

**Luxembourg Fund Labelling Agency,
association sans but lucratif (LuxFLAG)**

STATUTES

Coordinated version

I. Name - Seat - Purpose - Duration – Fund raising

Article 1. Name

The name of the Association is “Luxembourg Fund Labelling Agency”, which can be abbreviated to “LuxFLAG”.

It is established in accordance with the law of April 21, 1928 on non-profit making associations and foundations (the “Law”) and shall be registered in the Grand Duchy of Luxembourg.

Article 2. Seat

The seat of the Association is established in the City of Luxembourg.

Article 3. Purpose

The purpose of the Association is to grant labels to specific investment undertakings (“investment funds”) on the basis of agreed and published criteria. For this purpose, the Association will establish, and may amend from time to time, a list of the labels it may grant based on a set of eligibility criteria which it will define for each of these labels.

The Association has the power to take whatever action is legally permissible to promote, encourage and advance the purpose of the Association.

Article 4. Duration

The Association is established for an indefinite period.

It may be dissolved at any time at a General Meeting where at least two thirds of the charter members of the Association (the “Charter Members”) are present or represented. If that quorum is not reached, the General Meeting may be re-convened. At such re-convened meeting resolutions may be adopted irrespective of the number of Charter Members present or represented. The resolution to dissolve the Association must be approved by a majority of two thirds of the votes of the present or represented Charter Members.

Article 5. Fund raising

The Association's resources shall derive mainly from application and maintenance fees paid by investment funds and from admission and annual subscription fees paid by the members of the Association. In addition, it may receive contributions, donations, legacies, subsidies and any other funds resulting directly or indirectly from its activities, subject to approval by the Board of Directors.

II. Membership

Article 6. Charter Members

The founding members of the Association are Charter Members. Other Charter Members may be admitted by unanimous decision adopted at a General Meeting, according to the rules laid down in article 9 below.

The number of Charter Members is unlimited but shall not be less than three.

Article 7. Associate Members

An associate member (the “Associate Member”) may be any person, firm or corporation, government agency or other non-profit association or organisation, engaged in financial sector activities and/or with an interest in the purpose of the Association.

Associate Members may be invited to attend meetings of the Charter Members and may be heard at such meetings. Associate Members shall have no voting rights.

Article 8. Honorary Members

An honorary member (the “Honorary Member”) shall be such person as the General Meeting shall nominate for that honour. Honorary Members shall not be obliged to pay an admission fee or an annual subscription fee.

Honorary Members may be invited to attend meetings of the Charter Members and may be heard at such meetings. Honorary Members shall not be eligible to vote or to hold office in the Association.

Article 9. Admission of Charter and Associate Members

Application in writing must be made by anyone wishing to be admitted as a Charter or Associate Member. The application for Charter or Associate membership must state:

- a) the name, nature of business and place of business, which can be located in any country throughout the world;
- b) that the applicant has read the Statutes of the Association and accepts and agrees to be bound thereby;
- c) that the applicant qualifies under the Statutes of the Association; and
- d) that the applicant agrees to pay its dues.

The admittance of Charter Members is recommended by the Board of Directors and decided by unanimous decision adopted at a General Meeting.

The admittance of Associate Members is decided by the Board of Directors with sovereign power of assessment. In case of rejection of an application, the Board of Directors is not bound to indicate the reasons for such rejection.

Article 10. Fees

Charter Members pay an admission fee. This fee may not exceed one hundred thousand (100,000) euros and shall include three years of annual subscription fees.

The annual subscription fee for a Charter or Associate Member may not exceed ten thousand (10,000) euros.

Fees to be paid by members shall be proposed by the Board of Directors and decided at a General Meeting.

The fee schedule is available on demand from the secretariat of the Association.

Fees to be paid for the services of the Association, including application for a label and its maintenance, shall be set by the Board of Directors.

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Article 11. Resignation of a member

Members are free to resign from the Association at any time. A resignation must be notified by registered letter to the Board of Directors. The said letter forfeits any claim to the amount of subscription due or paid by the resigning member for the year in which the resignation occurs.

Article 12. Exclusion of a member

The exclusion of a member from the Association may be decreed at a General Meeting at a two-thirds majority. The General Meeting shall decide by secret ballot after having heard the

member whose exclusion is proposed or after the said member has been summoned to explain his/her/its conduct.

Failure to observe the requirements of the present Statutes or of the internal rules and regulations of the Association shall constitute grounds for exclusion.

Neither the resigning or excluded member nor his/her/its heirs or legal successors - in the event of the member's decease - shall have any entitlement to any part of the Association's assets, nor may they claim any amount, request seals or an inventory and/or copies of accounts or other documents.

III. Powers

1. General Meeting

Article 13. General powers

The General Meeting constitutes the supreme authority of the Association. It is empowered to amend the Statutes, to appoint and to dismiss the members of the Board of Directors and the auditors, to approve the annual budget and accounts, to dissolve the Association (subject to article 4), to exclude members and, in general, to take any decisions and measures exceeding the authority of the Board of Directors as fixed by the Statutes or by the Law.

The General Meeting, by unanimous decision of the Charter Members, may add a new label to the list of labels to be granted by the Association, subject to the precise eligibility criteria to be defined by the Board of Directors.

Article 14. Annual General Meeting of the Charter Members and other meetings

An annual general meeting of the Charter Members (the "Annual General Meeting") shall be held at least once a year during the first semester of the calendar year.

The Board of Directors may convene other meetings if the Association's interest so requires. It must do so at the request of one fifth of the Charter Members.

The Chairman of the Board of Directors shall be the Chairman at the General Meeting. All meetings shall take place at the Association's seat or at any other place, on the day and at the time indicated in the convening notice.

All Charter Members shall be convened to meetings. The Board of Directors may decide to invite Associate and/or Honorary Members to meetings.

Article 15. Notice of meetings

The convening notice to the meetings is sent to each Charter Member by ordinary mail at least fourteen (14) days prior to the date of the meeting. However, if all Charter Members are

present or represented at a meeting, and consider themselves as being duly convened and informed of the agenda of such meeting, the meeting may be held without prior notice.

The convening notice sets out the agenda of the meeting.

Without the approval of the Chairman of a meeting, the meeting may not discuss matters other than the items listed on the agenda.

Any proposal signed by one twentieth of the last annual list of Charter Members shall however be included as an item on the agenda.

Article 16. Attendance and voting rights

Any Charter Member may act at any meeting by appointing another person in writing as his/her/its proxy.

For decisions at meetings:

- each Charter Member shall have one voting right,
- Associate and Honorary Members shall have no voting rights.

Charter Members that have not paid the annual subscription fee shall lose their voting rights until payment of the annual subscription fee has been made.

Article 17. Decisions

The composition of a meeting shall be valid providing a majority of Charter Members is present or represented. Decisions shall be taken by a simple majority of the votes cast, except for decisions to change the purpose of the Association, to amend the list of labels to be granted by the Association or to approve the application of a new Charter Member for all of which unanimous approval of the Charter Members is required.

Notwithstanding the preceding paragraph, decisions of the meeting which involve amendments of the Statutes and the exclusion of members or the dissolution of the Association shall be taken subject to the special conditions with respect to presence, majority and, possibly, judicial approval as provided for in articles 8, 12 and 20 of the Law.

The decisions will be recorded in minutes. The minutes shall be signed by the Chairman and the Secretary of the Meeting and will be available on demand from the secretariat of the Association.

2. Board of Directors

Article 18. Members of the Board of Directors

Each Charter Member has the right to propose a physical person as a candidate to be elected to the Board of Directors and the State of the Grand Duchy of Luxembourg may propose two candidates for as long as it is a Charter Member. The minimum number of directors corresponds to the number of Charter Members plus one additional director for the State of the Grand Duchy of Luxembourg as long as it is a Charter Member.

The members of the Board of Directors are appointed by the Annual General Meeting for a period of three (3) years.

Article 19. Replacement of members of the Board of Directors

In the event of vacancy of a member of the Board of Directors, the Board of Directors will co-opt a new member who will terminate the mandate of the member whom he/she replaces, subject to confirmation by the next General Meeting.

Article 20. Liability of members of the Board of Directors

Members of the Board of Directors do not have any personal obligation with regard to the Association's commitments. Their liability is limited to the performance of their duties as members of the Board of Directors.

Article 21. Officers

The Board of Directors shall elect a Chairman, a Vice Chairman and a Treasurer.

The mandate of the Chairman cannot exceed two (2) mandates of three (3) years each.

The Board of Directors may appoint a secretary, who does not need to be a member of the Board of Directors or of the Association, and whose powers and authority it fixes.

Article 22. Meetings of the Board of Directors

The meetings of the Board of Directors shall be convened by the Chairman. If all the members of the Board of Directors are present or represented and consider themselves as being duly convened and informed of the agenda of the meeting, the meeting may be held without prior notice.

The Board of Directors may deliberate validly only if a majority of the members are present or represented at a meeting.

Any member of the Board of Directors may act at any meeting of the Board of Directors by appointing another member, in writing, as his or her proxy.

Decisions shall be taken with a simple majority of all the votes cast. The Chairman shall have a casting vote. The discussions shall be recorded in minutes, to be approved by the Board of Directors. The minutes shall be signed by the Chairman.

Article 23. Powers of the Board of Directors

- (i). The Board of Directors shall have the widest powers to perform all acts of administration and of disposal relating to the Association. It shall have within its competence the powers to perform all acts not expressly reserved for the General Meeting under the Law or under the present Statutes.
- (ii). For each label decided by the General Meeting in accordance with Article 13, the Board of Directors shall establish and publish the criteria to be complied with in order to receive such label from the Association.
- (iii). It shall set and publish the fees charged for the services of the Association.
- (iv). It may create committees and appoint members to these committees. The members of these committees may include Charter Members and Associate Members but are not limited to them.
- (v). The Board of Directors shall also appoint or dismiss all agents, employees and members of the Association's staff and shall fix their terms of reference, job description, compensation and other related matters.

Article 24. Conflicts of interest

Any member of the Board of Directors who has a personal conflict of interest in a matter submitted to the Board of Directors or is not independent from an investment fund applying for a label, should disclose this fact and should abstain from discussions and decisions on the matter.

3. Day-to-day Management

Article 25. Delegation of powers

The Board of Directors may delegate the day-to-day management and the running of the Association's affairs to one or more of its members or to a General Manager. It shall fix the powers of such person(s). The Board of Directors may also confer special powers to any authorised representative of its choice.

IV. General Provisions

Article 26. Legal actions

Legal actions, whether as claimant or defendant, shall be followed on behalf of the Association by the Board of Directors.

Article 27. Representation of the Association

All acts binding the Association and all powers and proxies of the Association shall, in the absence of a delegation conferred by the Board of Directors, be signed by two members of the Board of Directors.

Article 28. Annual accounts and budget

The financial accounts of the preceding year and the budget for the forthcoming year must be submitted to the Annual General Meeting for approval. The financial year is the calendar year.

Article 29. Dissolution

In the event of dissolution of the Association, the General Meeting convened for that purpose shall, if necessary, appoint liquidators, determine their powers and decide on the destination of the assets of the dissolved Association, following discharge of its liabilities.

It shall allocate such assets to another institution or entity the object and purpose of which is as closely in line as possible with the purpose for which the dissolved Association was set up.

Article 30. Language of the Association

The present Statutes, worded in English, are followed by a translation into French. In case of divergence between the English and the French text, the English version shall prevail.

Article 31. Miscellaneous

All other matters not provided for under the present Statutes shall be settled in accordance with the requirements of the Law.