



ARTICLES OF ASSOCIATION

Chapter I

Company name – Legal premises – Corporate purpose

Art. 1) – The following breeding association has been established: “International Reining Horse Breeder Association”, more simply I.R.H.B.A., registered in Parma (PR), Stradello Pratospilla nr. 13.

Art. 2) – The Association is non-political, independent and no-profit. Any management profits will be given exclusively to organisations or associations working with similar purposes. It is completely prohibited to distribute, even indirectly, any management profits. The Association's aim is to undertake activities of social solidarity consistent in the distribution and incentive of horse breeding in general and in reining horse breeding in particular.

Art. 3) – In the fulfilment of their goals, the Association may undertake the following activities:

- a) the promotion and development of reining horse breeding;
- b) the promotion and execution of all initiatives that may be useful for the improving, valorising, and sharing of horses, in particular reining horses;
- c) the selection and breeding of horses;
- d) the promotion and support of studies and research aimed at resolving particular technical problems in equestrian sports;
- e) the promotion, participation and organisation of competitions and sporting events in general aimed at highlighting progress made through selection;
- f) the collaboration in or supply of technical support to sporting competitions or events as above;
- g) the promotion and execution of gatherings, events, auctions, competitions regarding equestrian sports, in particular reining;
- h) the coordination of participation of associates or cardholders in races, events, gatherings, demonstrations, auctions and competitions and in any other initiative that may prove useful or interesting in the valorisation of horses in general or reining horses in particular;
- i) use of the press, radio, television and any other form of mass media for all activities regarding the promotion, valorisation and distribution, as long as this complies with the corporate purpose;
- j) the participation in organisations, companies or associations with similar purposes to those of the Association or which may be instrumental in carrying out the corporate purpose and/or aimed at promoting equine races.

Moreover, the Association may carry out any activities linked to the corporate purpose or possess and/or manage and/or take on and/or lease out stables, riding schools, riding clubs, stalls and other equipment, both movable and immovable, and own or co-own horses. Furthermore, they may also collaborate with other organisations or associations in developing initiatives that fall within the ambit of their own purposes. However, they must in any case maintain full independence from government bodies, public and private companies and trade union organisations.

Chapter II

Associates

Art. 4) – The following may participate in the Association: physical individuals, juridical individuals and any other organisation or body that is recognised by the current law in force, associations and cooperatives that are interested in fulfilling the purposes of the association itself. Associates are obliged to pay an annual fee. Should the associate not be a physical person, it has the right to a vote expressed by a legal representative or delegate of the same. Those associates who intend to enrol in the Association must apply to the Board of Directors declaring their unconditional acceptance of this Articles of Association and enrolling at least one stallion in the Breeder Incentive Program B.I.P. promoted by IRHBA.

In any case, owners of stallions who intend to enrol in the B.I.P. must pay, in full, their annual IRHBA fee for the year in which the stallions are enrolled.

Applications for admission presented between 1st January and the date of the annual Associates meeting to approve the financial statement will be examined by the first Board of Directors appointed after the meeting itself. The Board of Directors will decide whether or not to accept applications, and are not obliged to explain their decision.

Art. 5) – Regularly enrolled associates who have paid their annual fees are due all corporate rights. The annual fee – the amount and payment methods of which will be established each year by the Board of Directors - must be paid from the first day following the annual Associates meeting to approve the financial statement and no later than 31st December of each year. The associative fee is not transferable, except in the event of death, and is not subject to re-evaluation.

Subscription to the Association implies the following:

- a) observance of the statutory regulations and deliberations undertaken by the Association's boards;
- b) abstention from any initiatives that do not comply with that deliberated by the Association's boards;
- c) contribution to fulfilling the institutional purposes;
- d) abstention from participation in other associations and/or organisations dealing in reining horse breeding;
- e) the right to vote for the approval and modification of the Articles of Association, regulations and nomination of the Association's boards of directors;
- f) the right to vote for all other matters submitted to the meeting;
- g) the right to benefits deriving from initiatives undertaken by the Association;
- h) the opportunity to use goods or services provided by the Association.

Moreover, the Associates are obliged to communicate all information requested by the boards of the Association, notwithstanding the utmost confidentiality of each associate. The Association may use any information provided by the Associates only for the fulfilment of the corporate purposes and this information may only be made public upon prior permission of the interested parties.

Art. 6) – An Associate may be excluded following decision by the Board of Directors following any transgression of the obligations of this Articles of Association or for any other motive that may make their presence incompatible with that of any other Associates.

Should an Associate be excluded, he has the right to claim against said exclusion within 30 (thirty) days after receiving written notification thereof to the Internal Appeal Board. All decisions made by the Internal Appeal Board must be communicated in writing. In serious cases, said board may order

temporary execution of the Board of Directors' decision and/or proceed with the precautionary suspension of the Associate in question.

Associates may withdraw from the Association at any time, with effect from the following 1st January, via registered mail to the Board of Directors no later than 30th September each year. Following withdrawal, Associates may not claim a refund of the association fees or expenses paid nor may they claim a rebate of those due for the year in course.

Chapter III

The bodies of the Association

Art. 7) – The bodies of the Association are:

- a) The Associates' Meeting;
- b) The Board of Directors;
- c) The Chairman of the Board of Directors;
- d) The Board of Auditors;
- e) The Internal Appeals Board.

Art. 8) – The Associates' Meeting may be either Ordinary or Extraordinary.

The Associates' Meeting has the following functions:

- a) to appoint the Board of Directors which will in turn appoint the Chairman and if required one or more Vice-Chairmen;
- b) to approve the technical, moral and financial reports, the Final Financial Statement and Budget – where deemed necessary by the Board of Directors - as well as the programme of activities to undertake in the new financial year;
- c) to appoint the Board of Auditors;
- d) to appoint the Internal Appeals Board;
- e) to undertake any other action and make all other deliberation not expressly attributed to other bodies through this Articles of Association.

The Extraordinary Meeting has the following functions:

- a) to modify the Articles of Association;
- b) to deliberate on matters of particular importance and seriousness for the existence and operation of the Association;
- c) to deliberate on the dissolution of the Association and nomination of the Liquidator(s).

The Ordinary Meeting is called at least once per year within six months from the end of the financial year in order to approve the Financial Statement and any time the Chairman of the Board of Directors, or his delegate, considers it opportune. Meetings are held in the legal premises of the Association or elsewhere, provided it be in Italy.

It is also called following written request by two Auditors or at least one tenth of the effective Associates as per article 20 of the Italian Civil Code. An Extraordinary Meeting is called when the Chairman of the Board of Directors, or his delegate, considers it opportune or following written request by the majority of the Board of Directors. These meetings are held in the legal premises of the Association or elsewhere, provided it be in Italy.

The Meeting is called via registered mail, electronic mail, fax or any other written communication to be sent at least ten days before the date set for the meeting and/or through notification on the Association's website. The call must indicate the points of the agenda, the place and time of the meeting. The Meeting is presided over by the Chairman of the Board of Directors or, should he be unable to attend, by the Vice-Chairman, if appointed, or any other member of the Board itself.

The Ordinary Meeting is valid and ready to deliberate when it has been appropriately called and, at the first call, at least half of the total Associates with the right to vote are present or represented. At the second call, the Ordinary Meeting is valid and ready to deliberate regardless of the number of Associates present or represented. Deliberations are passed when favourably voted by the majority

of the Associates with the right to vote who are present or represented. The Extraordinary Meeting, at the first call, is valid only if at least half of those Associates with the right to vote are present or represented. At the second call, the Extraordinary Meeting is considered valid and able to deliberate regardless of the number of Associates present or represented. Deliberations made during the Extraordinary Meeting, both at the first and second calls, are passed when favourable voted by a majority of the Associates present or represented who have the right to vote. An Extraordinary Meeting called to deliberate on the dissolution or liquidation of the Association is valid and able to deliberate if, upon the second call, at least one third of the Associates with the right to vote are present or represented.

Art. 9) – All Associates enrolled in the partners' register and up to date with payment of the annual fee have the right to participate in the Meeting. Each Associate may represent one or more other Associates as long as they have written proxy. No proxy can be given to any member of the Association's Board of Directors or the Board of Auditors. Each Associate can represent with written proxy a maximum of three Associates.

It is the responsibility of the Chairman of the Meeting to verify the right to participate, including through proxy.

Votes during the Meeting are held either through raised hands, roll call or secret ballot, as decided by the Chairman. Each Meeting is recorded in a report drawn up by the Secretary or anyone else with that responsibility. The report, signed by the Chairman of the Meeting and the person who drew the report up, is kept in the Association's documentation and each Associate has the right to view it.

Art. 10) – The Board of Directors is nominated by the Meeting and consists of between a minimum of 5 (five) associates and a maximum of 9 (nine).

Only those Partners who are up to date with their fees can be elected Directors.

In the event of death or resignation of one or more Directors before expiry of their mandate, the Board of Directors will substitute them through co-opting. Directors elected thus will remain in the role until the following Meeting. Should there be no majority of Board members, the remaining members will hold the Meeting until the numbers are met.

Members of the Board of Directors remain in their role for 4 (four) years and can be re-elected. Failure to participate in three Board meetings in a row without justification or failure to pay the annual fees may result in the absentee being removed from their position as Director and being replaced through co-opting. The Board of Directors is considered valid when half plus one of the members are present and deliberations are passed through the majority vote of those present. In the event of a tied vote, the Chairman's vote will be decisive.

The Board of Directors meets every time it is considered necessary, when called by the Chairman or at least one third of the Directors, and in any case no fewer than three times a year in the Association's premises or elsewhere in Italy. Board of Directors meetings may also be held via audio- or teleconference as long as all participants are able to follow the discussions and intervene in negotiating the matters in question; having verified these conditions, the Meeting is considered held wherever the Chairman is. The Secretary of the meeting must also be physically present here, in order to draw up and sign the report in the relative book.

Art. 11) – The Board of Directors has the following specific responsibilities:

- a) discuss the admission of new Associates;
- b) establish conditions for the execution of statutory tasks, establish the methods and responsibilities of the execution thereof and control the execution of the above;
- c) make decisions on investments;

- d) prepare the Final Financial Statement which, with the programme of activities to be carried out in the next financial year, will be subject to approval during the Meeting;
- e) prepare, when necessary, the Budget to subject to approval during the Meeting;
- f) establish the Association's administration methods and carry out the activity for Associates and third parties;
- g) deliberate on the institution and functioning of the Association's offices;
- h) employ or dismiss staff, establishing functions and salaries;
- i) appoint technical commissions;
- j) approve any technical regulations drawn up by technical committees;
- k) call general meetings for all Associates in order to communicate the progress of the association and discuss general terms and conditions;
- l) establish the amount and payment methods of the annual fees;
- m) determine remuneration for the various services offered by the Association and establish payment methods;
- n) decide any holdings in other organisations, including companies, as per article 3), letter j of this Articles of Association.

Art. 12) – The role of member of the Board of the Director is not salaried; members may be reimbursed by the Association for any travel and accommodation expenses incurred while fulfilling their role.

Art. 13) – The Association is represented by the Chairman of the Board of Directors to third parties and in legal cases. In the event of absence or impediment, the Chairman will be substituted in all functions by one of the Vice-Chairmen, if appointed, or any one of the members of the Board of Directors with express proxy. The Chairman calls the Board of Directors meetings, chairs meetings and signs deliberations, signs the Final Financial Statement to be presented to the Associates and, when necessary, the Budget, and declares Assemblies open.

Art. 14) – The Board of Auditors is appointed by the Meeting and is made up of three regular members and two substitutes. The Meeting also appoints the Chairman thereof. Members of the Board of Auditors remain in the role for 2 (two) years and can be re-elected.

The Auditors may attend, without the right to vote, meetings of the Board of Directors, supervise the administration of the Association, and examine and approve the Final Financial Statement to be presented to the Associates' Meeting. The Chairman of the Board of Auditors must participate in meetings of the Board of Directors.

Members of the Board of Auditors are not salaried.

Deliberations of the Board of Auditors are passed with the absolute majority of the votes.

Art. 15) – The Internal Appeal Board is made up of three members elected from among the associates; the role lasts 4 (four) years and members can be re-elected. The Board deliberates, except for that provided for in article 19 of this Articles of Association should this body not have been appointed, on all disputes between associates regarding the associative relationship or between them and the Association and/or its organs.

Chapter IV

Assets

Art. 16) – The corporate assets consist of:

- a) balance surpluses accrued in a reserve fund;
- b) any bequests or donations;
- c) and movable or fixed property owned by the Association. The Association must keep an inventory of all goods included in its assets.

Corporate income is constituted thus:

- a) associative fees;
- b) any fees due from the association regulations regarding enrolment of stallions and/or foals in the breeding programme of the association itself;
- c) regional funding or that of any other state or European organisations;
- d) extraordinary funding;
- e) compensation regarding services provided to associates or third parties and the activities deriving from the organisation of sports or other events;
- f) sponsoring during events or competitions;
- g) any interest or other asset income;
- h) any funding authorised or granted by Public and Private Organisations;
- i) all other income that may benefit the Association.

Chapter V

Financial year – Dissolution – Arbitration clause – Reference to the Italian Civil Code

Art. 17) – The financial year lasts one year and ends on 31st December each year.

Art. 18) – In the event of dissolution of the Association, the Liquidators must be appointed by the Extraordinary Meeting and any corporate assets remaining after all debts are extinguished must be transferred to another association with similar aims or for public use, after conference with the inspection body as per article 3, comma 190, of Law 662 of 23rd December 1996, except for different transferral established by law. The Extraordinary Meeting will identify which structures will benefit from said transferral of corporate assets.

Art. 19) – Should the Internal Appeal Board not be appointed, any dispute that may arise among the Associates or between the Associates and the Association regarding the interpretation and execution of the associative contract and this Articles of Association must be brought before a referees' committee made up of three arbitrators. Said committee will judge impartially, without procedural formalities and without appeal.

Each of the two parties concerned in the matter will have the right to appoint a member of the board, while the Chairman will be designated by the members chosen by the parties or, where an agreement cannot be reached, by the President of the General Court of the territory in which the Association is legally registered, who will also appoint an arbitrator for any party which, invited thereto, fails to do so within fifteen days.

Art. 20) – For any other matter not covered in this Articles of Association, reference will be made to the provisions of the Civil Code.