

## ARTICLES OF ASSOCIATION

### Article 1 – Constitution/Name/Headquarters

1.1 A Foundations has been set up under the name of "AVSI Foundation - ETS" or, in short, "AVSI - ETS".

1.2 The Foundation shall be governed by these Articles of Association and, where not expressly provided for, by the rules of the Italian Civil Code, by its implementing provisions and by any other applicable provisions in force.

1.3 The Foundation, which performs its activity both in Italy and abroad, has its headquarters in Cesena, Italy.

1.4 The Foundation may establish secondary offices, delegations, representations, offices and any other kind of branch office, both in Italy and abroad, in accordance with the provisions in force.

### Article 2 – Objectives

2.1 The Foundation is not-for-profit.

Given the presence of Catholics in society and in light of the teaching of the Church and, in particular, of social doctrine, its institutional ends are to promote the dignity of the person through sustainable development cooperation activities in favour of the populations of all countries, including Italy, with special attention to developing countries (collectively referred to as **Countries**) where situations of serious need or states of emergency arise; in these latter cases, it carries out aid interventions, including humanitarian aid – that is, also through

promoting, supporting and strengthening associations and civil society organisations, according to subsidiarity and solidarity principles.

To this end, the Foundation primarily carries out development cooperation activities pursuant to the Law no. 125 of 11 August 2014 (article 5, paragraph 1, letter n) and Legislative Decree no. 117 of 3 July 2017 – hereinafter referred to as "**Decree 117**").

Moreover, the Foundation promotes domestic and/or international adoption and foster care, either directly or through the Foundation's internal bodies, supporting all stakeholders through training programmes directly aimed at providing assistance, as well as through contacts with authorities, institutions, organisations or persons responsible for national and/or international adoption (article 5, paragraph 1, letter x of Decree 117).

For these purposes, the Foundation may perform the following additional activities (by way of example and not limited to):

- a) raising public awareness, particularly in the school, university and work sectors, on issues related to the Countries and areas of intervention;
- b) providing adequate professional and human training of personnel involved, volunteers and civil service volunteers (article 5, paragraph 1, letter d) of Decree 117);
- c) promoting and implementing development programmes aimed at involving all sectors of economic and social life, in collaboration with local communities, civil society organisations, also for-profit organisations, and in tune with the development plans of local institutions;
- d) publishing essays, brochures, books, writings, audio-visual materials, with the exception of daily newspapers, which may help sensitise public opinion on the institutional objectives of the Association and, more generally, organising, promoting and managing, either directly or indirectly, any cultural activity useful for pursuing the aforementioned social objectives, with particular focus on activities aimed at raising awareness on the themes of international cooperation and development education; for this purpose, organise events at national, regional and international levels (article 5, paragraph 1, letter i) of Decree 117);

- e) cooperating with institutions, organisations, including private organisations, and domestic and international authorities interested in cooperation in favour of the Countries;
- f) cooperating with movements, groups or communities which share the same objectives as the Foundation, and promote knowledge, culture and work among different peoples;
- g) adhering to domestic and international bodies, unions, institutions and federations sharing the same purposes and objectives as the Foundation;
- h) carrying out direct or indirect charitable activities aimed supporting people in need, or activities of general interest (article 5, paragraph 1, letter u) of Decree 117);
- i) carrying out activities pertaining to-the humanitarian reception and social integration of migrants (article 5, paragraph 1, letter r) of Decree 117);
- l) carry out activities to protect civil rights (article 5, paragraph 1, letter w) of Decree 117);
- m) carrying out scientific research activities of particular social interest (Article 5, paragraph 1, letter h) of Decree 117);
- n) protecting and enhancing of the environment and the landscape (article 5, paragraph 1, letter e) of Decree 117);

The Foundation will also carry out fundraising activities pursuant to Article 7 of Decree 117.

As an active player in civil society, the Foundation undertakes to support the action of the United Nations by spreading its principles and activities.

Furthermore, the Foundation may also carry out various activities of a secondary and instrumental nature only in the spirit and within the limits of article 6 of Decree 117; the secondary and instrumental nature of the various activities is mentioned in the financial statements.

In the various Countries, the Foundation may carry out any activity and operation deemed necessary, appropriate or useful for achieving its institutional objective, including all economic, financial and asset operations in general related to movable and immovable property in accordance with the applicable provisions of law in force. In order to achieve its social objective, the Foundation may also participate in institutions and, more generally, in legal entities, in compliance with the current regulations in force concerning foundations and non-profit organisations.

### **Article 3 – Assets**

3.1 The assets of the Foundation are represented by the initial endowed funds as indicated in the deed of modification. These assets may be increased by contributions from Founding Members and Partners, by inheritances, legacies and donations having such a specific purpose, as well as by any other revenues which the Board of Directors shall decide to use for the purpose of increasing such assets. The Board of Directors shall decide the forms of investment of the assets.

3.2 Income from the assets and any other revenue not intended to increase said assets, including public and private contributions, income, revenue, proceeds, however named revenue, as well as proceeds of any initiatives promoted by the Board of Directors, represent the means for carrying out the Foundation's institutional activities, for the exclusive pursuit of civic, solidarity and social utility purposes. Under no circumstances shall the Foundation distribute directly or indirectly any profits, operating surplus, funds and reserves however named to its members, be they Founders or Participants, workers and collaborators, administrators and other members of corporate bodies, even in case of withdrawal or any other type of individual dissolution of the relationship with the Foundation.

### **Article 4 – Membership**

4.1 Members of the Foundation are:

- a) The Founding Members;
- b) The Partners.

## **Article 5 – Founding Members**

5.1 Founding Members are institutions and natural persons who have qualified as such on transformation of the AVSI Association into the AVSI Foundation by the Shareholders' Meeting through a resolution adopted unanimously and democratically by those present. Founding Members are listed in a specific book kept at the registered office and updated by the Secretary General.

5.2 Any institution, even without legal personality, can obtain the status of Founding Member, provided that, having submitted a written request, it is co-opted with at least a 2/3 majority vote of the Founding Members under the following conditions:

- a) it has been presented by a Founding Member;
- b) it contributes to the Foundation's assets with an amount not less than 10% (ten percent) or the assets of the Foundation as shown by the latest financial statements and in any event not less than € 150,000.00= (one hundred and fifty thousand).

Moreover, the Meeting of Founding Members may, with a resolution adopted by a majority of at least 2/3 of the those registered in the book of Founding Members, confer the status of Founding Member on demand, even without any payment of contributions, on institutions deemed particularly worthy because of their present or past activity carried out within the scope of the Foundation's objectives and activities or , in any case, within the scope of culture and social commitment.

5.3. Founding Members are required to attend the Meeting whenever they are convened.

5.4 The Founding members shall be entitled to examine the Foundation's corporate books, pursuant to Article 15 of Decree 117, in the forms provided by a resolution adopted by the Board of Directors.

## **Article 6 – Partners**

6.1 Partners, whether institutions or natural persons, are those who have been as such qualified by the AVSI Meeting upon transformation of the Association into a Foundation, through a resolution democratically adopted unanimously by those present. Partners are listed in a specific book kept at the registered office and updated by the Secretary General.

6.2 Natural persons and institutions contributing in a continuous and significant manner to the life of the Foundation and to realisation of the Foundation's objectives outside relationships of employment or regular collaboration, may apply to become Partners. The Meeting of Founding Members grants the status of Partner by at least a 2/3 majority vote of its members.

6.3 Partners meeting in Committee shall have the powers referred to in Article 11 below, in addition to any other power specified in these Articles of Association.

6.4 Partners shall be entitled to examine the Foundation's corporate books, pursuant to Article 15 of Decree 117, in the forms provided by a resolution adopted by the Board of Directors.

## **Article 7 – Exclusion and withdrawal of Founders and Partners**

7.1 With a 3/4 majority vote of those present, the Meeting of Founding Members decides the exclusion of Founding Members or Partners for serious reasons, including, but not limited to:

- non-compliance with the obligations and duties deriving from these Articles of Association;
- non-participation, without justification, in the Meeting or Committee on three consecutive occasions;
- conduct incompatible and/or in conflict with the duty to collaborate with other members of the Foundation;

- taking on positions in institutions deemed incompatible and/or in conflict, even morally, with remaining in the Foundation;
- violation of the Code of Ethics.

7.2 In the case of institutions, including those without legal personality, exclusion is automatic if the institution is dissolved for whatever reason, through bankruptcy or subjection to other bankruptcy or liquidation proceedings. The occurrence of any of these events is verified by the Meeting of Founding Members.

7.3 Founding Members and Partners may withdraw from the Foundation subject to at least 6 (six) months prior notice, without prejudice to the duty to fulfil obligations assumed until the day of notice of withdrawal.

7.4 Those who contribute to the Foundation cannot repeat contributions nor claim rights over its assets.

### **Article 8 – Bodies**

The following are the bodies of the Foundation:

- a) Meeting of Founding Members;
- b) Committee of Partners;
- c) Board of Directors;
- d) Chairman and the Vice-President;
- e) Secretary General;
- f) Board of Auditors.

### **Article 9 – Meeting of Founding Members**

9.1 The Founding Members constitute the Meeting of Founding Members, which is chaired by the President of the Foundation.

The Meeting of Founding Members approves and defines the general policies and guidelines for the activities of the Foundation proposed by the Board of Directors, and assesses the achievements of the Foundation.

The Meeting of Founding Members also has the following tasks:

- a) take decisions on any changes to the Articles of Association;
- b) attribute the status of Founding Member or Partner to third parties;
- c) approve and change the Code of Ethics of the Foundation;
- d) decide the dissolution of the Foundation and the transfer of assets, pursuant to Article 21 below.

9.2 Within the Meeting of Founding Members only Founding Member Institutions:

- a) appoint the members of the Board of Directors, on the basis of electoral rules approved by the Meeting;
- b) appoint the members and Chair of the Board of Auditors;
- c) establish the total amount of any remuneration payable to the Board of Directors, to be divided by the Board of Directors among its members, including those performing special functions;
- d) establish the amount of remuneration payable to members of the Board of Auditors;
- e) approve the budget and final accounts and establish the allocation of any operating surplus, in compliance with the provisions of law and of these Articles of Association;
- f) approve the social report, subject to the conditions set out in Article 14 of Decree 117.

## **Article 10 – Convening and quorum for Founders' Meeting**

10.1 The Meeting of Founding Members is convened by the President of the Foundation

whenever he/she deems necessary, and at least twice annually, with an indication of the matters to be discussed. The Meeting of Founding Members' is also convened on the written request of at least 1/3 of the Founding Members.

10.2 The Meeting of Founding Members is convened by registered letter with return receipt, by certified e-mail or by any other appropriate means that gives proof of receipt, sent to each member at least 10 days prior to the date of the meeting. The notice must contain indications regarding the day, time and place of the meeting, in addition to the agenda.

10.3 In urgent cases, notice may be sent in one of the ways referred to in the previous paragraph to each member at least 5 days prior to the date of the meeting.

10.4 Each member is entitled to give a written proxy to another member. No participant in the meeting can receive more than three proxies.

10.5 The Meeting of Founding Members, chaired by the President of the Foundation, is valid on first call if at least the majority of the Founding Members is present or represented by proxy. On second call, the Meeting of Founder Members is valid whatever the number of members present or represented by proxy. The second call must be set no earlier than twenty-four hours after the first call.

10.6 The Meeting of Founder Members may also be held with the Founding Members located in several places linked via videoconference or conference call, provided that the collegial method and the principle of good faith are respected. In this case, it is necessary that:

- a) the Chair be enabled to ascertain unequivocally, including through delegates, the identity and legitimacy of those present, direct the proceedings, and determine and announce the results of voting;
- b) the person keeping the minutes be enabled to adequately perceive the events being transcribed in the minutes;
- c) those present be enabled to participate in real time in the discussions and vote simultaneously on the items on the agenda as well as receive or share documents;
- d) the methods of audio-video connection be indicated in the convening notice.

If such conditions are fulfilled, the meeting is to be considered held at the place where the Chairman and the secretary of the meeting are present.

10.7 Resolutions of the Meeting require a majority vote of the members present or represented by proxy, except where otherwise provided for by these Articles of Association.

10.8 Resolutions concerning the approval of changes to the Articles of Association and dissolution of the Foundation require at least a 2/3 majority vote of the Founding Members registered in the specific book.

10.9 Each member is entitled to one vote.

10.10 Minutes are recorded of meetings of the Meeting of Founding Members, signed by the Chairman and the secretary of the meeting.

#### **Article 11 – Committee of Partners**

11.1 The Committee of Partners meets at least once a year. It shall be chaired by the Chairman, who shall also convene the meeting by registered letter with return receipt, by certified e-mail or by any other appropriate means that gives proof of receipt. The convening notice is sent to each member at least 15 days prior to the date of the meeting. The notice must contain indications regarding the day, time and place of the meeting, in addition to the agenda.

11.2 Each member of the Committee of Partners may represent up to five other members by proxy.

11.3 The Chairman informs the Committee of Partners about the trend in activities of the Foundation and programmes for future initiatives.

11.4 The Committee of Partners formulates non-binding opinions and proposals on the Foundation's activities and programmes.

11.5 The Committee of Partners is validly constituted and acts by majority of those present, even if participants are located in different places and connected by videoconference or

conference call, applying the same rules provided for the Meeting of Founding Members referred to in Article 10.6 of these Articles of Association.

## **Article 12 – Board of Directors**

12.1 The Foundation is governed by a Board of Directors comprising seven members. Directors serve a four-year term which expires on the date of the Meeting called for the approval of the final balance related to the last financial year of their term, unless revoked at any time or resignation occurs. Directors may be re-elected.

12.2 Members of the Board of Directors are nominated by the Meeting of Founding Members through a vote by Founding Member Institutions only, with a resolution approved pursuant to Article 9.2.

12.3 A Director who, without justification, does not participate in three consecutive meetings of the Board of Directors may be revoked by the Board itself.

12.4 If, during the term, one or more Directors leave office for whatsoever reason, replacement shall take through co-optation by the Board of Directors, in accordance with the electoral rules approved by the Meeting of Founding Members. Directors thus appointed shall remain in office until the subsequent Meeting.

## **Article 13 – Powers of the Board of Directors**

13.1 The Board of Directors has all powers for ordinary and extraordinary administration of the Foundation.

13.2 In particular, it:

a) submits an annual report to the Meeting of Founding Members containing proposals on the general policies and main guidelines of the Foundation's activities and related objectives and programmes within the scope of objectives and activities referred to in Article 2 of these Articles of Association;

- b) prepares the budget and final financial statements as well as the social report, if so required;
- c) decides on the acceptance of inheritances, legacies and donations, as well as the purchase and sale of real estate;
- d) proposes any changes to the Articles of Association to the Meeting of Founding Members;
- e) appoints the Chairman and Deputy Chairman; from among its members;
- f) appoints the Secretary General;
- g) establishes the remuneration for the Secretary General;
- h) establishes the amount of any remuneration for each member of the Board of Directors, including the Chairman and the Deputy Chairman, or other Directors having specific powers, within the limits of the possible maximum amount set by the Meeting pursuant to Article 9.2, point c;
- i) carries out all other duties assigned to the Board of Directors by these Articles of Association and the Meeting of Founding Members;
- j) where deemed appropriate, appoints an advisory board, made up of authoritative and qualified personalities external to the Foundation, who can provide consultancy support in the direction of the activities, in particular in the definition of strategic guidelines also considering the complexity and changeability of the context where the Foundation operates, or on specific issues that the Board resolves to submit to it.

The Board of Directors may delegate part of its powers to the Chairman, the Deputy Chairman, the Secretary General and individual Directors: as far the Chairman, the Deputy Chairman and the Secretary General are concerned, any powers thus delegated by the Board of Directors do not overlap and are in addition to those already assigned to them pursuant to the Articles of Associations.

#### **Article 14 – Convening and quorum for the Board of Directors**

14.1 The Board of Directors is convened by the Chairman on his/her initiative, or on request of at least two of its members, with a notice sent by any means of communication, including electronic mail, that gives proof of receipt at least 7 days prior to the date of the meeting; in urgent cases, the Board of Directors is convened with prior notice of at least 48 hours.

14.2 The notice must contain the meeting agenda, and the place, day and time of the meeting.

14.3 The Board of Directors meet at least three times annually.

14.4 Whenever necessary, meetings of the Board of Directors may be validly held by videoconference or conference call, provided that the following conditions, which shall be transcribed in the minutes, are fulfilled: (i) the person chairing the meeting is allowed to identify the participants, regulate the proceedings of the meeting, and determine and announce the results of voting ; (ii) those present are allowed to participate in the discussions and intervene in real time on the matters under discussion, as well as view, receive and transmit documents. If such conditions are fulfilled, the meeting is to be considered held at the place where the Chairman and the secretary of the meeting are present.

14.5 The Board of Directors acts by absolute majority of those present.

14.6 The minutes of the meetings, signed by the Chairman and the secretary of the meeting, are approved in the subsequent meeting of the Board of Directors. In cases of urgent resolution, approval may be given by e-mail, always with the absolute majority of the votes of those attending the meeting.

#### **Article 15 – Chairman**

15.1 The Chairman represents the Foundation before third parties and in court, convenes and chairs the Meeting of Founding Members, the Committee of Partners and the Board of Directors, and controls the implementation of resolutions. The Chairman acts and reacts before any administrative or court authority, with the power to appoint attorneys and

establish their functions. The Chairman also has the power to appoint proxies for the fulfilment of individual acts or categories of acts. The Chairman also exercises all powers delegated to him/her by the Board of Directors.

15.2 The Chairman takes care of relations with institutions, businesses, public and private bodies, also for the purpose of establishing collaborative and supportive relations for the Foundation's initiatives.

### **Article 16 – Deputy Chairman**

16.1 The Deputy Chairman substitutes the Chairman in the event of absence or impediment and exercises the functions and powers delegated to him/her by the Board of Directors.

16.2 Before third parties, the signature of the Deputy Chairman is sufficient to presume the absence or impediment of the Chairman and is sufficient to release third parties, including public offices, from any interference or liability in respect of any limits to the power of representation for the deeds to which the signature refers.

### **Article 17 – Secretary General**

17.1 The Secretary General is the Foundation's operations director, exercising all powers for ordinary and extraordinary administration of the Foundation specifically granted him/her by the Board of Directors, including the power to represent the Foundation before third parties and in court, within the scope of powers conferred on him/her by these Articles of Association and by the Board of Directors; in any case, he/she:

- a) takes care of promotion and coordination of the Foundation's activities;
- b) takes care of development of systems, operating criteria and means of communication aimed at promoting and developing the Foundation;
- c) takes care of execution of the resolutions of the Board of Directors;
- d) exercises the powers of ordinary administration within the scope of the programs and projects approved by the Board of Directors;

- e) prepares the drafts of the budget and final accounts as well as of the social report if required, to be submitted to the Board of Directors;
- f) provides for the purchase of depreciable assets within the spending limits established by the Board of Directors and for the purchase of consumables;
- g) provides for the granting of consulting assignments and professional services, both free of charge and against payment, within the spending limits established by the Board of Directors;
- h) is responsible for the Foundation's offices, hires the staff who will work for these offices on an employed or self-employed basis, establishes the regulatory and economic conditions of the related contracts and terminates employment contracts, ensures and coordinates the functioning of offices, and manages the personnel;
- i) attends meetings of the Board of Directors, without the right to vote should he/she not have been selected from among the Directors.

### **Article 18 – Board of Auditors**

18.1 The Board of Auditors comprises three members, one of whom serves as Chairperson, and two alternate members.

18.2 All members are selected from those enrolled in the Registry of Legal Auditors established at the relevant Ministry.

18.3 The Board of Auditors monitors the financial management of the Foundation, verifies the proper keeping of accounting records, examines the proposed budget and final accounts, drafting the related report, and carries out cash checks. The Board of Auditors also has the task of monitoring compliance of the Foundation's activities with the law and with the Articles of Association, as well as compliance with the principles of proper administration, also with reference to the provisions of Legislative Decree no. 231 of 8 June 2001, if applicable, as well as the adequacy of the organizational, administrative and accounting structure and of its actual operation. The Board of Auditors also monitors compliance with civic, solidarity and

social utility goals, and certifies that the social report has been prepared in accordance with the guidelines adopted pursuant to article 14 of Decree 117.

18.4 The Board of Auditors serves a four-year term and expires on the date of the Meeting convened to approve the final accounts related to the final year of its term; it may be reconfirmed. The remuneration of the members of the Board of Auditors is commensurate with the current professional fees and, in any case, in compliance with the provisions of article 8, paragraph 3, letter a) of Decree 117.

18.5 The members of the Board of Auditors participate in meetings of the Board of Directors and of the Meeting of Founding Members.

18.6 Upon exceeding the limits referred to in Article 31, paragraph 2 of Decree 117, the Board of Auditors may also exercise the statutory audit of the accounts.

#### **Article 19 – Financial year**

19.1 The financial year begins on January 1<sup>st</sup> of each year and ends on December 31<sup>st</sup> of each year.

19.2 The financial statements must be prepared according to the principles set out in Articles 2423 et seq. of the Italian Civil Code and in compliance with the provisions of Article 13 of Decree 117 and any subsequent amendments or additions, where compatible, taking into account the Foundation's peculiar characteristics. If the social report is not adopted, the financial statements are accompanied by a social or mission report illustrating in detail the results of the social activity in both qualitative and quantitative terms, and describing the projects funded by fundraising campaigns.

19.3 By 31 December of each year, the Meeting of Founding Members approves the budget for the subsequent financial year and the final accounts of the previous financial year as well as the social report by a date enabling deposit with Register of the Third Sector by 30 June, all prepared by the Board of Directors. The economic budget forecasts and the financial statements must be sent to all Founding Members along with the report on business

management performance prepared by the Board of Directors and the Board of Auditors' Report at least 10 days prior to the date established for the Meeting of Founding Members to discuss them. A copy of the financial statements, along with the minutes of the meeting of the Board in which they were approved, must be filed as required by law.

19.4 It is forbidden to distribute profits or operating surpluses, as well as funds, reserves or capital in any form, even indirect, during the life of the Foundation, unless their destination or distribution is required by law, in compliance with Article 8 of the Third Sector Code.

#### **Article 20 – Dissolution**

20.1 The Foundation is constituted without limits of duration. It is dissolved by a 2/3 vote of the Founding Members registered in the specific book.

20.2 In the event of dissolution, subject to the positive opinion of the Office of the Single National Register of the Third Sector, and unless otherwise specified by law, the residual assets shall be transferred to other Third Sector entities indicated by the Assembly of Founding Members; Article 9 of Decree 117 applies.

#### **Article 21 – Final provision**

21.1 For matters not expressly provided for in these Articles of Association, the provisions for the Third Sector Code shall apply and, for anything not foreseen in such Code, reference shall be made to the current Italian Civil Law concerning foundations, anyhow within the limits of compatibility.

21.2 The official language of all Foundation documents is Italian.

#### **Article 22 – Transitional provision**

22.1 The Board of Directors and the Board of Auditors in office at the date of approval of these Articles of Association shall expire on the day of the meeting for approval of the 2020 financial statements.

22.2. Pending the establishment of the Single National Register of the Third Sector provided for by Decree 117 and up to the term referred to in Article 104 of Decree 117, the Foundation is subject to the provisions of Law no. 125 of 11 August 2014, being registered in the list of civil society organizations and other non-profit entities held by the Italian Development Cooperation Agency. Any provisions of these Articles of Association which may not be compatible with the provisions of the aforementioned legislation are ineffective until the deadline referred to in Article 104, paragraph 2 of Decree 117.

22.3 For purposes of the preceding paragraph, in particular, the Foundation:

- a) carries out activities of primary cooperation and development as a body registered in the list of civil society organizations and other non-profit subjects held by the Italian Development Cooperation Agency, and as such registered in the non-profit registry at the Revenue Agency;
- b) continues to use the name "AVSI Foundation" or "AVSI", also in any distinctive sign or communication addressed to the public; starting from the term referred to in Article 104, paragraph 2 of Decree 117, the Foundation takes on the name referred to in Article 1 of the Articles of Association;
- c) in the event of dissolution before the deadline referred to in Article 104, paragraph 2 of Decree 117, the residual assets will be devolved to other entities that pursue similar aims or purposes of public utility.