



THE FOUNDATION | STATUTE

(approved by the Board of Founders on on the 8 May 2013)

Preamble

The bank-based foundations, the National Body overseeing Management Committees and, representing the voluntary organisations, the Third Sector Forum, the National Body overseeing Voluntary organisations, the Csvnet, the Con.Vol. have promoted the constitution of the present Foundation with the purpose of strengthening and enhancing their contribution with regards the potential of social infrastructure in the regions of Southern Italy. By establishing relationships and synergies with various local entities, based on subsidiarity and social responsibility, the founders commit to seeing the development of solidarity networks in local communities, strengthening and integrating those which are voluntary in relation to the third sector and the foundations, even using innovative tools and methods, which, without replacing the necessary role of the public institutions, will work in synergy with the aforementioned, in order to satisfy the common good and to secure general interest.

- Section 1 - Founders

1. The Foundation, “Fondazione CON IL SUD” is formed of the founders as described by Legislation no. 461 of 1998 and voluntary organisations, as described in the Preamble, which come together in the National Forum of the Third Sector, and which, in the capacity of Founders, provide the Foundation with that required in order to see the development of social infrastructure in the South of Italy, **believing that social cohesion is an essential condition for the development**, with specific attention provided to the regions which fall under priority objective number 1 as per EC Regulation no. 1260 of the 21 June 1999, as described in the articles of association.

2. The Founders are primarily:

- a) statutory 461/98 foundations which form part of the present Foundation, hereinafter referred to as “Foundation Founders”;
- b) the voluntary organizations, mentioned in the preamble, which form part of the present Foundation by means of the Third Sector National Forum, hereinafter referred to as “Voluntary Foundation Entities”.

3. The following can join the Foundation, assuming the role of Founders as described in a), paragraph 2, the statutory 461/98 foundations which subsequently contribute to the articles of

association as described in paragraph 1, in compliance with the conditions herewith, with the approval of the Board of Directors.

4. The following can also join the Foundation, assuming the role of Founders as described in b), paragraph 2, other third sector entities, with the approval of the Board of Directors, upon the formal proposal from the Third Sector Forum.

- Section 2 - Headquarters

1. The Foundation has its headquarters in Rome and it may establish secondary headquarters, offices and agencies both in Italy and abroad.

- Section 3 - Objective

1. The Foundation represents a non-profit organization.

2. The objective of the Foundation, as specified in the Preamble, is to promote and support, by way of a project shared amongst the Founders, the economic and social development of geographic areas as described in Section 1 of the present Statute.

3. The Foundation, in order to achieve its statutory objectives, may carry out all relative activities, in compliance with and within the limits of legislation, with the inclusion of businesses with separate accounting or control shareholding in entities and businesses with objectives which align with those of the Foundation itself, in addition to third party fund management.

4. The Foundation may carry out all security, real estate and financial activities, including the granting of guarantees, which are useful in terms of achieving the statutory objective.

5. Establishment of the Foundation objectives may also be permitted indirectly by means of other entities.

- Section 4 - Assets

1. The Foundation assets are constituted by:

a) Founder provisions;

b) from other incomings or assignments from securities and real estate which are provided by the Founders and specifically intended to augment the assets;

c) assignments from securities and real estate, provided as donations and those which originate from a multitude of places, which come from entities or private individuals intended to augment the assets;

d) surplus income charges.

2. The purpose of the assets is to achieve the statutory objectives and is managed by observing the strict risk factors, in order to secure value and achieve suitable profitability.

- Section 5 - Revenue

1. The Foundation exclusively uses the revenue to achieve statutory objectives.

2. Profits, contributions from Founders, other entities and private individuals and all other income not intended to augment the assets are considered as revenue.

- Section 6 - Bodies

1. The Foundation bodies:

- the Board of Founders;
- the Board of Directors;
- the Chairperson;
- the Steering Committee;
- the Executive Director;
- the Board of Auditors.

2. The members of the Foundation Bodies must be selected by persons with the integrity as specified by the requirements of Article 26 of Legislative Decree of the 1st September 1993. no. 385 (Consolidated Act overseeing banking and credit).

- Section 7 - Board of Founders

Structure

1. The Board of Founders includes the Foundation Founders and the Voluntary Foundation Entities as described in Section 1, according to the conditions of the articles of association.

- Section 8 - Duties of the Board of Founders

1. The Board of Founders must complete the following tasks:

a) nominate, dependent on their numbers, ensuring there is an equal number of representatives from both the founder categories described further in Section 9, paragraph 5, the members of the Board of Directors, the Vice-chairpersons, selected by the Board itself, and decide upon payments, including that of the Chairperson;

b) remove directors for due causes and cover their relative responsibilities;

c) nominate the Chairperson and the members of the Board of Auditors and decide upon relative payments; make clear their relative responsibilities;

d) nominate and remove the Accounting Auditor and decide upon relative payment;

e) approve, upon majority vote of two-thirds, in compliance with the requirements included under the subsequent Section 9, paragraphs 6 and 7, statute modifications, upon the proposal of the Board of Directors;

f) approve the annual report, in addition to the purpose of the surplus income;

g) define the Steering Committee member appointment procedure;

e) decide, upon majority vote of four-fifths, in compliance with the requirements included under the subsequent Section 9, paragraphs 6 and 7, proposals relative to the transformation and merging of the Foundation, and additionally its dissolution;

i) express opinions on all subjects submitted by the Board of Directors or the Steering Committee.

- Section 9 - Voting convocation and methodology

1. The Board of Founders is convened at the Foundation headquarters or another location, in Italy, by the Chairperson of the Foundation, who will preside without voting rights. The Board of Founders may also be convened upon the written request of five members of the Steering Committee. The convocation, instigated by the Chairperson, must feature the agenda, the date, the time and the location of the meeting and must be sent to the Founder address at least 15 days prior to the meeting by registered letter, telegram, fax or email. In the case of an emergency meeting, except in the instance of approval of the Annual Report, the time period is reduced to 3 days and the convocation may be sent by telegram, fax or email.

2. All Founders have the right to participate in the work of the Board; the aforementioned may be represented by a legal representative or by a person who they have appointed.

3. The Board of Founders approves, by complete majority, regulations to govern its operation.

4. The Board of Auditors participates in the meetings of the Board of Founders and the members

of the Board of Directors may assist, without voting rights, with the exception of meetings where directors as well as members of the Steering Committee are appointed.

4.bis Also the other Voluntary Foundation Entities as described in the preamble participate without the right to vote at the Board of Founder, in addition to the Third Sector Forum.

5. Founders are divided into two separate categories:

a) Foundation Founders;

b) Voluntary Foundation Entities.

6. Each Founder category is provided with a number of electoral votes equal to 50% (fifty percent) of the total votes assigned to Founders (weighted vote).

7. The electoral votes provided to each category are shared in equal part amongst the Founders with rounding up, where the balance of voting rights is always guaranteed to the various Founder categories, at every meeting.

8. Secret voting is not permitted.

9. Vote by proxy within the same Founder category is permitted; each Founder may have five proxies.

10. The methodology governing such weighted voting is defined by the relative Regulations.

11. In the instance of appointment the Foundation organs, the Board of Founders proceeds with individual votes, for the share originating from Foundation Founders and for the share originating from the Voluntary Foundation Entities, to which those interested Founders participate separately.

12. For the Board of Founders meeting to be considered valid, the presence of the majority of the Founders from each category is necessary. The decisions, unless a statutory instruction specifies otherwise, are based upon the majority present.

- Section 10 - Board of Directors

1. The Board of Directors includes the Foundation Chairperson, who presides and eight members appointed by the Board of Founders, as per the details described in Section 9, paragraph 11, of which, four members are from the Foundation Founders and four members are from the Voluntary Foundation Entities.

2. The Chairperson of the Foundation is appointed by the directors of the Board of Founders convened by the Chairperson of the Board of Auditors within 15 days from their appointment. An appointed member of the Board of Auditors cannot be appointed Chairperson.
3. Those persons carrying out roles as directors as Founders described in Section 1 cannot be appointed Chairperson.
4. If, within thirty days from convening as described in Section 2, the members have not reached an agreement on the appointment of the Chairperson, the Board of Founders, upon the request of the Chairperson of the Board of Auditors, will take over.
5. Members of the Board of Directors remain in office for five years and can be re-elected for a further two consecutive terms of office. Their terms come to an end at the Board of Founders meeting to approve the annual report within the final year of their term of office.
6. Directors who are absent from three consecutive Board of Directors' meetings, without written justification, are dismissed from their duties.
7. If during the term of office, one or more appointed members of the Board of Founders are no longer present, the Board will temporarily replace them by way of a decision approved by the Board of Auditors, in compliance with the conditions in Section 1. Directors employed in this capacity remain in office until the first Board of Founders meeting, which will decide upon a definitive replacement, in compliance with the provisions in paragraph 1.
8. If during the term of office, the Chairperson is no longer present, the other members of the Board must oversee a replacement according to the provisions in paragraph 2 subject to reconstruction, where necessary, of the structure described in paragraph 1.
9. Directors employed in this capacity remain in office for the time the directors they replaced were due to remain in office.
10. If the majority of directors resign from their roles or where the majority of directors are absent, the entire Board of Directors automatically disintegrates and the directors immediately convene the Board of Founders to appoint a new Board. Up until the time the new Board is appointed, the directors proceed with ordinary administration.

- Section 11 - Director requirements

1. Those with suitable and proven requirements relative to professionalism, experience and ability in terms of management of businesses and entities working in the Foundation intervention sector may be appointed directors.

- Section 12 - Powers of the Board of Directors

1. The Board of Directors oversees the management of the Foundation and it possesses all the powers relative to ordinary and extraordinary administration of the Foundation, with the exception of those reserved to other legal bodies or specified in the present statute.

2. To carry out this role, the Board of Directors adopts all the necessary decisions overseeing management and the operation of the Foundation, specifically:

a) establishes the annual report with appendices as described in the subsequent Section 20, paragraph 2, relative to the financial year ended and hands it over, at least 20 days before the date concluded for approval, to the Board of Founders, to the Accounting Auditor;

b) establishes and approves, by the 30 November of each year, the budget for the subsequent year and hands it over to the Steering Committee so that the relative annual schedule documentation can be finalised by the 31 December of this same year;

b-bis) establishes the tools to enable the activities which form part of the annual schedule documentation, defining the operational methods;

c) appoints the Executive Director determining the nature and duration of the role and relative payment, hires and dismisses Foundation personnel;

d) decides upon the Statute modification proposals to be submitted to the Board of Founders for approval in compliance with legislation;

e) checks the persistence and lack of statutory requirements relative to Board of Directors members and adopts, upon approval of the Board of Auditors, the following provisions;

f) approves internal regulations;

g) decides upon investments, even the investment securities of the Foundation, which must guarantee either stable profitability in order to ensure the necessary financial flows for fund allocation activities, or the safeguarding and increase of Foundation assets, according to the instructions defined by the Steering Committee in consideration of ethical criteria;

h) decides upon the Foundation's fund allocation activities;

i) establishes the check criteria to verify that the approved intervention activities are in order, identifying the check methodology based upon effectiveness and efficiency relative to the proposed objectives, where possible;

j) determines the methodology and time frames for reporting the projects relative to the institutional activities of the Foundation.

3. The Board of Directors may delegate specific powers, dependent on delegation limitations, to the Executive Director, Foundation employees and third parties.

- Section 13 - Operation of the Board of Directors

1. The Board of Directors meets at least once a month, or when the Chairperson deems necessary or where a request is made in writing by at least more than half of the members of the Board of Auditors. To ensure validity of decisions, a request is made that the majority of the members are present.

2. The meeting may take place in various locations, adjoining or distant, via phone/video conference, the method of which must be defined in the minutes. In such a case, the identity of all participants must be confirmed, the possibility of each participant to intervene, to express their opinions orally, to view, receive and transmit all documentation must be checked, in addition to the context of the examination and decision. In the case of an audio-visual meeting, the meeting shall be deemed held in the location where both the Chairperson and Secretary are found.

3. The Board makes decisions based on the majority present. All things being equal, the vote of the Chairperson presides.

4. The Chairperson undersigns the minutes along with the Executive Director who assumes the role of Secretary, or in his absence or impediment, by the person assigned this role by the Chairperson.

5. The Board of Directors monitors its operation relying on regulations.

6. The Board of Directors is convened by the Chairperson and the meeting notification is communicated by registered letter, telegram, fax or email which must include in addition to the agenda, the date, time and location of the meeting, and must be sent at least 3 days prior to the meeting. In the case of an emergency meeting, the time period above is reduced to 2 days.

7. Where a meeting is not arranged as per the above described formal conditions, the Board of

Directors is considered to be constituted when all members are present as well as the members of the Board of Auditors.

- Section 14 - Chairperson of the Foundation

1. The Chairperson of the Foundation is the legal representative and signatory of the Foundation in terms of third parties and legal proceedings. The Chairperson instigates and monitors the activities of the Foundation; this person oversees the execution of the relative decisions and generally, the progress of the Foundation.

2. The Chairperson convenes and presides over, without voting rights, the Board of Founders and the Steering Committee, proposing the subjects to be tackled and convenes and presides over the Board of Directors, proposing the subjects to be tackled.

3. In the context of his expertise, he can delegate, from time to time and for individual acts, with the agreement of the Board of Directors, on a continual basis and even for categories of acts, the representation of the Foundation, the members of the Board of Directors or the Executive Director.

3.bis The Chairperson can have, in the exclusive interest of the Foundation and only in cases of absolute and unavoidable urgency, any determination of the Board of Directors, notifying it to the Board in the first subsequent meeting.

4. In the absence or impediment of the Chairperson, the first appointed Vice-Chairperson, or all things being equal, the eldest, where appointed, in their absence or impediment, the eldest adviser; within the Steering Committee, the member appointed by the Steering Committee itself.

- Section 15 - Steering Committee

1. The Foundation is equipped with a Steering Committee composed of between twelve and twenty persons selected based upon their abilities which should align with the objectives of the Foundation described in Section 3 to whom an attendance token is assigned, provided by the Board of Founders, with the exception of that described in paragraph 4 and the reimbursement of their expenses during the financial year, and is assigned as follows:

- from six to ten from ACRI, representing the Foundation Founders;

- from six to ten from Voluntary Foundation Entities.

2. The Steering Committee is convened by the appointed Chairperson of the Foundation once every three months, or where at least five members or the Board of Auditors puts forward a

written request. The meeting notification is communicated by registered letter, telegram, fax or email which must include in addition to the agenda, the date, time and location of the meeting, and must be sent at least 3 days prior to the meeting. In the case of an emergency meeting, except in the instance of approval of the annual schedule documentation, the time period above is reduced to 2 days.

3. The Steering Committee is presided, without voting rights, by the Chairperson of the Foundation.

4. The Steering Committee establishes, for techno-organisational purposes, its own Management Body which includes the Chairperson and four of its very own members, two from the Foundation Founders and two from the Voluntary Foundation Entities. The Management Body examines and instructs the subjects put forward to the Steering Committee. In addition to reimbursement of expenses incurred, the members of the Management Body are entitled to an annual allowance as fixed by the Board of Founders.

5. Members of the Committee remain in office for five years and can be re-elected for a further two consecutive terms of office. Their terms come to an end at the Board of Founders meeting to approve the annual report within the final year of their term of office.

6. Where, for any reason, a member of the Committee is absent, their role must be filled within 30 days from when it is communicated to the Chairperson of the Foundation, by the person who was originally overseeing the appointment of the replacement member. In the instance of failure to act, the Board of Founders will exclusively take over in compliance with the details in Section 1. The member appointed in this way remains in office for the remaining duration of office relative to the replaced member.

7. Where, for any reason, the majority of the Committee members are absent, the entire Steering Committee automatically disintegrates and the Chairperson organises the immediate appointment as described in Section 1. The person overseeing the appointment must complete the task within 30 days from the request. In the instance of failure to act, the Board of Founders will exclusively take over in compliance with the details in Section 1.

8. To ensure validity of the Steering Committee meeting, a request is made that the majority of its members is present. Decisions are based upon the majority present.

9. The Chairperson undersigns the minutes along with the Executive Director who assumes the role of Secretary, or in his absence or impediment, by the person assigned this role by the Chairperson.

- Section 16 - Tasks of the Steering Committee

1. The Steering Committee defines the general instructions and criteria and establishes schedule documentation, even those on an ongoing basis, overseeing the Foundation's activities in compliance with objectives and more specifically:

a) formulates the ongoing documentation relative to the Foundation's activities for a three-year time period;

a-bis) expresses opinions on the Board of Directors' proposals based upon the uptake and release of control shareholdings in companies operating in the same activity sectors as the Foundation;

b) draws up and approves, by the 31 December of each year, based upon the budget put forward by the Board of Directors, the annual scheduled documentation, relative to objectives and activity areas for the following financial year, within the context of definitive ongoing documentation;

c) annually updates, by the 31 October of the previous reference year, the ongoing activity documentation as described in the above point a), additionally, based on the objectives established;

c-bis) defines the criteria and general methodology governing the activities provided, in order to make better use of resources and improve the effectiveness of activities.

d) defines the instructions relative to management of the assets, identifying the general principles and the strategic objectives of investment policies.

2. In order to carry out the above described tasks, the Steering Committee makes use of the Foundation structure and the resources used for this very purpose within the annual budget.

3. The Steering Committee monitors its operation relying on regulations.

- Section 16 bis - Causes of ineligibility and loss of office

1. Members of the Steering Committee cannot be appointed Chairperson, Board of Directors' advisers, and where appointed, they forfeit their role and assume the following tasks or who have covered them the year before the appointment:

- national and transnational parliamentarian;
- president, assessor, regional adviser;
- president, provincial assessor, and provincial adviser for those regions which fall subject to the Foundation activities;
- auditor, assessor, adviser in municipalities with more than 15,000 inhabitants in those regions which fall subject to the Foundation activities;

- executive or management role on a national and regional level and on a provincial level for those regions which fall subject to the Foundation activities.

From the role of Adviser, Chairperson or member of the Steering Committee is also decays at time of candidacy to one of the positions listed above.

- Section 17 - Executive Director

1. The Board of Directors appoints an Executive Director, selected amongst those who possess proven experience of at least three years carrying out leadership and/or management functions within organisations operating in the same activity sectors as the Foundation.

2. The Executive Director

a) oversees management of the Foundation;

b) works with the Board of Directors and the Steering Committee to prepare and develop the Foundation activity programmes and implements the decisions of the Board of Directors;

c) is responsible for correct and timely execution of decisions of the Board of Directors;

d) carries out Secretary roles for corporate entities, with the collaboration of Foundation employees;

e) carries out additional roles expressly requested by the Board itself.

- Section 18 - Board of Auditors

1. The Board of Auditors monitors compliance with legislation and the statute, the principles of correct management and specifically, the suitability of the organisational management and accounting entity adopted by the Foundation and its correct functioning. The details of Article 2407 of the Civil Code relative to responsibility are applied to auditors.

2. Transcribed minutes of Board meetings must be produced with the examinations, proposals and findings of the Board and individual Auditors, and placed in the relevant file. The file is kept at the Foundation headquarters and is filed by this same Board.

3. The members of the Board of Auditors must assist with the meetings of the Board of Founders, the Steering Committee and the Board of Directors.

4. The Board of Auditors is composed of three actual members and two substitute auditors, appointed by the Board of Founders.

5. For the entire duration of their term in office, the auditors must possess the requirements as described in Article 2399, paragraph 1 of the Civil Code. Loss of these requirements will result in

the immediate forfeiture of the auditor and their replacement with the longest serving substitute auditor.

6. The auditors remain in office for five years and may be reelected for two more consecutive terms. Their roles come to an end at the occasion of the Board of Founders meeting to approve the annual report within the final year of their term of office. Termination of the auditor role owing to expiry of the term of office takes effect from the moment the Board is reconstituted.

7. The Board of Auditors meets at least once every three months upon the initiative of any of the auditors. It is considered validly constituted with the presence of the majority of auditors and makes decision according to the absolute majority vote of auditors.

8. The Board of Auditors prepares an annual report on the monitoring activities carried out which is presented to the Board of Founders at the meeting for the approval of the Annual Report.

- Section 19 - Accounting Auditor

1. The Foundation accounting monitoring is carried out by an accounting auditor or independent auditors listed on the Ministry of Justice Institute register, and is appointed by the Board of Founders and for the first time, at the articles of association meeting.

2. Those in charge of monitoring are responsible for any damages resulting from non-fulfilment of their tasks. Article 2409-sexies of the Civil Code is applied to the aforementioned.

3. The auditor of the independent company overseeing accounting monitoring, communicates with the Board of Auditors and:

- checks, throughout the company financial year, at least quarterly, for correct Foundation accounting and the correct identification of management related accounting entries;
- checks that the balance sheets correspond with the accounting entries' amount and the examinations carried out;
- puts forward, by way of a relevant report, a judgement on the financial statement.

4. The accounting monitoring activity is noted in a relevant file kept at the Foundation headquarters,

5. The term of office cannot exceed three company financial years.

6. The accounting auditor or the independent auditing company must possess, for the entire duration of their term, the requirements as specified in Article 2409-quinquies of the Civil Code.

7. Should this not be the case, they are deemed ineligible and forfeit their rights. In the instance of forfeiture of the auditor, the Chairperson of the Foundation instantly convenes the Board of Founders to appoint a new auditor.

8. The term of office of auditors terminates with the approval of the annual report relative to their last company financial year and they can be re-elected.

- Section 20 - Financial Year

1. The financial year begins on the 1st January and ends on the 31st December each year.

2. Before the 30th April or the 30th June, dependent on specific requirements, the Board of Founders must approve the financial statement which includes statement of assets and liabilities, profit and loss statement and notes to financial statements in addition to a management report, which must be drawn up in compliance with correct economic accounting principles, in consideration of the non-profit objective of the entity, and where applicable, the requirements of the Civil Code. The financial statement, supported by the Accounting Auditor's report must be passed onto the Board of Founders at least 10 days before the date established for its approval.

- Section 21 - Termination of the Foundation

1. In the instance, for any reason, of liquidation of the Foundation according to Article 30 of the Civil Code, the Board of Founders will appoint one or more liquidators.

2. At the end of the liquidation phase, the remaining activities are distributed according to Article 31, paragraph 1 of the Civil Code to Founders as described under Section 1. The distribution is based upon the proportion and within the limits of that effectively put into the Endowment Fund revalued with the legal interest rate at the time of payment.

3. At the end of the distribution phase, under paragraph 2, amongst the Founders, where there are further remaining activities, they are distributed based upon the decisions of the Board of Founders, to programmes or projects which are consistent with the objectives, described under Section 3, voluntary organisation proposals.

- Section 22 - Arbitration Clause

1. In the instance of a dispute with regards the interpretation or application of the statutory and/or regulatory conditions, it must be resolved by an arbitration commission at the Milan Court of National and International Arbitration. The Arbitration Commission will be formed of 3 (three) arbitrators, all appointed by the Milan Court of Arbitration.

2. The arbitration will be binding and the Arbitration Commission will make a decision according to law.

- Section 23 - Temporary and definitive standards

1. Current legislation applies to all elements not explicitly covered in this present statute.

2. For calculating the number of mandates, all of them are counted (also already carried out), regardless their durability.