

# **CONSORZIO TUTELA ACETO BALSAMICO DI MODENA**

(CONSORTIUM FOR THE PROTECTION OF BALSAMIC VINEGAR OF MODENA)

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## **ARTICLES OF ASSOCIATION**

### **Article 1**

#### **ESTABLISHMENT AND NAME**

The "CONSORZIO TUTELA ACETO BALSAMICO DI MODENA", also referred to, for short, as "CONSORZIO ACETO BALSAMICO DI MODENA" or with the acronym "CTABM" or "CABM", is a voluntary Consortium established pursuant to Articles from 2602 to 2615-*bis* of the Italian Civil Code and to Article 14 of Italian Law No. 526 of 21 December 1999.

### **Article 2**

#### **HEADQUARTERS**

The Consortium Registered Office is in Modena, Italy. Its Registered Office may be transferred within the same municipality with resolution passed by the Board of Directors. Moreover, to pursue its institutional purposes, the Consortium may set up branches, establishments, operational bases, offices and representation units in Italy and abroad.

### **Article 3**

#### **DURATION**

The Consortium duration is set until 31 December 2050 and may be extended before its expiry by the Extraordinary General Meeting.

### **Article 4**

#### **PURPOSE**

The Consortium is not for profit and shall not distribute any profits, which shall be reinvested pursuant to Article 17 below.

In compliance with the national and EU legislation and with any relevant international agreements and treaties, the Consortium's purpose shall be:

- a) The protection of the Protected Geographical Indication (PGI) "Aceto Balsamico di Modena"/ Balsamic Vinegar of Modena PGI, pursuant to Article 13 of Regulation (EU) No 1151/2012, to the applicable national legislation and to the relevant international agreements and treaties;

- b) Supervision, especially on the marketing of Balsamic Vinegar of Modena PGI, in cooperation with the Central Inspectorate of Quality Protection and Fraud Repression (ICQRF), part of the Italian Ministry of Agriculture and Forestry pursuant to Italian Ministerial Decree of 12 October 2000;
- c) The enhancement of the production of Balsamic Vinegar of Modena PGI;
- d) The promotion, circulation and awareness of the Protected Geographical Indication “Aceto Balsamico di Modena” (“Balsamic Vinegar of Modena”), in order to generally pursue and protect the interests relating to such Indication;
- e) The promotion of consumption of Balsamic Vinegar of Modena PGI in Italy and abroad, as well as the organization of and support to any and all initiatives, also commercial ones, aimed at enhancing the product and its image and reputation, including membership in and setting up of companies or consortium entities;
- f) The performance of all the functions delegated to the Consortium by the Italian Ministry of Agricultural, Food and Forestry Policies with its decree of recognition under Italian Law no. 526 of 21 December 1999.

## **Article 5**

### **FUNCTIONS**

Within the activities for pursuing its purpose, the Consortium shall exercise all functions as required and appropriate to protect the general interests of the PGI “Aceto Balsamico di Modena”, specifically:

- a) It shall set the policy for the production of Balsamic Vinegar of Modena PGI, promoting any amendments or changes to the Production Specifications to be submitted for approval to the competent Bodies;
- b) It is the owner of the consortium collective marks and grants their use to the Consortium Members, in compliance with the relevant Regulations of Use and with the provisions of these Articles of Association;
- c) It shall promote and implement any and all actions before any competent authority in any jurisdiction, both national and international, for the protection and defence of the PGI “Aceto Balsamico di Modena” and of its reputation, appearing before any Court or Authority as the representative of the diffuse interests of the Consortium Members;
- d) It shall be engaged in the protection and safeguarding on and supervision on the PGI “Aceto Balsamico di Modena” pursuant to Article 14 of Italian Law No. 526 of 21 December 1999, as amended and supplemented;
- e) It shall perform supervisory functions in order to prevent that other products use the designations, marks and/or other distinctive marks breaching the PGI “Aceto Balsamico di

Modena”, also in the interest of consumers and to prevent any damage from being caused to the PGI “Aceto Balsamico di Modena”;

- f) It shall verify consistency between the quantity of product certified and that put on the market;
- g) It shall perform the functions provided for by Article 45 of Regulation (EU) no. 1151/12 as amended;
- h) It shall perform all tasks and activities that may be assigned by the Italian Regional Authorities, by the Italian State and by the European Union;
- i) It shall promote resolutions on agreements in the agri-food system.

## **Article 6**

### **OPERATIONAL PURPOSES**

While performing its functions, the Consortium shall also:

- a) Propose and implement, in accordance with its specific responsibilities, any and all initiatives aimed at technical improvement and fine-tuning, in quality and business terms, of the Balsamic Vinegar of Modena PGI, in order to preserve its typical and specific features;
- b) Provide the Consortium Members with assistance and all appropriate indications for full compliance with the Production Specifications;
- c) Promote and implement any and all initiatives aimed at improving every production phase, cooperating for this purpose, also, where appropriate, by providing technical services;
- d) Foster, organize and participate in initiatives aimed at promoting the PGI “Aceto Balsamico di Modena” and at enhancing its reputation, renown, spread and consumption in Italy and abroad;
- e) Set up specific bodies or companies, and acquire holdings in entities, companies or bodies that may contribute to the achievement of the Consortium’s purposes;
- f) Perform all tasks and activities assigned by the European Union, by the Italian State and by the Regional Authorities;
- g) Cooperate with the competent control Authorities and/or authorized private bodies having the task of ensuring that the product “Aceto Balsamico di Modena” having the status of Protected Geographical Indication, the certification of which was completed, complies with the requirements set down in the Production Specifications;
- h) Start and perform, within its supervision on trading and marketing of Balsamic Vinegar of Modena PGI, all actions - including Court ones - aimed at strict defence of the designation, distinctive marks and other marks, as well as at repression of any misuse and irregularities, irrespective of the relevant perpetrator, at prevention or repression of any offences or prejudices to the interests of PGI, of the Consortium or of the Consortium Members, with the specific power to claim compensation of any damage suffered.

## **Article 7**

### **PERIPHERAL STRUCTURES**

The Board of Directors of the Consortium may establish and change or close any peripheral structures, branches, agencies and representation units, both in Italy and abroad.

## **Article 8**

### **CONSORTIUM MARKS**

The Consortium shall have the right to maintain ownership of and to register new collective marks that may be used by the Consortium Members in compliance with the procedures and with the provisions set down by the Consortium in a Regulation of Use, where any is adopted, and in compliance with the applicable law and with these Articles of Association.

## **Article 9**

### **OWNERSHIP AND POSSESSION OF MARKS**

The Consortium shall be the only and exclusive owner and possessor of the marks referred to in Article 8 above.

## **Article 10**

### **PROHIBITED USES**

The Consortium Members making up the production chain shall be prohibited from using the marks referred to in Article 8 above in any way other than based on the relevant specific authorization issued by the Consortium.

The Consortium Members making up the production chain shall be prohibited from using, filing or registering, also indirectly and in any way whatsoever, in Italy and abroad, designations, marks and/or other distinctive marks, including domain names, that may in any way imitate, evoke, recall or are fit to be confused for the marks, distinctive marks and names owned by the Consortium, or from using names that may be confused for or that may otherwise usurp, imitate, evoke or recall or that are fit to mislead or however may be mistaken for the marks, distinctive marks and names of which the Consortium is the owner, or from using names usurping, imitating or evoking the PGI “Aceto Balsamico di Modena” or exploiting its reputation, including translations, dialect equivalents, abbreviations, etc. of this name and indication.

## **Article 11**

### **CONSORTIUM MEMBERS**

All players operating in the production chain of the PGI “Aceto Balsamico di Modena”, based in Italy, subject to the Italian Law and included in the control system of the Balsamic Vinegar of Modena PGI shall be entitled to be admitted as members of the Consortium, and specifically:

- a) Winegrowers;
- b) Processors;
- c) Bottlers.

Pursuant to the previous paragraph, “based” shall mean the head-office, registered office or management headquarters of the Company.

Associations of enterprises may be Members of the Consortium; in this case, the individual enterprises grouped in the Association shall issue a specific written proxy appointing the Association as their representative. The above specific proxy shall not be required only in case of first-degree Cooperatives.

## **Article 12**

### **APPLICATION FOR ADMISSION**

The application for admission to the Consortium shall be submitted in writing, also by certified e-mail, to the Board of Directors at the address of the Consortium Headquarters.

The application for admission shall set forth:

- a) The sole trader or the name and legal form of the enterprise, its headquarters, the name of its owner or legal representative signing the application. If the application is submitted by a Company or by a legal person, it shall contain the name of the person appointed as the liaison officer for the relations with the Consortium and in office at the relevant time; furthermore, the Consortium may request that any necessary documents on the company’s structure be filed.
- b) A statement that the applicant has examined and is fully aware of the Articles of Association, Production Specifications and Regulation of the Consortium and that the applicant undertakes the obligation to comply with them, as well as to comply with all obligations set down in the same, and to comply with all resolutions passed by the Consortium Bodies;
- c) The category or categories the applicant belongs to, pursuant to Article 11 above.

The Board of Directors shall resolve on the application for admission within 60 of its receipt and shall inform the applicant of whether the application has been accepted within the following 15 days, along with the methods to pay the membership fee.

Legal persons shall be represented within the Consortium by their legal representatives in office at the relevant time or by a person specifically appointed to be in charge of relations with the Consortium. Membership shall become effective with the entry in the "Book of Members", after the new Member has paid the membership fee.

Any person or entity that is subject to bankruptcy or insolvency proceedings, except for procedures aimed at having the person or entity continuing as a going concern, and enterprises that have, also indirectly, interests conflicting with the Consortium's ones shall not be admitted as Members or, where already Members shall lose this status.

Persons that are underage, disqualified or incapacitated may become Members of the Consortium subject to the authorizations provided for by Law and through a duly empowered representative.

### **Article 13**

#### **OBLIGATIONS OF CONSORTIUM MEMBERS**

The Consortium Members shall have the following obligations:

- a) To comply with the Italian and EU legislation concerning Protected Designation of Origin (PDO) and Protected Geographical Indication (PGI) products, including legislation setting down penalties;
- b) To comply with the Articles of Association, the Production Specifications and the Regulations issued by the Consortium, as well as with the other provisions issued by the authorized Control Body;
- c) To comply with the resolutions passed by the Consortium Bodies;
- d) To pay the fees and contributions due pursuant to these Articles of Association;
- e) To provide the Consortium Bodies with all cooperation as required or useful to achieve the purpose, objectives and goals of the Consortium;
- f) To refrain from any conducts that may be incompatible with the existence, discipline and activities of the Consortium, as well as from any practices that may be conflicting with the Consortium's purposes as per Article 4 above;
- g) Not to produce and not to market food products intended for the same purpose as the Balsamic Vinegar of Modena PGI using separately the single terms of the its designation, such as "balsamico", "balsamic", "aceto balsamico", "balsamic vinegar", "condimento balsamico", "balsamic dressing" , "Modena", "condimento di Modena", "dressing from Modena" and the like;
- h) To allow any and all inspections and controls by the authorized Control Body and by any parties tasked by such Body, in order to verify compliance with the Production Specifications.
- i) To allow any and all audits by the supervisory agents of the Consortium and by any parties appointed by the Consortium for the purpose of verifying compliance with these Articles of

Association at the Members' registered offices and administrative headquarters, at their production and packaging facilities, as well as at the headquarters and facilities of any associate and/or subsidiary companies, companies that exercise management and coordination over the member or parent and controlling companies, companies belonging to the same group, also based outside Italy.

#### **Article 14**

#### **RIGHTS OF CONSORTIUM MEMBERS**

The Consortium Members shall have the following rights:

- a) To participate in the Consortium activities, using the programs prepared and organized by the Consortium;
- b) To attend and vote at the ordinary General Meeting and at the extraordinary General Meeting of Consortium Members, pursuant to these Articles of Association;
- c) To use, with the Consortium's prior authorization and in compliance with the applicable Law, with these Articles of Association, with the Production Specifications and with the Consortium Regulation, where adopted, any marks and distinctive marks of the PGI "Aceto Balsamico di Modena", pursuant to Article 8 of these Articles of Association;
- d) To be provided with assistance by the Consortium in all matters as provided for in these Articles of Association.

#### **Article 15**

#### **WITHDRAWAL, LOSS OF MEMBERSHIP, EXPULSION**

The Members may withdraw from the Consortium at any time, with the relevant notice to be sent by registered letter with proof of receipt addressed to the Board of Directors at the Consortium Registered Office or by certified e-mail.

If the Consortium receives the notice of withdrawal by 31 October, the withdrawal shall be effective as of 31 December of the same year; otherwise, it shall be effective as of 31 December of the following year.

Therefore, the withdrawing Member shall comply with all the obligations provided for in Article 13 above until the effective dates given above.

The Board of Directors shall declare the termination of the membership of any member that no longer meets the eligibility requirements for admission.

In case the ownership of the enterprise is transferred on any grounds whatsoever, the membership of the enterprise shall continue with the new owner, granted that the membership requirements

continue to be met, that the Board of Directors approves admission of the new owner and that the new owner agrees to be a Member.

A Member may be expelled from the Consortium, based on a resolution passed by the Board of Directors, if such Member:

- a) Commits serious breaches or defaults of the Articles of Association or Regulations and, specifically, when the conduct of such Member, also through equity investments or through any Shareholders/Partners or Directors of the Member who hold equity investments in other enterprises, is prejudicial to the Consortium's activities or reputation, or causes damage to its work, to the product image or to the general interests of producers;
- b) Can no longer contribute to the achievement of the Consortium's purpose or has adopted behaviours that are contrary to the Consortium's purpose;
- c) Defaults, for over six months, on payment of the fees, contributions and amounts due, on any ground, to the Consortium;
- d) Is declared bankrupt or subject to other insolvency procedures, unless said procedures aim at having the member continue as a going concern.

Appeal against any resolutions for loss of membership and expulsion may be submitted to the Board of Directors, filing defence briefs that shall be sent to the Board in writing and by registered letter with proof of receipt or by certified e-mail within 30 (thirty) days of the date of the notice of loss of membership and/or expulsion.

Irrespective of whether the above appeal is submitted and of the outcome of such appeal, any resolutions for loss of membership and expulsion may be challenged by the Member concerned also in Court within ninety days of receipt of the notice of loss of membership or expulsion. To the extent they are compatible, Articles 2377 and 2378 of the Italian Civil Code shall apply.

Members that have withdrawn, lost membership or have been expelled shall not be entitled to any repayment of the membership fee, which shall be allocated to the Consortium capital along with the fees paid by all other Members.

Any Member that has been expelled shall pay compensation of any ascertained damage.

## **Article 16**

### **THE CONSORTIUM CAPITAL**

The Consortium capital shall be used to pursue the Consortium's purpose and, at the end of every financial year, shall be calculated as the algebraic sum of:

- The Capital as initially contributed to set up the Consortium;
- The fees paid by the Members admitted to the Consortium;
- Any other capital contributions resolved by the Consortium Members' General Meeting;



- The profits or losses as per the annual financial statements (excess or deficit from operations)
- Any non-recurring income or expense items that cannot be recognized as recurring, such as voluntary contributions paid by Members or by third parties (public and private entities) and any legacies or donations.

Any profits from operations shall be used for new investments or for initiatives falling within the Consortium's purpose.

## **Article 17**

### **OPERATING RESOURCES**

Funding of operations is obtained with:

- a) The annual all-inclusive contribution due for the management of the activities for protection, supervision, promotion, enhancement, provision of information to consumers and general care of the PGI "Aceto Balsamico di Modena";
- b) The fixed annual membership fee, which may be different according to the various categories as per Article 11;
- c) Any extraordinary contributions resolved on by the Board of Directors to cover the expenses for specific activities or non-recurring liabilities, in any case relevant to the Consortium purpose and the functions and purposes laid down in the Articles of Association;
- d) Any income from services provided;
- e) Contributions to operating expenses given by public or private Entities.

The amount of the contributions as per points a), b) and c) shall be set by the Board of Directors and endorsed by the Consortium Members' General Meeting.

The amount of the contributions as per point a) shall be set proportionally to the quantity of product certified by the Control Body for every category.

For the categories listed in Article 11, points a) and c) of these Articles of Association, i.e. Winegrowers and Bottlers, the amount of the contributions shall not be higher than their respective percentages of representation as provided for in Article 20 below and amount charged to every Member shall be proportional to the quantity of product certified by the Control Body.

The amounts of contributions, as per the above-mentioned point a), relating to the Processors category pursuant to Article 11, point b) of these Articles of Association, shall be calculated, pursuant to Decree No. 410 issued by the Italian Ministry for Agricultural, Food and Forestry Policies on 12 September 2000, taking account of all the players falling in such category, also non-Members. The amount to be charged to every player in this category shall be proportional to the quantity of product certified by the Control Body.

The amounts reserved to the other two categories and not covered shall be charged to this category.

The Consortium shall be entitled to suspend the provision of any separable service to anyone who has not paid any pastdue contributions to the Consortium.

### **Article 18**

#### **FINANCIAL YEAR AND FINANCIAL REPORTING**

The financial year shall start on 1 January and end on 31 December of every year.

After the closure of every financial year, the Board of Directors:

- a) Shall prepare the draft report and financial statements of the Consortium (consisting of the Balance Sheet, Income Statement and of the Note to the financial statements), which shall be submitted, within the terms set down by Law, to the Consortium Members' General Meeting for its approval;
- b) Shall also submit to the Consortium Members' General Meeting for its approval, within the same terms, the budget for the current year.

### **Article 19**

#### **CONSORTIUM BODIES**

The Consortium Bodies are:

- a) The Consortium Members' General Meeting;
- b) The Board of Directors;
- c) The Board of Auditors.

### **Article 20**

#### **REPRESENTATION IN THE CONSORTIUM BODIES**

Every category in the production chain of "vinegars other than wine vinegar" as identified in Article 2 of Italian Ministerial Decree of 10 May 2001 "*Supplementing Italian Decrees of 12 April 2000 implementing general provisions on representation requirements and the identification of criteria for representation in the governing bodies of consortia for the protection of protected designation of origin (PDO) products and protected geographical indication (PGI) products, respectively*" has the right to be represented in the Consortium Bodies. The above-mentioned Ministerial Decree sets down as follows:

1. The Processors category shall be entitled to a maximum representation percentage equal to 66%;
2. The Winegrowers category shall be entitled to a maximum representation percentage equal to 23%;

3. The Bottlers category shall be entitled to a maximum representation percentage equal to 11%;

It is pointed out that the maximum percentages relating to the categories as per points 2. and 3. of the previous paragraph shall, pursuant to the above Ministerial Decree, apply where, for every category as per the above points, all the players in the category are Consortium Members; otherwise, the maximum percentages set forth above, for every category that does not meet this requirement, shall be proportionally reduced and the percentage relating to the category as per point 1 shall be increased consistently.

The data that are needed for the calculation of the above quantities shall be determined on a yearly basis by the Board of Directors, in accordance with the data supplied by the Control Body referring to the previous year.

## **Article 21**

### **GENERAL MEETING**

All Members entered in the "Book of Members" shall be entitled to participate in the ordinary and extraordinary General Meetings.

All Members entered in the "Book of Members" and who have regularly paid their membership fees and contributions due to the Consortium shall be entitled to vote. Any Members who have not regularly paid their membership fees and contributions due to the Consortium shall be entitled to attend the Consortium Members' General Meetings but shall not be entitled to vote, as specified in the previous point.

A Member may be represented in the General Meeting by another Member based on a written proxy signed by the former or by its Legal Representative or by the person in charge of the relationship with the Consortium, where the Member is a legal person, and such proxy shall be handed over to the Chair before the Meeting starts.

Every Member may be given only 1 (one) proxy.

No proxy may be given to a Consortium Member that is not entitled to vote for not having complied with the obligation to pay the contributions due to the Consortium.

General Meetings may be ordinary and extraordinary.

The ordinary General Meeting of the Consortium Members shall be called by the Board of Directors at least once a year, for the approval of the financial statements and of the budget in accordance with Article 18. The General Meeting of the Consortium Members shall be called when so requested by the Board of Auditors or by at least one half of the Directors or by as many Members as representing at least one fourth of the Consortium Members or one fourth of the voting rights.

Votes shall be assessed in accordance with a system set down in the Election Regulation prepared by the Board of Directors and submitted to the competent Ministry for its verification and to the extraordinary General Meeting for approval.

Eight days before the date on which the General Meeting of the Consortium Members is scheduled, the Board of Directors shall publish the list of the votes assigned to every Member, at the Consortium Headquarters.

## **Article 22**

### **PROCEDURE TO CALL THE GENERAL MEETING**

The General Meeting of the Consortium Members, both ordinary and extraordinary, shall be called by the Chairman, upon resolution passed by the Board of Directors, with notice setting forth the items on the Agenda, as well as the day, time and place in which the General Meeting is called, in first call and in second call, where applicable; the second call shall be scheduled at least twenty-four hours after the first call; the notice shall be delivered or sent to all Consortium Members at their domicile, on any media, using any communication system, including by registered letter and certified e-mail, which ensures proof of receipt, granted that the certified e-mail address is entered in a specific list attached to the "Book of Members"; the notice convening the General Meeting shall be sent at least fifteen days before the day on which the General Meeting is called and shall also be posted at the Consortium Headquarters for a period of fifteen days.

At its own discretion and in addition to the mandatory calling procedures as set down in the previous paragraph, the Board of Directors may use any form of publicity in order to ensure that the notices calling the General Meetings arrive to all Consortium Members.

Where the calling procedures as set forth above are not complied with, the General Meeting shall be deemed validly constituted when all Members entitled to vote are present in person or by proxy and the majority of the officers sitting on the management or control boards is also present; in this case, any resolutions passed by the General Meeting shall be promptly communicated to the officers sitting on the management and control boards who were absent.

The ordinary General Meeting may be convened in a place other than the Consortium Headquarters, granted that its venue is within the processing area as set down by the Production Specifications in force.

General Meetings may be held also via teleconference or videoconference, upon condition that the Chairman, also through his Chair staff, can ascertain the identity and entitlement of participants, direct the works of the General Meeting, ascertain and announce voting results and upon condition that the minute-taker can adequately follow the Meeting events being recorded, that those present can take part in the discussion, transmit and receive deeds and documents and vote simultaneously on the items on the Agenda.

If the above requirements are met, the General Meeting shall be deemed held in place where the Chairman is.

### **Article 23**

#### **RESPONSIBILITIES AND POWERS OF THE ORDINARY GENERAL MEETING OF THE CONSORTIUM MEMBERS**

The ordinary General Meeting of the Consortium Members shall be responsible and empowered for resolving on the following matters:

- a) Approval of the Consortium budget;
- b) Approval of the Consortium financial statements;
- c) Appointment of the members of the Board of Directors, as well as the endorsement of any co-opted Directors, in compliance with the representation rights of the various categories of Consortium Members;
- d) Appointment of the members of the Board of Auditors and of its Chairman;
- e) Endorsement of the amount of the various contributions due by the Consortium Members, as set down by the Board of Directors pursuant to Article 17;
- f) The issue of procedures and directives concerning the Consortium operations and activities in order for the Consortium' purposes to be effectively pursued;
- g) Any matters regarding the Consortium management which is not to be resolved on by another Body pursuant to the Law and to these Articles of Association.

### **Article 24**

#### **RESPONSIBILITIES AND POWERS OF THE EXTRAORDINARY GENERAL MEETING OF THE CONSORTIUM MEMBERS**

The extraordinary General Meeting of the Consortium Members shall be responsible and empowered for resolving on the following matters:

- a) The approval of and amendments to the Consortium's Articles of Association to be submitted to the competent Ministry for its observations, as required by Law;
- b) The approval of and amendments to the Production Specifications and Regulations to be submitted to the competent Ministry for approval;
- c) Extension of the Consortium duration or its winding-up;
- d) Appointment and powers of liquidators;
- e) Other matters as provided for by Law.

## **Article 25**

### **GENERAL MEETING VALIDLY HELD AND VALIDITY OF ITS RESOLUTIONS**

The ordinary General Meetings of the Consortium Members shall be validly held in first call when the Members representing the majority of the votes in the General Meeting are present, in person or by proxy, and, in second call, it shall be validly held irrespective of the number of votes represented by the Members present in person or by proxy.

In both first and second call, the resolutions of the ordinary General Meetings of the Consortium Members shall be passed with the absolute majority of the votes of the Members present in person or by proxy.

The extraordinary General Meetings of the Consortium Members shall be validly held in both first and second call, when as many Members as representing at least two thirds of the votes are present, in person or by proxy.

The resolutions of the extraordinary General Meetings of the Consortium Members shall be passed, in both first and second call, with the favourable vote of at least 2/3 of the total votes of the Members present in person or by proxy.

Any resolutions on the appointment of Directors and Auditors shall be passed in compliance with the provisions set down in the Election Regulation, which shall also provide for the number of preferences that every Member may express with the vote.

## **Article 26**

### **MINUTE-TAKING AT GENERAL MEETINGS**

The resolutions passed by ordinary General Meeting shall be recorded in the minutes signed by the Chairperson and by the Secretary.

The minutes of extraordinary General Meetings shall be taken by a Notary.

## **Article 27**

### **VOTING PROCEDURES**

Both at the ordinary and extraordinary General Meetings of the Consortium Members, voting shall be by open ballot, with a card that each Member receives from the Chair at the beginning of the Meeting, setting forth the number of votes to which the Member is entitled, and that is to be handed in to the scrutineers appointed by the General Meeting itself.

Voting may also be by electronic ballot, where the General Meeting has specifically arranged for such voting mode.

Both at the ordinary and extraordinary General Meetings of the Consortium Members, voting shall be by secret ballot exclusively when it regards measures against single Members of the Consortium.

The vote value is based on the ratio of the quantity, determined where applicable by class, of certified product, which is proved by a Member as pertaining to the same Member, to the total quantity that is compliant or certified for every category by the Control Body. Where the Member is engaged in several production activities, the total value of his/her/its vote shall be determined as the sum of the single vote values for every category concerned.

If, applying the aforementioned principle, a member is not entitled to at least one vote, said member shall be given the right to one vote.

Where a Member is an association, including a cooperative, in accordance with Article 11, voting rights shall be calculated based on the total production of the Member association and not on the productions of the single individuals in the association, in case these individuals have expressly delegated the association. No delegation is required for first-degree cooperatives.

## **Article 28**

### **CHAIR OF THE GENERAL MEETING**

The General Meeting of the Consortium Members shall be chaired by the Chairman of the Board of Directors and where he or she is not available, by the Deputy Vice-Chairman or by the other Vice-Chairman if the Deputy Vice-Chairman is also not available.

Upon the proposal of the Chairman of the Board of Directors, the General Meeting shall appoint a Secretary, who may be also a non-Member.

## **Article 29**

### **COMPOSITION OF THE BOARD OF DIRECTORS**

The Board of Directors shall consist of nine members, in compliance with the principles for representation of the various categories of players within the production chain, and the Directors shall be elected by the General Meeting of the Consortium Members.

The candidate Directors to be elected shall be nominated ensuring compliance with the gender mainstreaming requirement in accordance with the principles laid down by Italian Law no. 154 of 28 July 2016 and by Italian presidential Decree no. 251 of 30 November 2012. To this end, the candidates shall be nominated in a number that is fit to ensure compliance with said requirement.

The meetings of the Consortium's Board of Directors may be held also via teleconference or videoconference, upon condition that the Chairman, also through his Chair staff, can ascertain the identity and entitlement of participants, direct the works of the General Meeting, ascertain and announce voting results and upon condition that the minute-taker can adequately follow the meeting events being recorded, that those present can take part in the discussion, transmit and receive deeds and documents and vote simultaneously on the items on the Agenda.

If the above requirements are met, the Board meeting shall be deemed held in place where the Chairman is.

### **Article 30**

#### **ELIGIBILITY TO BE ELECTED**

In terms of eligibility to be elected, the Consortium Members shall be represented exclusively as follows:

- a) In case of sole traders, by the owner;
- b) In case of partnerships, by a partner that is also a director;
- c) In case of companies, by a member of the Management Board;
- d) Or by a third party appointed by the persons set out in points a) and b) above and, in the case provided for in point c) above, by the Company's Management Body.

Every Consortium Member may not nominate more than one candidate.

The capacity of natural persons authorized to present a Consortium Member shall be substantiated with appropriate documents by the Members concerned.

Persons that are disqualified, incapacitated, the bankrupt or persons that have been sentenced with final judgement to a penalty entailing disqualification from holding public office, also temporary, or incapacity to hold executive offices (Article 2382 of the Italian Civil Code) shall not be eligible for the office as director and, if appointed, shall lose office.

Furthermore, the Consortium's Directors shall take office subject to the condition that they meet the fit and proper requirements, as well as the independence requirements, under Article. 2387 of the Italian Civil Code as amended, also in terms of the requirements provided for by any codes of conduct adopted by the Consortium (Code of Ethics under Italian Legislative Decree 231/2001) or by industry trade associations.

From this perspective, each director must not have been sentenced guilty, also in case of settlement, of any crimes against the person or crimes against public faith, crimes against the public economy, manufacture and trade. If the verdict for any of the aforementioned offices is pending, this situation may cause the director to be suspended from office by the Board of Directors with a majority of two-thirds. Suspension does not automatically entail the replacement of the director and subsequent co-option of a new director.

The occurrence of one of the aforementioned situations after being appointed to office as director shall cause the Director affected by it to lose office.



## **Article 31**

### **TERM OF OFFICE**

The term of office of Directors shall be three financial years, without prejudice to the transitional and final provisions set down in Article 45 and may be re-elected.

If, during the financial year, one or more Directors leave office, they shall be replaced by the other Directors. The Directors appointed for replacement shall remain in office until the next General Meeting of the Consortium Members. The General Meeting shall resolve whether to endorse the appointments made by the Board of Directors. In case the appointment is not endorsed, the co-opted Directors shall lose office and the Board shall immediately co-opt new Directors. Also in this case, and until endorsed by the General Meeting, the new appointments shall be submitted to the General Meeting.

For any resolutions regarding the co-option of Directors, in case on an equal number of votes, the favourable vote of the Chairman shall prevail.

If the majority of Directors appointed by the General Meeting leaves office, the entire Board shall be terminated.

The General Meeting to appoint the entire Board of Directors shall be called on an urgent basis by the Directors still in office; if all Directors leave office, the General Meeting to appoint the entire Board of Directors shall be called on an urgent basis by the Board of Auditors; in the meantime, the Board of Auditors may see to the ordinary course of operations.

Any Director that no longer meets the requirements set down in Article 30 or that was nominated by a Member that has lost this capacity shall lose office.

Any Director that, with no justifiable reason, does not attend more than three consecutive meetings of the Board or 50% of the Board meetings held in a year shall also lose office.

The above loss of office shall be resolved by the Board of Directors and shall be endorsed by the Board of Auditors.

From the time it loses office, the Board of Directors shall continue to work in a "*prorogatio*" regime until the new Board takes office, after being elected pursuant to these Articles of Association, and its actions and deeds in such regime shall need no endorsement.

## **Article 32**

### **CALLING**

The meetings of the Board of Directors shall be called by the Board Chairman, at his own initiative, or when it is so requested by at least one third of the Directors, specifying the items on the Agenda.

A meeting shall be called at least ten days before the one on which the meeting is scheduled, by sending a notice setting forth the day, time and place of the meeting, as well as the list of the matters

to be dealt with. The notice shall be sent by registered letter with return receipt, telegram or e-mail to the addresses given by the Directors.

In case of urgency, a Board meeting may be called by telegram, fax or e-mail with prior notice of 24 hours.

However, the meeting shall validly held if all the Directors having the right to vote and all Standing Auditors are present and state, before the Board meeting is opened, that they can discuss the items on the Agenda.

### **Article 33**

#### **MEETINGS VALIDLY CONVENED**

The meetings shall be validly held when the majority of the Directors is present. Voting shall be by open ballot, by show of hands. Resolutions shall be passed with simple majority, without prejudice for the provisions set down in Article 31, paragraph 3.

### **Article 34**

#### **POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors shall elect its Chairman from among its members and may appoint one or two Vice-Chairmen; in the latter case, the Board shall have the right to appoint one of the two Vice-Chairmen as the “Deputy”.

The Board shall be vested on an exclusive basis of the widest powers for the management of the Consortium and shall be responsible and empowered to see to all ordinary and extraordinary operations that are not to be dealt with by the General Meetings pursuant to the Law and to these Articles of Association.

Therefore, by way of example only and not limited to, the Board of Directors shall:

- a) Resolve on the Members’ admission, withdrawal and loss of membership, as well as on their expulsion, where applicable;
- b) Resolve to call the ordinary and extraordinary General Meetings of the Consortium Members;
- c) Implement the resolutions of the General Meeting, carry out all actions and deeds as delegated by the General Meeting and prepare internal Regulations;
- d) Elect the Chairman of the Board of Directors and, where the case, the Vice-Chairmen, being entitled also to appoint a Deputy Vice-Chairman;
- e) Determine the votes which the single Consortium Members are entitled to in the General Meeting, in accordance with the data provided and/or endorsed by the Control Body;
- f) Set the admission fee for the Consortium Members, the fixed annual membership fee and the reference bases to set the all-inclusive annual contribution in accordance with point g) below,

as well as any non-recurring contributions, subject to their endorsement by the ordinary General Meeting;

- g) Prepare the Consortium's financial statements as well as the budget proposal to be submitted to the ordinary General Meeting for its approval, determining the total expense budget for the current year, production forecasts and the consequent pricing references per litre of Balsamic Vinegar of Modena produced and/or bottled, which shall be used for invoicing the all-inclusive contributions under this point f), without prejudice to possible adjustments based on the actuals;
- h) Appoint the General Manager of the Consortium.
- i) Recruit and terminate staff, setting the relevant job and remuneration;
- j) Resolve on any court proceedings, in which the Consortium is the plaintiff or the defendant;
- k) Carry out transactions with tax authorities and with any other public or private entity;
- l) Set up any specific bodies or companies. Moreover, the Board of Directors may acquire holdings in entities, companies or bodies that may contribute to the achievement of the Consortium's purposes;
- m) More in general, the Board of Directors may carry out any and all transactions and authorize the signing of all deeds and contracts, also entailing extraordinary operations, as deemed appropriate to achieve the Consortium's purposes.

### **Article 35**

#### **DELEGATION OF POWERS**

The Board of Directors may delegate part of its powers set forth in Article 34 above to its Chairman, to single or several Directors and to a General Manager, setting the relevant limits and performance procedures, as well as reporting and control timeframe and procedures.

### **Article 36**

#### **REFUND OF EXPENSES AND REMUNERATION**

The office of Director shall be taken free of charge, unless resolved otherwise by the General Meeting. The Directors shall be entitled to refund of any expenses borne on behalf of the Consortium, while performing their duties.

### **Article 37**

#### **CHAIRMAN**

The Chairman of the Board of Directors is the legal representative of the Consortium and, within his or her functions,

- a. Shall represent the Consortium in its relations with third parties;
- b. Shall represent the Consortium in court and shall see to any and all court, out-of-court and formal procedures that may be necessary in the Consortium's interest;
- c. Shall call, after the Board of Directors has passed the related resolution, the General Meeting of the Consortium Members and shall chair it;
- d. Shall call and chair the meetings of the Board of Directors.

Anyone who has served two consecutive terms of office as Chairman of the Board of Directors shall not be eligible, at the end of the second term of office, for immediate re-election. However, he or she may serve a third consecutive term of office if one of the two previous terms of office lasted less than two years, six months and one day, for any reasons other than voluntary resignation by the Chairman.

### **Article 38**

#### **VICE-CHAIRMEN**

Where appointed, the Deputy Vice-Chairman shall substitute the Chairman in case the latter is absent or not available, having the same powers and authorities. If no Deputy Vice-Chairman has been appointed or if he or she is absent or not available, the other Vice-Chairman shall substitute the Chairman.

### **Article 39**

#### **BOARD OF AUDITORS**

The Board of Auditors shall consist of three Standing Auditors and two Alternate Auditors, who shall be on the Register of Statutory Auditors of the Account held by the Italian Ministry of Justice.

The Auditors shall be elected by the General Meetings of the Consortium Members and their term of office shall be three financial years; they may be re-elected.

The Board is engaged in control functions, also audit of the accounts, as provided for by Law, and shall supervise compliance with the Articles of Association and with all applicable provisions of civil and tax laws.

The Standing Auditors shall be required to attend the meetings of the Board of Directors.

The meetings of the Consortium's Board of Auditors may be held also via teleconference or videoconference, upon condition that the Chairman of the Board of Auditors can ascertain the identity and entitlement of participants and direct the works of the General Meeting, and upon condition that the minute-taker can adequately follow the meeting events being recorded, that those present can take part in the discussion, transmit and receive deeds and documents.

If the above requirements are met, the meeting of the Board of Auditors shall be deemed held in the place where the Chairman is, in order to ensure that the minutes are taken, signed and entered in the relevant Book.

#### **Article 40**

##### **GENERAL MANAGER**

The General Manager shall be appointed by the Board of Directors, which shall choose him or her from among candidates having the appropriate skills and expertise.

The General Manager shall implement the resolutions adopted by the Consortium bodies and shall attend, with an advisory function, the meetings of the Consortium bodies; he shall be vested with the necessary powers to oversee the various services he or she is responsible for; he or she shall autonomously coordinate and develop all the functions within the task assigned to the Consortium by the competent Ministry, in compliance with the programmes and directions set by the Board of Directors.

The General Manager shall handle and organize the Consortium's personnel, external staff and the available capital assets.

#### **Article 41**

##### **WINDING-UP CAUSES**

The Consortium shall wind-up for the causes provided for by Article 2611 of the Italian Civil Code.

#### **Article 42**

##### **APPOINTMENT OF THE LIQUIDATION BODY**

If the Consortium is to be wound-up, the extraordinary General Meetings of the Consortium Members shall appoint one or more liquidators, setting down the relevant powers.

#### **Article 43**

##### **ALLOCATION OF THE REMAINING NET CAPITAL**

The remaining net capital of the Consortium, as per the liquidation final financial statements, after repayment to the Members of the contributions to set up the Consortium capital, shall be used for common good purposes and shall never be distributed to the Consortium Members on any grounds whatsoever.

#### **Article 44**

#### **DISPUTES**

Any and all disputes regarding the Consortium operations, including any regarding the validity of the resolutions passed by the General Meeting and started by or against Consortium Members, by or against the Consortium, including any disputes regarding relationships with the Consortium Bodies shall be referred to a preliminary attempt of mediation, in Accordance with the Regulation of the Mediation Service of the Chamber of Commerce of Modena, Italy.

The Consortium Members undertake to try mediation, before starting any Court proceedings. The mediation proceeding shall be carried out within sixty days of the service of the relevant request or within any other period as agreed on by and between the Parties in writing.

In case of Court proceedings, the Court having competent jurisdiction shall be the Law Courts of Modena, Italy.

#### **Article 45**

#### **FINAL AND TRANSITIONAL PROVISIONS**

The rules concerning representation in the Consortium Bodies shall be compliant with the law provisions in force applicable to Consortia for the protection of PGI products, presently set down in Italian Ministerial Decree No. 61414 of 12 April 2000, as amended and supplemented.

For anything not provided for in these Articles of Association, the relevant laws are expressly referred to and shall apply.