



International Distribution Institute

ARTICLES OF ASSOCIATION

Article 1

Incorporation, name, registered office and duration

- 1.1 An association called "International Distribution Institute" (hereinafter «the ASSOCIATION») is incorporated according to the Articles of the Italian civil code on non-recognized associations.
- 1.2 The ASSOCIATION is established for an indefinite term and has its registered office in 10121 Torino (Italy) via Alfieri 19.
- 1.3 The ASSOCIATION was founded in the year 2004 by its founders, i.e. Fabio Bortolotti, Silvia Bortolotti, Didier Ferrier, Erwin Gärtner and Klaus Meyer Swantée.

Article 2

Purpose and Objectives

- 2.1 The object of the ASSOCIATION is, inter alia:
 - (a) to promote the study of the law of international distribution (i.e. commercial agency, distributorship, franchising and, more generally, issues concerning the distribution of goods and services) in its various aspects, such as national legislations, international conventions, transnational rules, contractual practice, court and arbitration case law, etc.;
 - (b) to favour the circulation of news and information regarding distribution contracts, also through the publication of books, reviews, booklets etc.;
 - (c) to favour the discussion and exchange of information between members, also through the organization of seminars, conventions and debates;
 - (d) to establish a network of contacts between parties involved in distribution (principals, agents, distributors, franchisors, franchisees, etc.), academics and in-house or external lawyers active in the field of international distribution;
 - (e) to develop other services in support of individuals and companies engaged in international distribution, like mediation, arbitration, etc.
 - (f) to perform any activity that the COUNCIL may decide to be useful for the attainment of the above objectives.
- 2.2 In order to achieve the purposes indicated in this Article 2, the ASSOCIATION promotes several activities, and in particular:



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- (a) The creation and management of a website on international distribution, under the names of www.idiproject.com and www.distributionlaws.com (hereafter «IDI WEBSITE»);
- (b) The organisation of conferences, seminars and other similar activities;
- (c) The publication of books, legal reviews, newsletters, etc.;
- (d) The development of means for facilitating arbitration in distribution disputes.

Article 3 Relations with the IDI COMPANY

- 3.1 The ASSOCIATION carries out its activities through the «IDI Project s.r.l.» (a limited liability company («società a responsabilità limitata») incorporated according to the laws of Italy – hereafter «IDI COMPANY») which is entrusted with the management of all commercial activities of the ASSOCIATION in conformity with the agreement between the ASSOCIATION and the IDI COMPANY, attached hereto (hereafter «the AGREEMENT»).
- 3.2 The ASSOCIATION owns 10% of the shares of the IDI COMPANY.
- 3.3 The copyright on the contributions made by members of the ASSOCIATION (and particularly by the COUNTRY EXPERTS) for publication on the IDI WEBSITE or on other means (e.g. books, material for seminars and conferences published or organized by the ASSOCIATION and/or the IDI COMPANY) shall be owned by the ASSOCIATION and licensed by the ASSOCIATION to the IDI COMPANY in conformity with the AGREEMENT.
- 3.4 The IDI COMPANY shall bear all expenses incurred by the ASSOCIATION in conformity with the AGREEMENT and shall manage all commercial activities on behalf of the ASSOCIATION. The IDI COMPANY shall engage the persons entrusted with the activities of the ASSOCIATION (e.g. the SECRETARY GENERAL) under contracts of employment or otherwise.
- 3.5 The IDI COMPANY shall organize and manage its activities in conformity with the guidelines and directions established by the ASSOCIATION.

Article 4 Members of the ASSOCIATION

- 4.1 The number of members is unlimited.
- 4.2 The membership of the ASSOCIATION shall be divided into the following four classes, namely:
 - a) PERMANENT COUNCIL MEMBERS;
 - b) COUNTRY EXPERTS;
 - c) ORDINARY MEMBERS;



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d) HONORARY MEMBERS.

- 4.3 The admission to any class of membership implies the acceptance by the member of the rules of the ASSOCIATION. By joining the ASSOCIATION the member agrees to comply in all respects with these Articles of Association.
- 4.4 No rights of any class of membership shall be transferable or transmissible.
- 4.5 Companies can be ORDINARY MEMBERS but must be represented by an individual who will exercise the rights of member, particularly with respect to the services provided through the IDI WEBSITE.

Article 5 PERMANENT COUNCIL MEMBERS

- 5.1 The ASSOCIATION has five (5) PERMANENT COUNCIL MEMBERS.
- 5.2 The PERMANENT COUNCIL MEMBERS devote time and efforts to the development of the ASSOCIATION; they have free access to the IDI WEBSITE and to all services provided by the IDI COMPANY in favour of its members. They agree to do their best efforts to support and to promote in all ways the activities of the ASSOCIATION.

Article 6 COUNTRY EXPERTS

- 6.1 Qualified professionals (natural persons) with actual experience in advising and assisting on distribution matters shall be eligible to become COUNTRY EXPERTS. The prospective COUNTRY EXPERTS shall be appointed by the COUNCIL and shall be selected between persons known for their experience in the field of international distribution. It is essential for the image of the ASSOCIATION that the COUNTRY EXPERT has the highest level of competence in distribution law with respect to his/her country.
- 6.2 The COUNTRY EXPERT shall be responsible for supplying and updating the information on his/her country for the IDI WEBSITE and for other possible purposes approved by the ASSOCIATION. The COUNTRY EXPERT shall have an active role, attending the IDI Annual Conferences, promoting the ASSOCIATION and the IDI WEBSITE in his/her country, proposing promotional activities for the ASSOCIATION etc.
- 6.3 The COUNTRY EXPERT undertakes to prepare the «information section» (Country Report, Case-Law Report, News and any other information the ASSOCIATION will decide) regarding his/her country (under the supervision of the COUNCIL) and to keep such information up-to-date at regular intervals (at least, once a year), according to the standards fixed by the COUNCIL for all COUNTRY EXPERTS.
- 6.4 The COUNTRY EXPERT agrees to transfer all proprietary rights regarding the information prepared within the framework of IDI to the ASSOCIATION,



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which will use such information only for the purposes foreseen in these Articles of Association or decided by the ASSOCIATION. The COUNTRY EXPERT also grants the ASSOCIATION all subsidiary rights, including, but not limited to, rights for translation into any language (in whole or in part), rights for electronic storage and retrieval. The ASSOCIATION shall have the sole and exclusive right to sell, license, or make such other arrangements as it deems appropriate with respect to all subsidiary rights.

- 6.5 Each COUNTRY EXPERT will be mentioned on the IDI WEBSITE and in all other IDI documents as the expert responsible for his/her country. The names and curricula of all COUNTRY EXPERTS will be available on the IDI WEBSITE. The COUNTRY EXPERTS will be free to establish a professional relationship with any natural person and/or legal entity contacted through the initiatives of the ASSOCIATION (and particularly through the IDI WEBSITE or the ANNUAL CONFERENCE), without paying any fee to the ASSOCIATION or to the IDI COMPANY. They undertake to perform any such professional activity according to the standards of fairness of their profession and to avoid in such context any action that could prejudice the image of the ASSOCIATION or the interests of its members.
- 6.6 In each country there may be one COUNTRY EXPERT for each field of expertise, or one COUNTRY EXPERT covering more than one expertise, and/or for different regions within the same country, subject to the decision of the COUNCIL.
- 6.7 The COUNTRY EXPERTS will have access to the IDI WEBSITE by paying a reduced annual fee, and will be involved in the initiatives of the ASSOCIATION regarding their country.
- 6.8 The COUNTRY EXPERTS play a substantial role in the process of establishing the policies of IDI. They transmit their observations on the various issues (model contracts, report forms, issues to be dealt with, etc.) to the EDITORIAL BOARD. They discuss within the ANNUAL GENERAL MEETING, proposals to be transmitted to the COUNCIL according to Article 10.
- 6.9 The COUNTRY EXPERTS will be represented in the COUNCIL by one member proposed by the COUNCIL or by the EXPERTS according to Article 11.4, and appointed by the COUNCIL for a three (3) years' period, as provided in Article 11.3.

Article 7 ORDINARY MEMBERS

- 7.1 ORDINARY MEMBERS of the ASSOCIATION are all persons who have paid the yearly membership fee to the IDI COMPANY.
- 7.2 The ORDINARY MEMBERS have the right to access all the contents of the IDI WEBSITE, to obtain all the services that the ASSOCIATION (or the IDI COMPANY) puts at the disposal of the members and to participate to the ANNUAL GENERAL MEETING of the ASSOCIATION.



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- 7.3 Where the ORDINARY MEMBER is a company or a legal entity of any type, its rights will be exercised by a natural person indicated in the subscription bulletin as member. Legal entities may subscribe more memberships according to the conditions indicated in the Membership Agreement.
- 7.4 The ORDINARY MEMBERS will be represented in the COUNCIL by one member proposed by the COUNCIL or by the ORDINARY MEMBERS according to Article 11.4, and appointed by the COUNCIL for a three (3) years' period, as provided in Article 11.3.

Article 8 HONORARY MEMBERS

- 8.1 Honorary membership may be awarded by the COUNCIL to natural persons having made substantial contributions to the development of distribution law and/or of IDI.
- 8.2 The HONORARY MEMBERS will have free access to the services offered through the IDI WEBSITE.

Article 9 ADMISSION AND TERMINATION OF MEMBERSHIP

Admission

- 9.1 The admission as ORDINARY MEMBER becomes effective when the prospective member has accepted the Membership Agreement of the IDI WEBSITE and has paid the annual membership fee to the IDI COMPANYY.
- 9.2 The admission as COUNTRY EXPERT and HONORARY MEMBER is decided by the COUNCIL, after the prospective member has submitted an application to the ASSOCIATION and (in case of COUNTRY EXPERT) he/she has paid the reduced annual fee. The COUNCIL may, in its absolute discretion, and without stating any reason for its decision, admit or refuse an application to such class of membership of the ASSOCIATION.

Termination

- 9.3 Any member shall cease to be a member of the ASSOCIATION:
- (a) in case of resignation from membership;
 - (b) in case of exclusion decided by the COUNCIL;
 - (c) as regards ORDINARY MEMBERS and COUNTRY EXPERTS, in case of non-payment of the annual membership fee, when due.

Exclusion

- 9.4 The COUNCIL is entitled to decide the exclusion of any member in case:



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- (a) he commits a substantial breach of his/her obligations under these Articles of Association, or
 - (b) he commits any action contrary to the Membership Agreement and/or the Terms and Conditions regarding access and use of the IDI WEBSITE.
- 9.5 Moreover, the COUNCIL is entitled to decide the exclusion of any COUNTRY EXPERT in case:
- (a) the COUNTRY EXPERT does not fulfil (or is unable to fulfil, for whatever reason) his/her obligations as COUNTRY EXPERT according to Article 6.
 - (b) the quality level of his/her contributions is not deemed satisfactory by the COUNCIL.
- 9.6 Before taking any decision to exclude a member, the COUNCIL shall inform the member in writing, explaining the reasons of the decision and giving him the faculty of reply.

Article 10 ANNUAL GENERAL MEETING

- 10.1 The ASSOCIATION shall convene each year an ANNUAL GENERAL MEETING of its members to be held at such time as the COUNCIL determines.

Notice and proceedings at the Meeting

- 10.2 The ANNUAL GENERAL MEETING will be normally held, after the end of the Friday session of the IDI Annual Conference.
- 10.3 Any member of the ASSOCIATION is entitled to attend to the ANNUAL GENERAL MEETING. The COUNCIL can authorize the attendance of any other person or persons.
- 10.4 The ANNUAL GENERAL MEETING shall be chaired by the PRESIDENT of the ASSOCIATION, or in his/her absence, by a person indicated by the PRESIDENT to represent him. The PRESIDENT and or one or more COUNCIL MEMBERS shall illustrate the activity carried out by the ASSOCIATION in the preceding year and the programs for the future (including the possible topics and venue of the following Annual Conference) and shall answer possible questions made by the members.
- 10.5 All decisions of the ANNUAL GENERAL MEETING shall be adopted by a majority of votes of the members present at the meeting.
- 10.6 The SECRETARY GENERAL shall ensure that proper minutes be made of the proceedings of all meetings. A record of all such minutes signed by the PRESIDENT shall be conclusive evidence without further proof of the facts therein stated.



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Powers of the ANNUAL GENERAL MEETING

- 10.7 The ANNUAL GENERAL MEETING shall evaluate the results of the activities carried out by the ASSOCIATION during the previous year and discuss the strategies and the initiatives for the following year.
- 10.8 The decisions of the ANNUAL GENERAL MEETING shall only have the value of recommendations for the COUNCIL. However, the COUNCIL shall consider all proposals approved by the ANNUAL GENERAL MEETING and shall state its position where it decides not to follow a recommendation, indicating the reasons of its refusal.

Article 11 The COUNCIL

COUNCIL Members

- 11.1 The COUNCIL shall consist of seven (7) Members: five (5) PERMANENT COUNCIL MEMBERS and two (2) EXPERTS' and MEMBERS' REPRESENTATIVES, appointed by the COUNCIL according to Article 11.3.
- 11.2 The five PERMANENT COUNCIL MEMBERS shall remain in charge for an indefinite period of time. Should one of them resign from the COUNCIL or otherwise cease to be member of the COUNCIL, the COUNCIL shall appoint a new permanent member to replace him/her. Such appointment must have the approval of at least four members of the COUNCIL.
- 11.3 The two (2) EXPERTS' and MEMBERS' REPRESENTATIVES are appointed by the COUNCIL for a three (3) years' period, taking into account the proposals received.
- 11.4 The COUNCIL can propose its candidates either for EXPERTS' and MEMBERS' REPRESENTATIVES; moreover, a minimum of 20% of the EXPERTS can propose, with the signature of each of them, a candidate for EXPERTS' REPRESENTATIVE; a minimum of 20% of the ORDINARY MEMBERS can also propose, with the signature of each of them, a candidate for MEMBERS' REPRESENTATIVE. EXPERTS' and MEMBERS' proposals for candidates shall be received by the COUNCIL, with the signatures of those proposing them at least fifteen (15) days before the ANNUAL GENERAL MEETING and discussed at the ANNUAL GENERAL MEETING.
- 11.5 The appointed EXPERTS' and MEMBERS' REPRESENTATIVES are entitled to attend the COUNCIL meetings, without right of vote, as long as they remain in charge.

Powers of the COUNCIL



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- 11.4 The COUNCIL shall have the power to take all decisions regarding the ASSOCIATION and its activities, including possible modifications to these Articles of Association and the regulation of the GENERAL MEETINGS in accordance with them. The COUNCIL shall determine the general policy of the ASSOCIATION and the activities to be carried out, taking into account the proposals made by the ANNUAL GENERAL MEETING.
- 11.5 The COUNCIL may delegate any of its powers to one or more COUNCIL Members. Any such delegation may be made subject to the conditions the COUNCIL may impose.
- 11.6 The COUNCIL may, by power of attorney, or otherwise, appoint any person to be the representative of the ASSOCIATION for such purposes and on such conditions as it determines.

Meetings of the COUNCIL

- 11.7 Subject to the provisions of these Articles of Association, the COUNCIL may regulate its proceedings as it thinks fit. A COUNCIL Member may, and the SECRETARY GENERAL at the request of a COUNCIL Member shall, call a meeting of the COUNCIL.
- 11.8 The COUNCIL's meetings will be chaired by the PRESIDENT, and, in case of absence by the VICE-PRESIDENT. In case of absence of both of them by the eldest member of the COUNCIL.
- 11.9 A meeting of the Council may only pass legally valid resolutions if four PERMANENT COUNCIL MEMBERS are present. All COUNCIL Members may participate in the deliberations of the meeting and PERMANENT COUNCIL MEMBERS can exercise their right to vote by electronic means of communication. A resolution to amend the Articles of Association of the ASSOCIATION require the approval of each PERMANENT COUNCIL MEMBER. Unless otherwise stated in the Articles of Association of the ASSOCIATION the remaining resolutions of the COUNCIL shall be passed with a simple majority of votes cast at a meeting. In case of a tied vote, the vote of the Chairman shall be decisive. The COUNCIL may also – inside and outside a meeting – pass legally valid resolutions, provided that they are approved of in writing by all PERMANENT COUNCIL MEMBERS, electronic submissions included.
- 11.10 The meetings of the COUNCIL shall take place in person and/or or through the use of electronic means. For participation at meetings through electronic means it must be ensured that (1) everyone attending the meeting can hear everyone else, whether the individuals are attending the meeting in person or on the phone or web; (2) the COUNCIL members can identify the persons on the phone or web as COUNCIL Members.
- 11.11 At the beginning of the meeting, the Chairman, assisted by the SECRETARY GENERAL, will send to the mailing list the Agenda and will open the discussion. The discussion shall continue for the time required by the issue (or issues) to be discussed, but not more than three days. The Chairman



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shall decide when the discussion should be closed and shall then ask the COUNCIL Members to vote. Thereafter the Chairman shall send the relevant minutes to all COUNCIL Members.

- 11.12 The SECRETARY GENERAL shall ensure that proper minutes be made of the proceedings of all meetings of the COUNCIL. A record of all such minutes signed by the Chairman, shall be conclusive evidence without further proof of the facts therein stated.

Article 12 PRESIDENT and VICE-PRESIDENT of the ASSOCIATION

- 12.1 The COUNCIL shall appoint a PRESIDENT and a VICE-PRESIDENT of the ASSOCIATION who will represent the ASSOCIATION before third parties and shall bear an unlimited liability for all obligations undertaken on behalf of the ASSOCIATION.
- 12.2 The owner of the majority of the shares in the IDI Company shall, when a President ceases to hold that office by resigning from office or for any other reason, automatically succeed as President of the ASSOCIATION.
- 12.3 The PRESIDENT and a VICE-PRESIDENT will remain in charge for an indefinite period of time.

Article 13 SECRETARY GENERAL

- 13.1 The SECRETARY GENERAL is entrusted with the day to day management of the ASSOCIATION according to the directions given by the COUNCIL. The SECRETARY GENERAL shall call the ANNUAL GENERAL MEETING when requested to it by the COUNCIL, and shall keep minutes of the ANNUAL GENERAL MEETING, and of the meetings of the COUNCIL.
- 13.2 The SECRETARY GENERAL shall be appointed by the COUNCIL for such time, at such remuneration and upon such conditions as the COUNCIL will decide. The SECRETARY GENERAL can be a non-Member of the COUNCIL. In this case the SECRETARY GENERAL will be entitled to participate at the COUNCIL meetings without right of vote.

Article 14 EDITORIAL BOARD

- 14.1 The EDITORIAL BOARD shall carry out and perform all initiatives decided by the ASSOCIATION, under the supervision of the COUNCIL and the SECRETARY GENERAL.
- 14.2 As a main activity, the EDITORIAL BOARD shall be responsible of the editing of the IDI WEBSITE: it will collect all necessary information and keep it update; it will organize and review all contributions of the COUNTRY



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EXPERTS and it will provide the day to day management of the IDI WEBSITE. In addition, the EDITORIAL BOARD will organise any seminar or conference the ASSOCIATION may decide to hold as well as it will edit and publish any publication the ASSOCIATION may decide to publish.

- 14.3 People working for the EDITORIAL BOARD shall receive a remuneration from the IDI COMPANY in conformity with the terms and conditions decided by the IDI COMPANY, in accordance with the indications given by the COUNCIL.
- 14.4 The EDITORIAL BOARD shall also perform the functions of the IDArb Secretariat, under the supervision of the PRESIDENT and of the SECRETARY GENERAL. Particularly, the IDArb Secretariat manages the organization of IDArb and implements the decisions taken by the IDArb Selecting Committee and in particular:
- Organizes training courses on arbitration, in the framework of the IDArb Project.
 - Receives and transmits to the IDArb Selecting Committee the applications for inclusion in the IDArb list by prospective.
 - Manages the relations with the IDArb arbitrators regarding payment of the application fee and the annual fee.
 - Implements the directives and decisions received by the IDArb Selecting Committee.
 - Publishes the list of IDArb arbitrators on the IDI website and maintains it constantly up-to-date.
 - Answers any requests for information regarding the list of IDArb arbitrators.
 - In case of request by a party of an Expedited Arbitration procedure, as per Article 1, a) of the IDArb Recommendations, provides the parties with the list of names of prospective arbitrators.
 - Manages the relations with the CCIG and SCAI regarding all IDArb Expedited Arbitration Procedures.

Article 15 Winding up

- 15.1 The ASSOCIATION is incorporated for an indefinite time.
- 15.2 The winding up of the ASSOCIATION shall be decided by the COUNCIL, with a unanimous vote.



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Article 16 Final provisions

- 16.1 These Articles of Association are governed by the laws of Italy and particularly by Articles 36 *et seq.* of the civil code, with the express exclusion of the application of the rules on recognised associations and companies/corporations.
- 16.2 The competent law courts of Turin (place where the ASSOCIATION has its registered office) shall have exclusive jurisdiction in any dispute arising out of or in connection with these Articles of Association.

Cernobbio, June 13, 2019