

## ***By-Laws of “Shareholders for Change”***

### **Article 1 - Name and Registered Office**

- a) The association named “*Shareholders for Change*”, hereinafter referred to as “SfC” is hereby incorporated pursuant to, and by effect of, Articles 36 and following of the Italian Civil Code.
- b) The registered office of the association is in Florence (Italy), via dei Calzaiuoli 7, Postal Code 50122, in the headquarter of Fondazione Finanza Etica.
- c) The term of the association is set for 31 December 2050, and can be extended by the Shareholders’ Assembly.
- d) The association is a European network and is incorporated based on the will and initiative of the following founding members:
  - Bank für Kirche und Caritas eG (Germany)
  - Ecofi (France)
  - Etica sgr (Italy)
  - Fondazione Finanza Etica- (Italy)
  - Fundación Finanzas Éticas (Spain)
  - Meeschaert (France)
  - Fair-finance Vorsorgekasse AG (Austria)

### **Article 2 - Reference regulations system**

- a) The association is a non-profit organisation that operates in compliance with these By-laws, the laws in force and the general principles of the Italian legal system.
- b) Any internal regulations can be approved by the Shareholders’ Assembly, on the proposal of the Board and/or of the Chairperson, to specifically govern organisational and operational aspects of the activity of the Association.
- c) The members of the Association must comply with the provisions of these By-laws.

### **Article 3 - Principles**

- a) The Association *Shareholders for Change* is incorporated by institutional investors engaged in carrying out active and critical engagement activities in prime companies, mainly in Europe, to raise the awareness of directors and shareholders

regarding ESG impacts of their policies.

b) The guiding principles on which the Association is founded are:

- the belief that finance can and must play a role in transforming society into an entity that pursues greater social justice and environmental protection;
- the role of the shareholder not only implies rights but, first and foremost, also duties, as the owner of at least a part of a company;
- the role of bond holders implies the responsibility for the company's ESG performance while financing the activities of the company
- recognition of the impact that can be generated by the dialogue and interaction between all the stakeholders in a company;
- the pursuit of an open, transparent governance model that favours the participation of small shareholders in the life of a company.

The guiding principles of the Association are contained in the Charter of Values, as approved by the founding members on 6 December 2017 and attached hereto. The Charter of Values can be amended by the Shareholders' Assembly with the majority of its members and unanimous vote of the Founding members.

#### **Article 4 - Objectives**

The objectives of the Association are:

- to reinforce the engagement action of each of its members in their own activities and those of the Association by working together in a network;
- to study the impacts of the financial activities of businesses on the social, environmental and economic context;
- to organise the participation of the members in the General Shareholders' Meetings of European companies, by coordinating the voting intentions in these, preparing and submitting questions to the management and the governing bodies of these companies on themes such as: workers' rights and the protection of human rights throughout the production chain; tax policies; global health and nutrition; emissions of CO<sub>2</sub> and climate changes; energy policies etc.;
- to coordinate the dialogue with the management of the companies by organising meetings and preparing letters and case studies;
- to spread knowledge and raise awareness about active and critical engagement activities in the national and European media;
- to prepare and disseminate the Association newsletter and any other media and communication tools;

- to promote dialogue and cooperation between the organisation and movements of civil society and the Association, with a view to improving the impact of the active and critical engagement activities;
- to promote dialogue and cooperation between organisations and stakeholders of the financial markets, such as ethical rating agencies, regulators, etc. in providing critical oversight and scrutiny when challenging controversial corporate practices and to improve aspects of the sustainable financial market;
- to develop innovative proposals and solutions to disputes for the management of companies, their shareholders and stakeholders.

### **Article 5 - Tools**

The objectives of the Association can be pursued by:

- promoting and completing studies, research and investigations;
- organising conventions, workshops, informative meetings, webinars, cultural events, press conferences, and participating in similar initiatives staged by other parties and stakeholders;
- publishing books, magazines, articles, newsletters, dossiers, radio and TV programmes; managing websites; producing and disseminating all other communication tools, in any form and on any medium;
- launching and participating in campaigns designed to provide information and raise awareness;
- developing relationships and partnerships with institutions and organisations interested, even if not structurally, in achieving similar objectives to those of the Association;
- purchasing shares/ bonds with the sole purpose of performing active and critical engagement activities;
- meetings, voting rights, shareholder resolutions, letters etc.;
- all other activities required for the pursuance of its objectives.

### **Article 6 - Members; eligibility and exclusion**

- a) The Association can be joined by non-profit private parties, organisations, companies or entities that share the objectives of the same and are institutional investors in active and critical engagement activities. To join, these parties must pay the relative membership fee. Every new member is required to comply with the Charter of Values attached hereto, subscribing to its principles.

- b) The joining of the Association by Ordinary members must be approved by way of a resolution passed with the favourable vote of all the founding Members named in Article 1, letter d). The application to join the Association, prepared and signed by the legal representative of the applicant, must be accompanied by an introduction by at least one of the founding members, otherwise the request of the applicant will be rejected.
- c) The membership fee cannot be transferred to third parties or revalued.
- d) Members, founders or ordinary, will cease belonging to the Association in the following cases:

- voluntary resignation has to be stated in writing and send to the chairperson (see article 12).
  - failure to pay the membership fee for a period of over a year from the due date, confirmed within three months from the expiring above date, by the majority vote of the components of the Board of Founding Members, subject to the evaluation of any grounds for the delay that might be cited by the defaulting member;
  - expulsion resolved upon by the absolute majority of the members of the Board of Founding Members, pronounced against the member who commits actions deemed dishonourable either within or outside the Association, or whose behaviour comes into conflict with the objectives of the association and its Charter of Values, seriously damages its image or hinders the smooth running of the same;
  - by failing to participate to three general meetings in a role, without justification.
- Members excluded for one of the above reasons or withdrawn have no right to return the fee paid;
- the termination or refusal of membership has to be stated in writing by stating reasons to the member or applicant; the termination of membership is effective immediately, at the date of receipt; there is no reimbursement of the membership fee.

#### **Article 7 - Members' rights**

- a) All members are entitled to participate in the social activities and initiatives staged by the Association.
- b) Every member has an equal right to vote in the Shareholders' Meeting and can be represented therein by their legal representative or by a person they have appointed.

#### **Article 8 - Categories of members and the relative rights**

- a) The members are divided into the following categories:
- Founding members. Each founding member has the right to nominate one member of the Board, which usually is the legal representative of the Founder or his delegate. of the Founding Members and pass resolution on the admission or expulsion of the ordinary members, and in the Shareholders' Meeting of members with voting rights; they pay a membership fee.
  - Ordinary members. They participate in the Shareholders' Meeting of members with voting rights; they pay a membership fee.
- b) The membership fees are set annually by resolution of the Shareholders' Meeting, which can establish different amounts payable in relation to the characteristics of the member parties.
- c) In case of organisations that share the purposes of the Association but which, for any reason, do not intend or are unable to formally join the same, the Shareholders' Meeting can resolve to launch forms of affiliation which do not grant these organisations the same rights and duties envisaged for the members, but in any case allow them to participate in some of the activities of the Association. These organisations are classed, in the internal and external communications of the Association, as "Supporters" The Shareholders' Meeting also establishes the terms of the partnership, which can require contributions in cash or in services to be made by the Supporters.

#### **Article 9 - Bodies of the Association**

The following are the bodies of the association:

- the Shareholders' Assembly
- the Board of the Founding Members
- the Chairperson
- Auditor.

#### **Article 10 - The Shareholders' Assembly**

- a) The Shareholders' Assembly is the highest decision-making body of the Association and can operate in ordinary or extraordinary meetings.
- b) The Assembly is responsible for passing resolutions on the general guidelines and directives of the Association for the appointment of the Association management bodies, and passing resolution on all the subjects regarding the life and

relationships of the Association that fail to fall within the field of competence of the Extraordinary Meeting and that are legitimately submitted for its examination. Also, the Shareholders' Assembly is responsible for passing a general internal regulation regarding the process of coordination, the functioning of the association and the relations between members and bodies of the association.

- c) The Ordinary Shareholders' Assembly meeting is called at least once a year, within four months from the closure of the financial year for the approval of the economic and financial statement of accounts and the examination of the budget. This call can be postponed for a maximum of two additional months due to proven administrative and organisational difficulties.
- d) The Board of Founding Members, or at least a third of the members who have paid their membership fees at the time of the request, can also ask for a Shareholders' Assembly to be called, and they will propose the meeting agenda. In this case, calling the Meeting is mandatory on the part of the Chairperson.
- e) The meetings are called at the registered office of the Association or at the head office of one of the members, or in any case in a location that is suitable for ensuring the fullest participation of the members. The members can also participate in the sessions of the meeting from remote locations, linked via an Internet connection, in compliance with the Italian laws in force and provided the participants specify the place from which they are connected.
- f) The Shareholders' Assembly meeting is called with at least eight days prior notice, by sending a communication by ordinary post, email, fax or telegram. The notice of call indicates the date, place and time of the meeting in first and, if applicable, second call, and lists the items on the agenda.
- g) The Shareholders' Assembly meeting is quorate in the first call regardless of the number of members present and passes resolution with the favourable vote of the majority of the members with voting rights in attendance. All except for the resolutions regarding identity matters of the association, such as logo, campaigns, political position papers, reputation of the association, etc. which will need a qualified majority of the members, meaning two thirds of them.
- h) Each member has the right to a single vote and can represent a maximum of two members in the Shareholders' Meeting, by way of a written proxy.
- i) The Shareholders' Assembly elects the Chairperson and the Deputy Chairperson, who substitutes the Chairperson in case of his absence
- j) The Meetings are chaired by the Chairperson.

- k) The Chairperson manages and moderates the debate and establishes the methods and order of the votes. The office of Chairperson is not paid, except for eventual authorized reimbursement of expenditures.
- l) The Shareholders' Assembly appoints a secretary who assists the Chairperson and keeps the minutes of the meeting.
- m) The minutes of each meeting must be signed by the Chairperson and the secretary and be approved by the Shareholders' Assembly in the next session. All the minutes must be made transparent to all members of the Association.
- n) The Extraordinary Meeting is called by the Chairperson using the same methods envisaged for the Shareholders' Assembly ordinary meeting, at least fifteen days before the meeting.
- o) The Extraordinary Meeting in first call is quorate when two thirds of the members with voting rights are present; it passes resolutions with the favourable vote of the majority of those in attendance.
- p) The Extraordinary Meeting passes resolution on the following matters: approval and amendment of the By-laws; actions and agreements related to immovable property rights; dissolution of the association or methods of liquidation.

#### **Article 11 - The Board of Founding Members**

- a) The Board is composed of the seven founding members named in Article 1, which have the right to nominate one member each. Within the Board, members are represented by their legal representatives or by persons delegated by them. If one or more founding member withdraws from the association, the Board may continue its activity until the majority of the founding members still join the association.
- b) The term of office of the Board is three years, and its members may be re-elected.
- c) The office of member of the Board is not paid, reimbursement of expenditure may be paid if authorized.
- d) The Board meets at least twice a year and its meetings are chaired by the Chairperson. The meetings can also be held by remote, providing that all the participants can be identified, follow the discussion and intervene in real time in the debate on the subjects discussed, as well as view, receive or send documents; once these requisites have been verified, the Board Meeting will be considered as being held in the place in which the Chairperson is present.
- e) The Board meeting is quorate when the majority of the members are in

attendance and is qualified to pass resolutions with the favourable vote of the majority of those present. In case of ex-aequo, the vote of the Chairperson prevails.

f) The Board:

- implements the general policy guidelines of the Shareholders' Meeting;
- prepares the budget and the final economic-financial statement of accounts to be submitted for the approval of the Shareholders' Meeting;
- passes resolution on the requests for admission of members as established in Article 6 letter b) of these By-laws;
- enforces the provisions of expulsion towards members and refusal to applicants when necessary.

g) All the minutes of the board must be taken, approved and made transparent to all members of the Association

#### **Article 12 - The Chairperson**

- a) The Chairperson is elected by the Shareholders' Assembly with absolute majority. The Assembly may also overthrow the Chairperson with its absolute majority. He or she serves in office for a period of three years and can be consecutively re-elected only once.
- b) The Chairperson is the legal representative of the Association, and is therefore entitled to take legal action, when and if the Assembly or the Board entitles him or she to do so, on behalf of or defend the Association in court, appointing representatives *ad litem*.
- c) He or she calls the Shareholders' Assembly and Board Meetings and establishes the relative meeting agendas.
- d) Should the Chairperson be absent or unable to attend or should the office of Chairperson remain vacant, the Chairperson shall be replaced by the Deputy Chairperson, also elected by the Shareholders' Assembly.

#### **Article 13 - Auditor**

- a) The Auditor is elected every three years by the Shareholders' Assembly, in compliance with the laws in force, from professionals registered in the Register of Legal Auditors.
- b) The Auditor performs functions designed to control the administrative accounting activities of the Association. Periodically checks the formal and substantial



regularity of the accounting, prepares a special report to be attached to the budget and final balance. All minutes and documents of the Auditor must be made transparent to all members of the Association.

#### **Article 14 - Economic resources**

- a) The economic resources of the Association are constituted by:
  - a) the annual membership fees as determined annually by the Shareholders' Assembly;
  - b) the movable and immovable property owned by the Association;
  - c) sponsorships, donations, disbursements, and legacies of third parties, contributions from the State, and from public or private institutions or entities designed to support specific activities or projects;
  - d) income generated by the institutional activities;
  - e) all other types of income generated by activities related to the institutional activities.
- b) The operating surpluses and funds, reserves of capital cannot be distributed, even indirectly, and must be reused to pursue the objectives of the Association.

#### **Article 15 - The financial year**

- a) The financial year commences on 1 January and ends on 31 December of each year.
- b) An annual financial statement is drafted for each financial year.
- c) By 30 April of each year, the Board of founding members drafts the budget and final financial statement of the Association to be submitted for the approval of the Shareholders' Assembly.
- d) The financial statement must be drafted with clarity and must be an accurate, truthful representation of the assets, economic and financial situation of the Association, in compliance with the principle of transparency towards its members.
- e) The financial statement must be sent to all the members at least fifteen days before the Shareholders' Assembly called for the approval of the financial statement.

#### **Article 16 - Termination and assignment of assets**

- a) The dissolution of the Association is resolved upon by the Extraordinary

Shareholders' Assembly meeting.

- b) The Shareholders' Assembly meeting that passes resolution on the dissolution of the Association appoints the liquidators and establishes their powers, also with regard to the assignment of any residual funds.
- c) In case of dissolution, the assets of the Association must in any case be assigned to another association, with similar objectives or objectives of public utility.

#### **Article 17 - Final provision**

Regarding any matters not provided for herein, reference must be made to the provisions of the laws in force and to the principles of the Italian legal system.

#### **Article 18 - Transitional provision**

- a) Until new members join and the Shareholders' Assembly is constituted, the functions of the Shareholders' Assembly are performed by the Board of Founding Members, which will elect the Chairperson and the Deputy Chairperson of the Association.
- b) For the first 6 years, only, the Chairperson and the Deputy Chairperson are elected by the Board of founding members.