



TOY INDUSTRIES OF EUROPE INPA

ARTICLES OF ASSOCIATION

THIS DOCUMENT IS A NON-OFFICIAL AND NON-BINDING TRANSLATION OF THE ORIGINAL FRENCH DOCUMENT

Adopted at AGM 2016

TITLE I: NAME – REGISTERED OFFICE - PURPOSE - TERM

Article 1: Name

The association has the status of an international non-profit association and is governed by Title III of the Belgian Act of June 27, 1921 on non-profit associations, international non-profit associations and foundations (hereinafter referred to as “*the Act*”).

The name of the association shall be “*Toy Industries of Europe*”, in short “*TIE*”.

The name may be used in full or in abbreviated form or both and must at all times be preceded or followed by the wording “international non-profit association” or its abbreviation “INPA”.

For the purposes of these Articles of Association, the terms “Europe” or “European” refer to European Union Member States, European Union applicant states, European Economic Area Member States and Switzerland.

Article 2: Registered office

The registered office of the association is established at Brussels (B-1000), Boulevard de Waterloo 36.

It can be transferred to any other location by a decision of the General Members’ Meeting, in accordance with the provisions of Article 13 of the present Articles of Association with regard to the modification of the Articles of Association.

Any transfer of the registered office must be amended in the Articles of Association, deposited in the file kept by the Ministry of Justice and published in the Annexes to the Belgian Official Gazette. The Board of Directors is responsible for this publication.

Further administrative and operational offices may be established in Belgium or abroad, by a decision of the Board of Directors.

Article 3: Purpose and activities

The objectives of the association, which is non-profit-making, are to provide a platform for the discussion and exchange of information on issues that are central to the toy sector and to promote the interests of the European toy industry to other organizations and bodies.

The specific activities in furtherance of its purpose shall be, among other things, to provide members with information and strategic advice on legislative developments and challenges to the industry, to ensure that appropriate standards are set and enforced for toy safety, to promote global free trade in toys, to ensure that the intellectual property rights of European manufacturers and distributors are protected, and to support the ability of toy manufacturers to market their products in a responsible way.

The Association shall not enter into any discussion, activity or conduct that may infringe, on its part or on the part of its members, any applicable competition law. By way of example, members shall not discuss, communicate or exchange any commercially sensitive information, including non-public information relating to prices, marketing and advertising strategy, costs and revenues, trading terms and conditions with third parties, including purchasing strategy, terms of supply, trade programs or distribution strategy. This applies not only to discussions in formal meetings but also to informal discussions before, during and after meetings.

Article 4: Term

The Association has been established for an unlimited term.

TITLE II: MEMBERS

Article 5: Categories of members – Rights

The Association is composed of Core Members and Affiliated Members.

The number of Core Members and Affiliated Members is unlimited. Only legal entities or physical persons with a professional interest in the toy or game sector can become a member of the association.

The members are not personally liable for any commitments of the association.

a) Core Members

A Core Member is an entity admitted as a Core Member. The capacity of Core Member is exclusively reserved to toy associations and companies with a significant part of their business in the design, manufacture or sale of toys or games and that meet the following requirements:

- due establishment as a legal person or organization in accordance with the laws and customs of a European state;
- a registered office or its principal place of activity in a European state.

There must be at least two Core Members in the association. There is no restriction on the maximum number of core members within the association.

Core Members have the right to receive convocation for and to participate in the General Members' Meeting and they are allowed to participate in the Working Committees or other organized meetings.

Core Members have voting rights in the General Members' Meeting and their representatives can be elected as member of the Board of Directors.

The Core Members also have the rights which are granted to them in the applicable Internal Regulations.

b) Affiliated Members

Affiliated Members are associations and/or other bodies admitted as Affiliated Members, whose business at least partly involves the manufacture, distribution or sale of toys or games and that meet the following requirements:

- due establishment as a legal person or organisation in accordance with the laws and customs of a European state or applicant state to the European Union;
- a registered office or its principal place of activity in a European state or applicant state to the European Union.

Also physical persons may become an Affiliated Member.

There is no restriction on the maximum number of Affiliated Members within the association.

Affiliated Members have the right to receive convocation for and to participate in the General Members' Meeting but cannot have a voting right in the General Members' Meeting.

Affiliated Members are allowed – if invited - to participate in the Working Committees or other organised meetings.

Affiliated Members can never be elected as a member of the Board of Directors.

The Affiliated members are entitled to the rights explicitly attributed to them by the Board of Directors which it may decide on a case-by-case basis or by the Internal Regulations.

Article 6: Admission

The admission of new members, the indication of new members as Affiliated Members or Core Members and the changing of a member's status from Affiliated Member to Core Member or vice versa, is decided at the sole discretion of the Association's Board of Directors in accordance with the procedure determined by the Board of Directors in the Internal Regulations. The applicant must meet the requirements defined by the Articles of Association for each category of member.

This decision is eligible for appeal before the General Members' Meeting according to the procedure as described in the Internal Regulations.

The initiative for the admission of new members of the Association, or the initiative to change a member's status from Affiliated Member to Core member or vice versa, can be taken either by the Association's Board of Directors which can, when it deems that appropriate, invite any person to become a new member or, with respect to any member, submit a resolution to change its status, or such initiative can be taken by the candidate new member or the member wishing to change its status by addressing a written request to the Chair of the Board of Directors.

Every member of the Association agrees to comply with the present Articles of Association and the Internal Regulations.

Article 7: Resignation - Suspension - Exclusion

Every member has the right to terminate its membership at any time, upon written notice to the Director General 6 months ahead of the effective termination of membership. Members who resign remain liable to pay their share of any contribution still due to the association at the time they leave.

In case of forced or voluntary dissolution, insolvency, or bankruptcy of the member and similar events, membership shall be deemed to be terminated.

In case the member no longer meets the conditions for membership such as described in the Articles of Association or in the Internal Regulations, the membership shall be deemed to be terminated.

A member can at any time be suspended by a decision of the Board of Directors. The suspension will last until the next General Members' Meeting unless indicated differently in the decision of the Board of Directors, or unless revoked earlier or prolonged thereafter. A suspended member is deprived of all membership rights for the duration of its suspension.

Suspended members can be excluded at that next General Members' Meeting in accordance with the rules on exclusion of members.

A member can at any time be excluded by a decision of the General Members' Meeting requiring a majority vote of two thirds of the members present or represented. The exclusion of the member must be included on the agenda of that meeting when such agenda is sent around, including to the member in question, and the member in question will be given the opportunity to state its defence before that meeting before the resolution is voted upon. Any decision to exclude has immediate effect, unless otherwise decided by the body deciding to exclude.

The non-respect/violation of any term or condition set forth in the present Articles of Association, or in the Internal Regulations, such as, by way of example, the non-payment of the annual membership fee, can result into the loss of membership of the association.

Resigning or excluded members, and their legal successors, do not have any right with regard to any of the assets of the association and cannot, under any circumstance, claim any reimbursement of any nature whatsoever.

Article 8: Membership fees

The members will pay an annual membership fee, the amount of which and the payment method is recommended by the Board of Directors and formally confirmed by the General Members' Meeting for each category of members. The annual membership fee may vary in function of membership category and/or in function of other attributes and criteria as decided upon by the Board of Directors.

TITLE III: GENERAL MEMBERS' MEETING

Article 9: Composition – Powers

The General Members' Meeting is the general leading body of the association in the meaning of article 48, 5° of the Belgian law of 27 June 1921 on the non-profit associations, the foundations and the international non-profit associations.

The General Members' Meeting is composed of all Core Members. Affiliated Members are invited to participate in the General Members' Meetings, but with an advisory vote only.

The General Members' Meeting shall have the following exclusive powers:

- Amendments of the Articles of Association;
- Appointment and dismissal of the Directors;
- Appointment, determination of the remuneration and dismissal of the auditor, if any;
- Discharge of the Directors and the auditor;
- Approval of the budget, the accounts and annual management reports;
- Voluntary dissolution of the association and appointment of one or more liquidators;
- Exclusion of members; and

- Any other matter provided pursuant to Belgian law or the present Articles of Association.

Article 10: Convocations – Representation

The General Members' Meeting convenes upon convocation by the Board of Directors at the date and time it determines, each time the interest of the Association requires so and at least once a year within six (6) months following the closing date of the financial year.

It must be convened at the request of at least half of the members of the Board of Directors or when one fifth (1/5) of the Core Members has made a written and motivated request to the Chair of the Board of Directors.

All members must be convened.

The convocation notice shall contain an agenda and be sent by letter or e-mail at least twenty-one (21) days before the meeting. The agenda shall include room to discuss all major issues and provide members with an opportunity to comment and to give guidance to the Board of Directors.

Each member wishing to add an item to the agenda shall inform the Director-General (or the person to whom the daily management was delegated) in writing at the least ten (10) days before the meeting. Every proposition signed by at least one fifth (1/5) of the Core Members must be put on the agenda.

In the event of a proposed amendment of the Articles of Association, the convocation shall next to the agenda also contain the text of the proposed amendments and must be sent at least one (1) month before the meeting.

When the General Members' Meeting is convened for purposes of approving the accounts and the budget, these must be annexed to the convocation notice.

Furthermore, if all Core Members are present or represented, the General Members' Meeting shall be deemed validly convened without compliance with the convocation formalities set forth above.

Article 11: Meetings

General Members' Meeting at the registered office

The meetings are held at the registered office or at any other place indicated in the convocation notice. They are chaired by the Chair of the Board of Directors or, in his absence, by the Vice Chair, or in his absence, by the longest serving director present.

General Members' Meeting from a distance

As far as the convocation provides in this possibility, the members may participate from a distance in the General Members' Meeting by means of electronic means of communication according to the procedure described in the Internal Regulations.

Possibility to vote from a distance prior to the General Members' Meeting

As far as the convocation provides in this possibility, each Core Member has the right to vote from a distance prior to the General Members' Meeting, via letter or via an electronic way according to the procedure described in the Internal Regulations.

Article 12: Voting rights

All Core Members shall have an equal voting right at the General Members' Meeting, each one of them being entitled to one vote. However, Core Members who have not paid their annual membership fee, following a last warning from the treasury no later than one month prior to the date of the meeting, by the last working day prior to the meeting, shall see their voting right automatically suspended.

Article 13: Deliberations

The General Members' Meeting can validly resolve only (i) upon items included in the agenda and (ii) upon items which are not included in the agenda, provided that all Core Members are present and unanimously resolve thereon. In this respect, unanimity requires that no opposition from a Core Member is mentioned in the minutes of the meeting of the General Members' Meeting.

a) Quorum

Unless otherwise provided by the present Articles of Association, the General Members' Meeting can validly deliberate and decide regardless of the number of members present or represented at the meeting.

The General Members' Meeting cannot validly resolve upon a modification of the Articles of Association or the dissolution of the Association unless this item was included in the convocation notification and provided that at least two thirds (2/3) of the Core Members are present or represented.

If this quorum has not been reached, a second meeting shall be convened, with the same agenda and under the same conditions as the first meeting, which shall validly deliberate regardless of the number of Core Members present or represented. The second meeting cannot be held within a period of fifteen (15) days after the first meeting or later than six (6) weeks after the first meeting.

b) Majorities

Unless otherwise provided by the present Articles of Association, resolutions are validly adopted upon a majority of the votes of the Core Members present or represented.

Invalid, blank votes and abstinences are not taken into account for the calculation of the majorities.

In the event of a tie vote, a second vote shall be held. In case the second vote presents a tie vote, the Chair of the meeting of the General Members' Meeting shall have a casting vote.

However, an amendment of the Articles of Association and a decision to remove a Director prior to the expiry of his/her term requires a two thirds (2/3) majority vote of the Core Members present or represented.

Furthermore, a modification of the purpose and activities of the association or a resolution regarding the dissolution of the association requires a four fifths (4/5) majority vote of the Core Members present or represented.

Article 14: Minutes of the General Members' Meeting

Every General Members' Meeting must be recorded in minutes, signed by the Chair and the members of the Association who wish to do so.

Each member shall receive a copy of the minutes. Members that are not suspended or excluded may also consult the minutes at the registered office of the Association pursuant to a written request to the Board of Directors.

TITLE IV: MANAGEMENT

Article 15: Board of Directors

The Association is managed by a Board of Directors, which is the management body of the Association in the meaning of Article 48, 6° of the Belgian law of 27 June 1921 on the non-profit associations, the foundations and the international non-profit associations.

The Board of Directors is composed of minimum three (3) physical persons and a maximum as shall be established by the General Members' Meeting, and who must be employees or representatives of Core Members or other persons designated by a Core Member to represent it, appointed by the General Members' Meeting as described below and at any time revocable by the General Members' Meeting. The Director-General shall not be a member of the Board of Directors.

The Board of Directors elects among its members a Chair, a Vice chair and a Treasurer for a period of two (2) years, unless decided otherwise. The Chair, the Vice Chair and the Treasurer can be reappointed.

The Directors are appointed for a term of two (2) years and can be reappointed. The mandate of Directors which have not been reappointed shall terminate immediately following the annual General Members' Meeting of the year in which the mandate expires.

The Directors do not, in the framework of their function, contract any personal obligation and are not responsible vis-à-vis the association except for the execution of their mandate.

The Chair shall be the official spokes-person of the association, together with, within the limits of his powers, the Director-General.

The mandates of the Directors shall not be remunerated.

Article 16: End of Mandate - Vacancy

The mandate of a Director ends by:

- Voluntary resignation, acceptance of the resignation shall not be necessary to make the resignation effective;
- Termination of the employment or representation of Core Members;
- Expiration of the term of the mandate, at the annual General Members' Meeting;
- Death;
- Personal insolvency, legal incapacity or a state of provisional administration;
- Dismissal prior to the expiry of his/her term, by the General Members' Meeting, upon a two thirds (2/3) majority vote of the Core Members present or represented.

In the event the Director post of Chair, Vice Chair or Treasurer becomes vacant, one or more of the remaining Directors shall be appointed by the Board of Directors to fill the

vacancy(ies) provisionally. The Director thus appointed carries out the mandate of the Director he/she replaces. At the next General Members' Meeting a definitive appointment will be decided upon.

In the event one or more other Director posts becomes vacant, the member whose representative used to be Director, may appoint a new representative as provisional Director. At the next General Members' Meeting a definitive appointment will be decided upon.

Article 17: Powers of the Board of Directors – Delegation - Daily Management

Within the limits of the purpose of the association, and unless expressly reserved to the General Members' Meeting by law or by the present Articles of Association, the Board of Directors has the most extended powers relating to the administration and the management of the association and, in general, all residual powers.

The Board of Directors has the right (either as a corporate body or through an appointed representative) to appoint and dismiss the employees and personnel members and to determine their salaries, benefits and functions.

The Board of Directors has the power to establish and dissolve any working committee and to appoint and dismiss their chair(s) and members (whether or not themselves Directors).

The Board of Directors can, on its own responsibility, delegate the daily management or part of its powers to one or more Directors or to third parties who are not Directors. In that case, the Board of Directors shall determine in writing the scope of the delegated powers, the way of performing them and the term of the mandate.

In case the physical person to whom the daily management of the association shall be delegated is not a member of the Board of Directors, he/she shall be called the "Director-General". The Board of Directors has the right to appoint and dismiss the person to whom the daily management is delegated and to determine his/her salary, benefits and powers.

Article 18: Meetings of the Board of Directors

The Board of Directors shall have at least two (2) annual meetings plus any additional meeting either upon convocation of the Chair any time he or she deems fit, or upon the convocation by the Director-General, or at the request of at least two Directors sent to the Director-General (in which case the meeting shall and must be convoked by the Director-General).

The convocation shall include the agenda, date, time and place of the meeting. The convocation must be sent by letter, e-mail or any other communication device which produces a written document, at least five (5) days prior to holding the meeting, unless in exceptional urgent cases which shall be motivated.

The meetings are held at the registered office of the association or at any other place indicated in the convocation, including abroad.

The Board may also meet via telephone (telephone conference) and video (video conference). A Director shall be considered to be present in the event of participation to the meeting by telephone (telephone conference) or video (video conference), provided that such conferences allow all other Directors present at the meeting to hear such Director.

Article 19: Deliberations of the Board of Directors

The Board of Directors can validly resolve only if at least the majority of the Directors is present or represented.

The decisions of the Board of Directors require a majority of votes of the present or represented Directors. In the event of a tied vote, the acting Chair shall have a casting vote.

In exceptional circumstances, when the urgent necessity and the interests of the association so require, the decisions of the Board of Directors may be taken by unanimous written consent of the Directors. This procedure may however not be used for the determination of the annual accounts.

Article 20: Minutes of the Meetings of the Board of Directors

The decisions of the Board of Directors must be recorded in minutes of the meetings of the Board of Directors.

Article 21: Internal Regulations

Internal regulations specifying the provisions of the present Articles of Association and fixing the practical modalities of the functioning of the association can be established by the Board of Directors. The modification of these Internal Regulations is an exclusive power of the Board of Directors.

Every year, the Board of Directors shall re-evaluate the applicable Internal Regulations and make such amendments as are necessary or useful.

Article 22: Representation

Notwithstanding the general power of the Board of Directors as a corporate body, the association is validly represented in law and with regard to third parties:

- Either by the Chair of the Board of Directors and one other Director, acting jointly;
- Or, within the limits of the daily management, by the Director-General (or the person to whom the daily management was delegated).

No further justification or prior decision of the Board of Directors will be required in this respect. Furthermore, the association is validly represented by special ad hoc proxy holders, within the limits of their mandate.

TITLE V: FINANCIAL YEAR – ANNUAL ACCOUNTS – BUDGET - AUDIT

Article 23: Financial Year – Annual Accounts

The accounting year starts on January 1 and ends on December 31 of each year.

Article 24: Audit - Auditor

When legal obligations so require the Association, the audit of the financial situation of the association and of the annual accounts, their compliance with applicable law and the present Articles of Association, and the audit of the operations to be included in the annual accounts will be entrusted to one or more auditors, recommended by the Board of Directors

and formally confirmed by the General Members' Meeting among the members of the Institute of Company Auditors.

The auditors are appointed for a renewable term of three (3) years. The fees of the auditors consist of a fixed amount determined at the beginning of their mandate by the General Members' Meeting. They cannot be changed unless parties agree.

TITLE VI: DISSOLUTION

Article 25: Dissolution - Liquidation - Allocation of the Assets

In the event of dissolution of the association, for any reason whatsoever, the liquidation shall be entrusted to one or more liquidators, on the basis of either a resolution of the General Members' Meeting or, in the absence thereof, on the basis of a judicial decision which can be requested by any party having an interest.

In the event of a dissolution, voluntary or judicially, for any reason and at any time whatsoever, the allocation of the assets will be determined by the General Members' Meeting or the liquidators, it being understood that the assets (after reimbursement of the creditors) must in any event be allocated to a selfless purpose as close as possible to the purpose of the association, as described in article 3.

TITLE VII: GENERAL PROVISIONS

Article 26: Legal Reference

For all matters which are not addressed in the present Articles of Association, or, as the case may be, the Internal Regulations, reference is made to the Law. Consequently, in the absence of validly and legitimate provisions in the present Articles of Association, or, as the case may be, the Internal Regulations, all provisions of the Law are deemed to be included in the present Articles of Associations and the provisions in the present Articles of Association which are contrary to, or would become contrary to, the imperative provisions of the Law, are deemed non-existent.

Article 27: Language

The working language of the association is English.

These Articles of Association have been prepared in French and translated in English. In case of doubt, divergence or interpretation problems between the two versions, the French version will prevail.