assembly of the Shareholders who shall determine remuneration.

**24.3** - The appointment of the Board of Auditors will take place on the basis of lists presented by shareholders according to procedures specified below, in which the candidates must be listed using a progressive number.

**24.4** - The lists submitted by shareholders, signed by those presenting them, must be deposited at the Company's registered office, available to anyone on request, at least fifteen days before the date set for the Assembly on first call.

**24.5.1** - The shareholder cannot submit or participate in submitting more than one list or vote for different lists, and each candidate may only appear on one list under penalty of ineligibility. Participation and votes cast in violation of this prohibition shall not be attributed to any list.

**24.5.2** - Each list can include as many candidates as are the Auditors to be elected;

**24.5.3** - The right to present lists is only for those shareholders who, alone or together with other shareholders, hold a total number of shares with voting rights representing at least 10% of the share capital entitled to vote at the ordinary Assembly.

**24.5.4** - The following must be filed together with each list, within the aforesaid time limit:

(i) statements with which single candidates accept their application and attest, under their own responsibility, the non-existence of causes of ineligibility and incompatibility, as well as the existence of any specific requirements for the respective positions;

(ii) a curriculum vitae describing the personal and professional characteristics of each candidate;

(iii) the list of the management and head positions held by them in other companies.

**24.5.5** - Lists submitted without complying with the foregoing provisions shall be disregarded.

**24.6** - The election of the Board of Auditors will proceed as set out below:

**24.6.1** - From the list that obtained the highest number of processed votes are taken, in the progressive order in which they appear in the list, two full members and one substitute.

**24.6.2** - The third standing member and the second substitute shall be taken from the list that obtained the second highest number of votes and the first and second candidates appearing on this list will be elected respectively.

**24.6.3** - In the event that more lists obtain the same number of votes, there shall be a second ballot between these lists by the entire Assembly with the first and second candidates of the list that obtains the simple majority of votes being elected.

**24.6.4** - In the event that only one list is submitted, all the Auditors to be elected will be taken from the same list; if no list is presented, the Assembly deliberates over the majorities according to article 15 without complying with the procedure described above. Any different and additional measures set by mandatory provisions of law or regulations are moreover excepted.

**24.7** - The Chairmanship of the Board of Statutory Auditors involves the person appearing first on the list that obtained the highest number of votes and, in the event of his cessation of the office, for any reason, the person that follows him in conjunction with the same list.

**24.8** - The Supervisory body will have skills and powers foreseen for such an organ by the legislative regulation as regards a limited liability company compatible with the provisions of art. 2477 of the Civil Code.

**24.9** - The meeting of the Board of Auditors can be held in several places, by audio and/or video link, and this according to conditions provided for in article 19.4.

**24.10** - The Auditors remain in office for three financial years, may be re-elected and are on expiration by the date of the Assembly convened to approve the report on the budget for the third year in office.

**24.11** - The Auditors are revocable by the Ordinary Assembly only for just cause.

**24.12** - In case of death, resignation or disqualification of an Auditor, he is replaced by the substitutes according to age in accordance with article 2397 of the Civil Code. The new Auditors remain in office until the next Assembly, which must appoint the actual Auditors and substitutes needed to complete the board. The new appointees expire together with those in office

**24.13** - If the substitute Auditors do not complete the Board of Auditors the Shareholders' Assembly shall be called for integration of the same formation.

### **Article 25 - Legal Review of accounts**

**25.1** - The Ordinary Shareholders' Assembly appoints a registered Auditing Firm entered in the register referred to in Decree Laws. 27.1.2010 no. 39 with the task of performing the functions set out in Articles 2409 bis and following the Civil Code.

### **Article 26 - Supervisory Board**

**26.1** - The Supervisory Board is established pursuant to Legislative Decree no. 231/2001 in order to ensure compliance with the provisions of the organizational management and control model adopted by the Company pursuant to the aforementioned decree; the aim is to prevent crimes, expressly set forth in Legislative Decree no. 231/2001, which could give rise to a criminal administrative liability profile for the Company itself.

### **Article 27 – Annual Financial statements**

**27.1** - The financial year ends on 31 (thirty first) December of each year.

**27.2** - The financial statements must be approved within one hundred twenty days of closure of the financial year; however, the budget can be approved within one hundred eighty days from the closing of the financial year in the case that the company is required to prepare consolidated financial statements or when specific circumstances are required affecting the structure and purpose of the company.

**27.3** - Net income in the financial statements, shall be distributed as follows (subject to the provisions of article 2463, paragraph 5, of the Civil Code):

a) 5 (five) per cent of the legal reserve, until it reaches one fifth of the share capital;

b) the remainder to shareholders, in proportion to their holdings in the share capital respectively owned, unless the members decide to carry to reserve all or part of those profits while approving the budget to which the profits refer to.

## **Dissolution and liquidation**

### **Article 28 - Dissolution**

**28.1** - If at any time for any reason the company is dissolved, the partners set out the criteria under which the liquidation must take place and appoint one or more liquidators thus determine their powers and the powers of representation.

## **Title VII**

### **Final regulations**

### **Article 29 - Referral**

**29.1** - For matters not regulated by the present By-law the provisions of the Civil Code on the limited liability company shall apply.