

BY-LAWS OF THE PARACELSO ETS FOUNDATION

Article 1) – Name

A foundation named “*FONDAZIONE PARACELSO ETS*” is established as a Third Sector Entity in accordance with Legislative Decree (D.Lgs.) 117/2017.

Article 2) – Purpose

The Foundation is a nonprofit organisation for the exclusive pursuit of civic, solidarity and socially beneficial aims, engaging in activities of general interest as specified under Article 5 of D.Lgs. 117/2017:

- Activities under letter b), i.e. “*healthcare interventions and services*”;
- Activities under letter c), i.e. “*public healthcare services as specified under the decree of the President of the Council of Ministers, 14 February 2001, published in the Official Journal of Italy no. 129, 6 June 2001, as subsequently amended*”;
- Activities under letter h), i.e. “*scientific research of particular social interest*”;
- Activities under letter i), i.e. “*the organisation and management of cultural, artistic or recreational activities of social interest, including activities for the promotion and dissemination of culture (including publishing activities) and the provision of volunteering work and of activities of general interest, as specified in this article*”;
- Activities under letter q), i.e. “*social housing, in accordance with decree of the Ministry of Infrastructures of 22 April 2008, as subsequently amended, and any other activities related to temporary housing intended to meet social, health, cultural, education or employment requirements*”;
- Activities under letter u), i.e. “*charity work, remote support, the free provision of food or products, as specified under Law no. 166, 19 August 2016, as subsequently amended, or the distribution of cash, goods or services in support of the disadvantaged or activities of general interest, in accordance with this article*”;

In particular, in order to carry out the activities of general interest specified above, the Foundation may, by way of example but without limitation, engage in the following activities:

a) the promotion and organisation of scientific research in the sector for the prevention and diagnosis of haemophilia and other inherited bleeding disorders and infections connected to those conditions, as well as the improvement of social services and public health and healthcare interventions. For this purpose the Foundation may equip itself with adequate operating structures, acting in accordance with research projects, or engaging in scientific research through universities, research entities and other Foundations that conduct direct research, in such event entering into specific agreements in accordance with article 3 (3) of D.P.R. (Presidential Decree) 135, 20 March 2003; social aid and public healthcare for persons affected by haemophilia or other inherited bleeding disorders and infections connected to those conditions, as well as their family members or descendants;

b) the improvement of quality of life, the development of the autonomy and dignity of persons affected by haemophilia or other inherited bleeding disorders or infections connected to those conditions, as well as their family members or descendants;

c) the provision of humanitarian, economic and social aid and assistance, appropriate for the needs of the persons specified under letter b);

d) the implementation of charitable interventions in favour of persons affected by haemophilia or other inherited bleeding disorders or infections connected to those conditions, as well as their family members or descendants, principally through the distribution of sums of money in their favour;

e) support for and the organisation of educational activities, including social, medical, and scientific activities, both in Italy and abroad, with the intent of increasing awareness, promoting knowledge and discussing the most recent advances in the field of bleeding disorders.

For the achievement of its purposes, the Foundation may also, in accordance with Article 6 of D.Lgs 117/2017, engage in activities other than those under Article 5 D.Lgs. 117/2017, to be identified by the Board of Directors, provided that they are secondary and in support of the core activities of general interest.

The Foundation may also engage in any other activity of general interest which, despite not being expressly indicated in this article, is provided for and permitted by Article 5 of D.Lgs. 117/2017 and by any supplementary or amendment rules."

Article 3) – Registered Office of the Foundation

The Foundation has its registered office in Milan, at Via Luigi Veratti no. 2

By way of a resolution of the Board of Directors, the Foundation may establish and close other branches, agencies and representative offices both in Italy and abroad.

Article 4) – Duration

The Foundation has an unlimited duration.

Article 5) – Foundation Capital

The Foundation capital comprises:

- Endowment assets as indicated in the deed of incorporation;
- Donations by entities, associations, or private individuals;
- Funds collected by way of public subscriptions duly authorised in accordance with the law;
- Moveable assets and real estate that are received by the Foundation for any reason or cause and are earmarked as Foundation assets;
- returns on the assets indicated above.

By way of a resolution approved by simple majority of its members and subject to a non-binding opinion from the Supervisory Body, the Board of Directors shall make use of the Foundation assets in the manner deemed most appropriate and in accordance with the purpose of the Foundation.

When the minimum capital requirement for the Foundation (equal to EUR 30,000.00 pursuant to Article 22 (5) of D.Lgs 117/2017) has reduced by over one third due to losses, the Board of Directors and, should it fail to act, the Supervisory Body, shall resolve without delay upon the reconstitution of the minimum capital or one of the other remedies provided by law.

Article 6) – Use of capital

For the achievement of its purposes the Foundation has access to the resources and sums of money deriving from the sale of assets forming part of its capital.

In accordance with Article 8 of D.Lgs. 117/2017, the Foundation is expressly prohibited from making distributions, including indirectly, of any operating profits or surplus, as well as of any funds, reserves or capital during the lifetime of the Foundation, other than within the limits of and as permitted by law.

The following are, in any event, considered as an indirect distribution of profits:

a) The payment to directors, statutory auditors and any person holding corporate offices of individual fees that are not proportional to the activities carried out, responsibilities undertaken and specific tasks or duties, or which are however greater than those provided for entities that operate in the same or analogous sectors and conditions;

b) The payment to employees or free-lancers of salaries or fees forty percent greater than those provided, for the same position, by collective bargaining agreements under article 51 of legislative decree 81, 15 June 2015, save for proven requirements relating to the need to acquire specific expertise for the performance of activities of general interest as specified under article 5 (1), letters b), g) or h) of D.Lgs. 117/2017;

c) The purchase of goods or services at prices which are greater than their normal value, in the absence of valid economic reasons;

d) Sales of assets and the provision of services, at conditions more favourable than market conditions, to members, associates or participants, the founders, members of the management and control bodies, to those who for any reason operate for the organisation or form part of the organisation, to persons who make charitable donations to the organisation, their blood relatives up to the third degree and their relatives by marriage up to the second degree, and to companies directly or indirectly controlled or connected to those persons, exclusively due to their capacity, unless those sales or services form part of activities of general interest under article 5 of D.Lgs. 117/2017;

e) The payment to persons other than banks and authorised financial intermediaries of interest payable, as a result of loans of any kind, greater than four percent above the annual reference rate.

Any operating profits or surplus shall be mandatorily used for the realisation of institutional activities and any directly connected activities.

In case of winding-up of the Foundation for any reason, the Foundation capital shall be allocated in accordance with the provisions of Article 18).

The Foundation may earmark a quota no greater than 5% of any annual operating surplus for the financing of *Fondazione Italia Sociale*, in accordance with Article 9 of D.Lgs. 117/2017.

As a Third Sector entity registered in the National Single Register for the Third Sector (*Registro Unico Nazionale del Terzo Settore (RUNTS)*), the Foundation intends, where the necessary conditions are fulfilled and in accordance with provisions of applicable law, to access tax and social security incentives reserved to Third Sector entities, with specific reference to those provided by Title X of D.Lgs. 117, 3 July 2017, and to the relative implementation and coordination rules.

Article 7) – Foundation Bodies

The following are Foundation Bodies:

- the Board of Directors;
- the Chair of the Board of Directors;
- the Supervisory Body;
- the Auditor;
- the Scientific Committee;
- the Social Committee.

Article 8) – Composition of the Board of Directors and term of office

The Foundation is governed by a Board of Directors, composed of 5 (five) members, and the Chair is appointed from amongst those members. The Board of Directors may also appoint a Vice-Chair.

Members of the Board of Directors are appointed as follows:

- (i) 3 (three) members are appointed by the outgoing Board of Directors;
- (ii) 1 (one) member is appointed by the *Associazione Italiana dei Centri Emofilia – AICE* (Italian Association of Haemophilia Centres) with registered offices at Milan, Via Privata Vasto no. 4;
- (iii) 1 (one) member is appointed by the meeting of the *Federazione delle Associazioni Emofilici – FEDEMO ONLUS* (Federation of Haemophilia Associations), with registered offices at Rome in via Tor Sapienza no. 86.

Persons barred from or unfit for and any bankrupt persons or those subject to a penalty that involves a bar, including a temporary bar, on holding public offices or on holding managerial posts cannot be appointed as Director and if appointed shall forfeit that office.

Only persons who have the specific expertise necessary for the purposes of the Foundation may be appointed as Director; those skills can be demonstrated:

- by a degree in medicine; or
- by previous managerial offices in associations active in the field of haemophilia, or
- by participation in at least one open day organised annually by the Foundation, or
- by a CV indicating experience deemed useful for the purposes of the Foundation.

A member of the Board of Directors who, in the absence of justified reasons, fails to participate in three consecutive meetings of the Board, may be declared to have forfeited their Board office. In such event, and in any other event of vacancy of the office of Director, the Board of Directors shall coopt another Director/s who shall remain in office pending expiration of the term of office of the other Directors.

The office of Director is unpaid, save for reimbursement of out-of-pocket expenses incurred for the performance of that office.

Directors may be re-elected.

The Board of Directors holds office for 3 (three) financial years and terminates at the same time as the meeting of the Board called to approve the year-end financial statements for the third financial year of office and may be extended in accordance with the following paragraphs.

In case of the termination of a Director, for any reason, the Board of Directors will proceed to co-opt a member. The co-opted Director shall hold office until the person or body who appointed the outgoing Director proceeds to appoint a new Director in replacement of the outgoing Director.

If, for any reason, the majority of the Directors cease to hold office, the entire Board of Directors shall be considered terminated, and it will be necessary to re-elect the Board.

Upon expiration of the mandate or upon any occasion that it is necessary to renew the Board, the new Board of Directors will be appointed in accordance with the following procedure (the “**Renewal Procedure**”).

The Chair (or in the event of his/her absence or impediment, the Vice-Chair, where appointed) shall commence and conduct the Renewal Procedure, as follows:

(a) call of the Board of Directors within the end of the month of February in the year in which the Board mandate expires. At that meeting, the Board shall resolve upon the names of the 3 (three) members that it is responsible for appointing and who will form part of the new Board;

(b) within the end of the month of February in the year in which the Board mandate expires, transmission of notice to FEDEMO and AICE whereby the Chair informs them of the approaching expiration of the mandate and allocates a term of 30 (thirty) days (the “**Selection Term**”) for the indication of the names of the 2 (two) members that they are responsible for appointing and who will form part of the new Board;

(c) if FEDEMO and/or AICE fail to indicate one and/or both of the names within their purview, within the Selection Term, the Board of Directors appointed in accordance with this article shall proceed to co-opt the missing member/s by coopting a member within 10 (ten) days of expiration of the Selection Term.

In case of termination of office due to forfeiture of the Board caused by vacancy of the majority of the Directors or for any other reason, the Chair (or in case of his/her absence or impediment, the Vice-Chair, where appointed) shall commence and conduct the Renewal Procedure as follows:

(a) call of the Board of Directors within 30 (thirty) days of the date on which the Board has terminated. At that meeting the Board shall resolve upon the names of the 3 (three) members that it is responsible for appointing and who will form part of the new Board;

(b) within 20 (twenty) days of the date on which the Board has terminated, transmission of notice to FEDEMO and AICE whereby the Chair informs them of the termination of the Board and allocates them a term of 30 (thirty) days (the “**Appointment Term**”) for the indication of the names of the 2 (two) members that they are responsible for appointing and who will form part of the new Board;

(c)) if FEDEMO and/or AICE fail to indicate one and/or both of the names within their purview, within the Appointment Term, the Board of Directors appointed in accordance with this article shall proceed to co-opt the missing member/s within 10 (ten) days of expiration of the Appointment Term.

In any event, the Board of Directors shall remain in office under an extension, with ordinary powers of administration alone, also beyond the expiration date of its mandate and/or beyond the occurrence of a cause of termination until the Renewal Procedure is completed and however pending the constitution of the new Board.

If, for any reason, the Board of Directors Renewal Procedure described above is inapplicable, all members of the Board of Directors shall be appointed by the Authority responsible for supervision of the Foundation, at the incentive of the most diligent surviving Director or, in the absence thereof, of the Supervisory Body.

Article 9) – Powers of the Board of Directors

The Board of Directors of the Foundation is vested with the broadest powers for the Foundation’s ordinary and extraordinary management.

The Board of Directors carries out the Foundation activities and decides upon the use of the Foundation’s returns on assets, in accordance with the provisions of Article 8 D.Lgs. 117/2017.

The Board of Directors is further responsible for:

- approving general directives governing the Foundation’s activities as well as the criteria for and priority of any ventures, in full compliance with the purpose of the Foundation under Article 2);

- identifying persons affected by haemophilia or other inherited bleeding disorders or infections connected to those conditions, as well as their family-members or descendants, to whom social aid and healthcare services can be provided, together with charitable donations;
- approving the draft and final financial statements;
- appointing and/or removing the Chair and, if necessary, the Vice-Chair;
- appointing and/or removing the Secretary and, if necessary, the Vice-Secretary;
- appointing and/or removing the members of the Scientific Committee;
- appointing and/or removing the members of the Social Committee;
- in the events provided by these By-laws, requesting a non-binding opinion from the Scientific Committee, the Supervisory Body or the Social Committee;
- resolving on the responsibilities of members of the Foundation Bodies and bringing any liability actions against them;
- hiring and firing employees and establishing their legal and economic treatment;
- approving any regulations which are considered necessary for the purpose of regulating the organisation and activities of the Foundation;
- supervising and controlling the execution of resolutions and of any Foundation programmes;
- resolving upon the acceptance of gifts, donations and bequests;
- resolving upon contributions, subsidies and possible collaborations in the context of ventures by other entities, that meet the purposes pursued by the Foundation;
- controlling the use of contributions granted;
- resolving upon amendments to the deed of incorporation and the by-laws;
- resolving upon the merger, spin-off, winding-up and liquidation of the Foundation.

Where considered advisable, the Board of Directors may delegate part of its powers to an Executive Committee.

The Executive Committee is composed of the Chair and a further 2 (two) Directors.

Meetings and the operation of the Executive Committee are, to the extent compatible, governed by the same rules applicable to the Board of Directors.

The Board of Directors may allocate one or more of its members or, by way of the Chair, one or more persons outside the Board (by way of specific powers of attorney) the power to carry out specific acts or categories of acts for and on behalf of the Foundation.

Article 10) – Call of and resolutions by the Board of Directors

The Board of Directors is called:

- at the initiative of the Chair or Vice-Chair (where appointed) of the Board of Directors and at least three times a year, including upon approval of the financial statements;
- upon reasoned request by at least 2 (two) members of the Board;
- upon request by the Supervisory Body.

The Board is called at least 8 (eight) days prior to the meeting, by way of notice sent using means certifying due receipt, containing an indication of the place, day and time of the meeting and the agenda. In case of urgency, the Board can be called by way of telegram, fax, or e-mail sent at least 2 (two) days prior to the date of the meeting. The Board of Directors is however validly established, also in the absence of the aforementioned formalities, where all Directors in office are in attendance. Participation by proxy is not permitted.

The Board ordinarily meets at the registered offices of the Foundation or, in specific events, elsewhere, provided that it meets in Italy, also by way of tele or video conferencing.

Meetings of the Board of Directors are valid with the attendance of the majority of Directors in office, including the Chair or, in his/her absence, the Vice-chair (if appointed).

The President of the Social Committee, the President of the Scientific Committee and the Supervisory Body are entitled to attend meetings of the Board of Directors as guests, and therefore without voting rights.

Resolutions are, save for matters specified below, valid where approved by the clear favourable vote of the majority of those in attendance. In case of a tied result the Chair shall have the casting vote.

For the validity of resolutions on the following matters, the favourable vote of 4 (four) Directors is required:

- the purchase or sale of real estate;
- the acceptance of any financing and any payable loans of any term and amount;
- the issue of any surety (*fideiussione*), security or guarantee;
- amendments to the by-laws in accordance with Article 18);
- the winding-up of the Foundation in the events provided by Article 18).

Board resolutions are certified by way of minutes signed by the chair of the Board and by the secretary.

Meetings of the Board of Directors can be held by way of participation in various locations, both adjacent and distant, by way of audio/video connections, provided that:

- a) the chair of the meeting is able to verify the identity of participants, to govern the meeting, to verify and announce the results of voting;
- b) the minute-taker is able to adequately understand meeting events to be recorded in the minutes;
- c) participants are able to participate in the discussion of and simultaneous voting upon items on the agenda, and to view, receive or transmit documents.

If the chair of the meeting and the minute-taker are in different locations, the meeting shall be considered as held in the location of the minute-taker.

Decisions by the Board of Directors – save for resolutions requiring a qualified majority – may also be adopted by way of written consultation, or on the basis of written consent, provided that:

- a) each Director is guaranteed the right to participation in the decision and adequate information is guaranteed for all those entitled to that information;
- b) documents signed by Directors clearly show the matter decided and the consent of the majority of the Directors in office;

- c) any decisions are immediately transcribed in the register of directors' decisions and the relevant documents are filed with the Foundation records;
- d) at least two Directors are granted the right to request approval of a resolution at a board meeting;
- e) the consent of at least the majority of Directors in office is achieved.

For any matters not expressly established in these by-laws on the operation of the Board of Directors, the rules relative to joint stock companies (*società per azioni*) shall apply, to the extent compatible.

Article 11) – Chair, Vice-Chair and Secretary of the Board of Directors

The Board of Directors elects a Chair and any Vice-Chair from amongst its members.

The Chair or, in case of his/her absence or impediment, the Vice-chair (if appointed) has the following duties:

- legal representation of the Foundation before third parties and in legal proceedings;
- calling and chairing the Board of Directors;
- promoting activities and coordinating the Foundation bodies, supervising their activities;
- dealing with the execution of resolutions by the Board of Directors;
- guaranteeing compliance with the rules of the by-laws;
- maintaining contact with other Foundations, with local and national Authorities and with any other private or public Entity or organisation;
- in extraordinary events of necessity or urgency, the Chair can carry out acts of extraordinary administration. In such event, the Chair must simultaneously call a Board meeting to ratify their work.

The Vice-chair, if appointed, replaces the Chair in any of his/her duties where the Chair is prevented from exercising his/her functions. Action by the Vice-chair in the absence of the Chair constitutes proof for third parties of the impediment of the Chair.

The Secretary (or in case of his/her absence or impediment, the Vice-chair, if appointed) assists the Chair in the performance of executive activities required or advisable for the administration of the Foundation.

The Secretary (or in case of their absence or impediment, the Vice-chair, if appointed) records the minutes of meetings of the Foundation bodies, save for those of the Supervisory Body and those where the minute-taking is entrusted to a notary.

The Secretary (and the Vice-Secretary, if appointed) may also be a member of the Board of Directors.

Article 12) – Supervisory Body

Control of compliance with the law and the by-laws and of compliance with principles of good administrative practice, also with reference to the provisions of D.Lgs. 231, 8 June 2001, where applicable, and of the adequacy of the organisation, administrative and accounting structure and its correct operation is entrusted to a Supervisory Body composed of 3 (three) standing members and 3 (three) alternate members.

The standing and alternate members are appointed by the President of the Italian Association of Chartered Accountants (*Ordine dei Dottori Commercialisti*) of Milan, preferably chosen from amongst professionals with skills and/or experience in the sector of no profit entities.

Alternate members shall automatically take the place of standing members, appointed by the same body, who cease to be members of the Supervisory Body for any reason.

The Supervisory Body holds office for 3 (three) financial years and terminates upon the meeting of the Board of Directors called to approve the year-end financial statements for the third financial year of its office.

Members of the Supervisory Body may be re-elected and must be registered in the Register of Auditors (*Registro dei Revisori contabili*).

In case of termination of office due to expiration of the mandate, the appointment of the new Supervisory Body shall take place upon application to be submitted to the President of the Italian Association of Chartered Accountants, by the Chair of the Board of Directors, at least 2 (two) months prior to termination of the Body in office.

In case of forfeiture and/or termination of the Supervisory Body for any reason other than normal expiration of the mandate, the Chair of the Board of Directors shall submit a specific appointment application to the President of the Italian Association of Chartered Accountants of Milan in the shortest time possible and within 1 (one) month of the date of forfeiture and/or termination of the Body.

In any event, the Supervisory Body shall remain in office under an extension, also beyond the normal expiration date of the mandate and/or the occurrence of a cause of forfeiture and/or termination, pending completion of the renewal procedure and the establishment of the new Supervisory Body.

The Supervisory Body is further responsible for monitoring compliance with the civic, solidaristic and social solidarity purposes of the Foundation, with particular regard to the provisions under articles 5, 6, 7 and 8 of D.Lgs. 117/2017, to the extent applicable, and certifies that the year-end financial statements were prepared in accordance with the guidelines under article 14 D.Lgs. 117/2017. The year-end financial statements shall contain information on the outcome of monitoring carried out by the Supervisory Body.

The Board of Directors can decide to entrust the audit of the Foundation to the Supervisory Body, where the statutory conditions are fulfilled.

Subject to the above, the powers, duties, duration and composition of the Supervisory Body and of any auditing activities are governed, to the extent compatible, by rules established for joint stock companies (*società per azioni*) for the board of statutory auditors and the statutory audit of accounts.

Meetings of the Supervisory Body may be held by tele/audio conferencing and by way of written consultation, in accordance with the provisions in this regard applicable to the Board of Directors. Participation by proxy is not permitted.

The members of the Supervisory Body may proceed, at any time and also individually, to conduct inspections and controls and may, for that purpose, ask the directors for information on the performance of corporate operations or specific deals.

Members of the Supervisory Body are subject to the rules under Section 2399 of the Italian Civil Code.

The Supervisory Body is responsible for keeping the Register of meetings and resolutions by that Body.

Article 13) – Statutory Auditor

In the events required by law or where decided by the Board of Directors, control of financial governance, of regular book-keeping in respect of accounting records and of the financial statements shall be

entrusted to an auditor or auditing firm, or to the Supervisory Body, where the members of that Body meet the legal requirements for that role (the “**Auditor**”).

The Auditor is appointed by the Supervisory Body from a shortlist of 3 (three) names identified by the Board of Directors.

The Auditor must be registered with the Register of Auditors.

The office of Auditor is incompatible with the office of member of the Board of Directors.

The Auditor is entitled to participate in meetings of the Board of Directors, where it considers this necessary for the exercise of its function.

The Auditor is required to participate in annual board meetings called to approve the year-end financial statements.

The Auditor is responsible for keeping the Register of decisions taken by same.

Article 14) – Remuneration of the Supervisory Body and the Auditor

Members of the Supervisory Body and the Auditor will, save for waiver, be paid a fee for their activities, to be established, on the basis of professional tariffs applicable to Chartered Accountants and Accounting Experts, upon their appointment and for the entire term of office, save for reimbursement of documented expenses. In any event, the fee allocated to the Supervisory Body and/or Auditor may not as a whole exceed the annual amount of EUR 20,000.00 subject to annual ISTAT (Italian National Institute of Statistics) adjustments.

Article 15) – Scientific Committee

The Board of Directors appoints a Scientific Committee composed of 3 (three) members, who shall hold office for 3 (three) years and may be reconfirmed and who must have specific know-how and/or expertise in the field of medicine and specifically the field of haemophilia.

If the Board of Directors has not so provided, the members of the Scientific Committee shall elect a Chair from amongst their members who shall coordinate activities by the Committee.

The Scientific Committee provides its non-binding opinion to the Board of Directors in respect of:

- financing by the Foundation of scientific research projects;
- the publication of scientific papers of any kind.

The office of member of the Scientific Committee is unpaid, save for reimbursement of out-of-pocket expenses incurred for that office.

Article 16) – Social Committee

The Board of Directors appoints a Social Committee composed of 3 (three) members who shall hold office for 3 (three) years and may be reconfirmed and who must have specific know-how and/or skills in the field of social care and in particular of haemophilia or of other inherited bleeding disorders or infections connected to those conditions.

If the Board of Directors has not so provided, the members of the Social Committee shall elect a Chair from amongst their members who shall coordinate activities by the Committee.

The Social Committee prepares and submits proposals and provides its non-binding opinion on social activities by the Foundation in compliance with the institutional purpose of the Foundation.

The office of member of the Social Committee is unpaid, save for reimbursement of out-of-pocket expenses incurred for that office.

Article 17) – Year-end financial statements and forecast budget

The Foundation shall prepare the year-end financial statements in accordance with Article 13 of D.Lgs. no. 117/2017.

The financial year commences on 1 January and ends on 31 December of each year.

The Board of Directors approves:

- the forecast budget for the year in progress by 31 December of each year; and
- the year-end final financial statements for the previous financial year by 30 April of each year, or by 30 June in case of specific requirements.

Any annual operating surplus shall be used for the reconstitution of the Foundation capital possibly necessary following any reductions in that capital due to previous losses, prior to being used to strengthen activities by the Foundation or for the purchase of assets instrumental to increasing or improving its activities.

The distribution of operating profits or surplus and of funds and reserves is prohibited for the life-time of the Foundation, if the intended use or distribution is not statutorily required.

Where required by law, the Foundation shall also draw up a social report pursuant to Article 14 D.Lgs. no. 117/2017.

Mandatory registers required by applicable laws, including accounting registers, and any corporate books or registers provided for the Foundation shall be kept in accordance with the provisions of D.Lgs. no. 117, 3 July 2017, and ministerial decree 106, 15 September 2020. Electronic or digital book-keeping is expressly permitted, provided that the regular storage, integrity, traceability and accessibility of data and records is guaranteed.

Article 18) – Winding-up of the Foundation

The winding-up of the Foundation may only occur:

- due to achievement of the Foundation's purpose;
- due to impossibility in achieving the Foundation's purpose;
- due to a reduction in the minimum capital for the Foundation to below the statutory requirements;
- by way of a decision by the Judicial Authorities;
- by way of a resolution by the Board of Directors, approved by the favourable vote of at least 4 (four) Directors.

In case of winding-up, unless otherwise statutorily earmarked, the residual capital shall, subject to a positive opinion by the Office under Article 45 (1) of D.Lgs.117/2017, be transferred to another Third Sector Entity engaging in activities analogous to those of the Foundation, identified by the Board of Directors or, in the absence thereof, to the *Fondazione Italia Sociale*. The opinion is issued within 30 (thirty) days of the date of receipt of the request that the relative entity is required to send to the abovementioned Office by way of registered mail with return receipt in accordance with the provisions of D.Lgs. 82, 7 March 2005, following which the opinion shall be deemed to be positive.

Acts for the transfer of residual capital carried out in the absence of or in conflict with the opinion are null and void.

If, for any reason, the Foundation is liquidated, the Board of Directors shall appoint three liquidators, within the maximum term of one month from the date of the cause of liquidation, who may be chosen from amongst members of the Board of Directors.

The Foundation liquidators may jointly carry out all acts necessary for the liquidation of the Foundation and may transfer the capital.

The appointment of the liquidators shall be immediately notified to the President of the Court for the location in which the Foundation has its registered offices, in accordance with Section 11 of the provisions implementing the Italian Civil Code.

Amendments to the Foundation By-laws are only permitted if the purpose of the Foundation is not substantially changed.

Any amendments to the by-laws require a majority of four out of the five Directors on the Board of Directors.

Article 19) – General Provisions

For any matters not expressly contemplated in these by-laws, the rules under D.Lgs. 117/2017 shall apply and, residually, the rules of the Italian Civil Code on foundations.