

STATUTES OF THE EU DSO ENTITY AISBL (ASSOCIATION INTERNATIONALE SANS BUT LUCRATIF)

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CHAPTER I: Name - Registered office - Purpose – Duration

Article 1. : Definitions

For the application of the present Statutes, the following definitions apply, unless the context requires otherwise:

1. **“Agency”**: ACER, the European Union Agency for the Cooperation of Energy Regulators.
2. **“Assembly”**: the General Assembly of the EU DSO Entity in accordance with Article 15 of the present Statutes and with the tasks defined in Article 15.2 of this Articles.
3. **“Associate Member”**: a distribution system operator of electricity which is not a Member of the Association but meets certain minimum requirements laid down in Article 7 of the Statutes and has been granted the status of Associate Member by the Assembly.
4. **“BCCA”**: the Belgian Code of Companies and Associations.
5. **“Board”** or **“Board of Directors”**: the Board of Directors of the EU DSO Entity in accordance with Article 16 of the present Statutes and with the tasks defined in Article 16.8 of this Articles.
6. **“Business Day”**: a day which is not a Saturday, a Sunday or a public holiday in the Brussels Capital Region.
7. **“Category 1”**: refers to Members with less than 100.000 Connected Customers;
8. **“Category 2”**: refers to Members with at least 100.000 and less than 1 million Connected Customers.
9. **“Category 3”**: refers to Members with at least 1 million Connected Customers.
10. **“Commission”**: the European Commission.
11. **“Connected Customers”**: customers who are connected to the distribution grid through a metering point and who purchase electricity for their own use. The number of connected customers of a Member is calculated by the number of metering points of this Member. Therefore, they are connected customers within the meaning of Article 32 (5) and Article 35 (4) Electricity Directive (EU) 2019/944.
12. **“Conflict of Interest”**: any direct or indirect interest of a Member, Associated Member, Observer of their Representatives or of a Director that conflicts, or might conflict with the interests of the EU DSO Entity, that might influenced a particular decision-making process affecting the integrity or the reliability of the outcome.
13. **“Country Expert Group”**: a group of experts comprising one (1) DSO per country represented in the Assembly, as mentioned in Article 19 (6) of the Statutes.
14. **“Director”**: a natural person who is member of the Board, meeting the requirements stated in Article 16. 9.2. of the present Statutes.
15. **“DSO”** or **“Distribution System Operator”**: a legal person responsible for operating, ensuring the maintenance of and, if necessary, developing the distribution system in a given area and, where applicable, its interconnections with other systems and, for ensuring the long-term ability of the system to meet reasonable demands for the distribution of electricity as defined in the Electricity Directive (EU) 2019/944.

16. **“Electricity Regulation”**: the Electricity Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity.
17. **“ENTSO for Electricity (ENTSO-E)”**: the European Network of Transmission System Operators for Electricity pursuant Article 28 of the Electricity Regulation.
18. **“EU DSO Entity”**: the not for profit Association for European Union Electricity Distribution System Operators, incorporated pursuant to these Statutes.
19. **“European Union”**: all the Member States of the European Union.
20. **“Expert Group”**: a group of experts, as mentioned in Article 19 of the Statutes, in charge of a specific area of work.
21. **“Foreground IP”**: the intellectual property rights, inventions, results, information and knowledge developed by a Member, Associate Member or Observer as a result of the activities it is carrying out in the framework of the EU DSO Entity.
22. **“Industrial Group”**: a group of undertakings associated as defined in point (11) and (13) of Article 2 of Directive 2013/34/EU¹.
23. **“Network Code”**: secondary legislation developed according to Articles 58-61 of the Electricity Regulation.
24. **“Observer”**: any European and national association representing electricity DSOs in the EU that are permitted to participate as observers at the meetings of the Board of Directors. Observers can be invited at the initiative of the President of the EU DSO Entity to attend the meetings of the General Assembly pursuant Article 15.5 of the Statutes. These associations meet certain minimum requirements laid down in Article 8 of the Statutes and have been granted the status of Observer by the Board of Directors.
25. **“President”** of the Board and **“President of the EU DSO Entity”**: a natural person who has been nominated as President of the Board and endorsed by the General Assembly as President of the EU DSO Entity. The President chairs the Board and the Assembly.
26. **“Registered Member”** or **“Member of the EU DSO Entity”**: An electricity DSO from one of the Member States of the European Union is admitted to membership in accordance with Article 6 of the Statutes and pays its membership fee pursuant Article 13 of the Statutes.
27. **“Representative”**: a physical person, designated by a Member, Associate Member, Third Country Partner or an Observer in writing, who attends the Assembly or the Board (in the case of an Observer), and to the extent applicable, exercises the rights of the Member, the Associate Member, Third Country Partner or the Observer represented.
28. **“Rules on Procedure”**: the internal working rules of the EU DSO Entity.
29. **“Secretary General”**: the natural person appointed by the Assembly upon proposal of the Board to manage and represent the EU DSO Entity on a daily basis and to supervise the Secretariat.
30. **“Secretariat”**: the staff of the EU DSO Entity who together with the Secretary General assist and provide support to the bodies of the EU DSO Entity as provided in Article 14 of these Statutes as well as to the Experts Groups, the Country Expert Group and the Strategic Advisory Group.

¹ Art.2 (13) Directive 2013/34/EU *'associated undertaking' means an undertaking in which another undertaking has a participating interest, and over whose operating and financial policies that other undertaking exercises significant influence. An undertaking is presumed to exercise a significant influence over another undertaking where it has 20 % or more of the shareholders' or members' voting rights in that other undertaking;*

31. **“Statutes”**: the present statutes of the EU DSO Entity.
32. **“Strategic Advisory Group”**: a body of the EU DSO Entity composed of representatives of the European DSO associations and DSOs representatives of those Member States which are not represented in the Board.
33. **“Third Country Partner”**: a distribution system operator of electricity from a third country outside the EU that meets the requirements laid down in Article 8bis of the Statutes and has been granted the status of Third Country Partner by the Assembly.
34. **“Vice-President of the Board”**: a Director nominated by the Board from among its members as Vice-President of the Board belonging to one of the three categories of Registered Members defined in this Article 1. 7,8 & 9 as Category 1, 2 or 3, as the case may be.
35. **“Voting Power”**: the number of votes attributed to each Member, calculated proportionally to the number of Connected Customers of the Member as defined in Article 1.11, where the basis for calculation is one metering point equals one vote.

Article 2. : Name of the Association

1. The name of the Association is “EU DSO Entity”.
2. The EU DSO Entity is governed by the provisions of the BCCA.
3. All documents of the EU DSO Entity issued to third parties, such as invoices, deeds, announcements and publications, shall include the name of the EU DSO Entity preceded or followed by the words “Internationale Vereniging zonder Winstoogmerk”, abbreviated as “IVZW”, or “Association Internationale Sans But Lucratif”, abbreviated as “AISBL”, as well as the address of its registered office.

Article 3. : Registered Office of the EU DSO Entity

1. The registered office is established in Belgium and shall be in the Brussels' Capital Region.
2. The registered office of the EU DSO Entity may be transferred to any other place in Belgium by a simple decision of the Assembly upon proposal of the Board which shall be published in the Annexes to the Belgian State Gazette without the need to amend the present Statutes, provided the change of registered office does not entail a change of the language of the Statutes, in accordance with the prevailing Belgian laws on the use of languages.
3. The Board is authorised to set up administrative offices and branches both in Belgium and abroad.

Article 4. : General principles, Purpose and activities of the EU DSO Entity

1. The EU DSO Entity represents all its Members regarding subjects within the scope of its purpose as defined in Article 52.1 of the Electricity Regulation *“Distribution system operators shall cooperate at Union level through the EU DSO entity, in order to promote the completion and functioning of the internal market for electricity, and to promote optimal management and a coordinated operation of distribution and transmission systems”*.
2. Pursuant to Article 52.2 of the Electricity Regulation, the EU DSO Entity is set up *“as an expert entity working for the common Union interest, the EU DSO Entity shall neither represent particular interests nor seek to influence the decision-making process to promote specific interests”*.
3. Pursuant to Article 55 of the Electricity Regulation, the tasks of the EU DSO Entity shall be the following:
 - a. promoting operation and planning of distribution networks in cooperation with the operation and planning of transmission networks;
 - b. facilitating the integration of renewable energy resources, distributed generation and other resources embedded in the distribution network such as energy storage;
 - c. facilitating demand side flexibility and response and distribution grid user’s access to the market;
 - d. contributing to the digitalisation of distribution systems including deployment of smart grids and intelligent metering systems;
 - e. supporting the development of data management, cyber security and data protection in cooperation with relevant authorities and regulated entities;
 - f. participating in the development of Network Codes and amendment to new or existing ones which are relevant to the operation and planning of distribution grids and the coordinated operation of the transmission networks and distribution networks pursuant to Article 59 of the Electricity Regulation;
 - g. pursuant to Article 59.3 of the Electricity Regulation, if the subject matter of the network code is directly related to the operation of the distribution system and not primarily relevant to the transmission system, the Commission may require the EU DSO entity, in cooperation with the ENTSO for Electricity, to convene a drafting committee and submit a proposal for a network code to ACER.

In addition, the EU DSO Entity shall:

- g. cooperate with the ENTSO for Electricity on the monitoring of implementation of the Network Codes adopted pursuant to the Electricity Regulation which are relevant to the operation and planning of distribution grids and the coordinated operation of the transmission networks and distribution networks;

- h. cooperate with the ENTSO for Electricity and adopt best practices on the coordinated operation and planning of transmission and distribution systems including issues such as exchange of data between operators and coordination of distributed energy resources;
 - i. work on identifying best practices in the areas identified above and for the introduction of energy efficiency improvements in the distribution network;
 - j. adopt an annual work programme and an annual report;
 - k. operate in full compliance with competition law and ensure neutrality.
4. Any procedures in the Statutes, Rules of Procedures and Code of Conduct shall safeguard that the decision-making process is transparent, and any actions, procedures and rules adopted by the EU DSO Entity shall:
- a. safeguard unbundling rules that Members are subject to,
 - b. safeguard fair and proportionate treatment of its Members and
 - c. reflect the diverse geographical technical and economic structure of its membership.
5. The Rules of Procedure, constituting the appendix to the Statutes, shall ensure balanced representation of all participating DSOs.
6. The EU DSO Entity may carry out all acts in Belgium and abroad directly or indirectly related to the achievement of its purpose and activities including:
- managing money or funds, provided they are used for activities related to the EU DSO Entity’s purpose;
 - performing any other activities instrumental or ancillary to and, in any case, related to the EU DSO Entity’s purpose. To that end, it may buy, sell, take on lease and let out, possess all movable and immovable property and facilities, mortgage the same, accept inter vivos and testamentary gifts subject to the requisite statutory authorizations.

In addition, the EU DSO Entity may carry out all activities, both in Belgium and abroad, which directly or indirectly further or promote the abovementioned not-for-profit objectives.

Article 5. : Duration of the EU DSO Entity

The EU DSO Entity is established for an indefinite term.

Chapter II: Members, Associate Members and Observers

Article 6. : Membership

1. Without prejudice to legal rules applicable to the candidate Member, and subject to assessment by the Assembly, the EU DSO Entity is open to all new Members irrespective of their size and type, which satisfy the following criteria:

- a) the candidate Member is designated as an electricity DSO according to provisions in the laws of its EU Member state of origin, and
- b) the candidate Member controls, or has access to, the financial means needed to fulfil the obligations which arise from its membership of the EU DSO Entity.

2. Application for membership shall be addressed in writing, subject to the applicable forms, to the Secretary General and will be submitted to the assessment of the Assembly at the next meeting of the Assembly. If the candidate fulfils the criteria mentioned above, the Assembly has to consider the membership positively and in light of the right of all DSOs to cooperate at Union level.

3. Admission shall only become effective after payment of the annual membership fee, as determined in Article 13 of these Statutes, for the year in which the candidate is admitted as Member.

4. Membership of the EU DSO Entity automatically entails acceptance of the Statutes and its Rules of Procedure.

5. Where the legal identity of a Member changes as a result of a merger, separation or in the case of a transfer of its responsibilities as DSO, if possible, the related Membership can be held or transferred accordingly. In order to allow the Assembly to assess the request of the affected Member to hold or transfer its Membership and to be qualified as a Member of Category 1, Category 2 or Category 3 accordingly; such cases shall be notified by the Member concerned to the Secretary General in due time.

Article 7. : Associate Members

1. Without prejudice to legal rules applicable to the candidate, the Assembly may decide to admit as Associate Members any electricity DSO constituted under the laws of its country of origin outside the EU who applies the relevant EU energy law, , provided the candidate Associate Member declares to dispose of, or has access to, the financial means needed to fulfil the obligations which arise from its membership in the EU DSO Entity.

2. An application by a candidate Associate Member shall be addressed in writing, subject to the applicable forms, to the Secretary General and will be submitted to the approval of the Assembly at the next meeting of the Assembly.

3. Admission shall only become effective after payment of the annual Associate Member fee, as determined in Article 13 of these Statutes and in the Rules of Procedure, for the year in which the candidate is admitted as Associate Member.

4. An Associate Member has the rights and obligations mentioned in the Statutes. In particular, Associate Members have the right to attend the General Assembly and participate in the discussions in accordance with Article 15.5 but will not have any voting power and no formal participation in the Board of Directors. Associate Members are not entitled to nominate experts to the Experts Groups notwithstanding the options foreseen in Article 19.2.

Article 8 (bis): Third Country Partners

1. The Assembly may decide to admit as Third Country Partners electricity DSOs from other third countries outside the EU, with no agreements to apply the EU energy legislation.

2. Cooperation with them would need to be set out under bilateral partnership agreements and after Commission's positive opinion.

3. An application by a candidate Third Country Partner shall be addressed in writing, subject to the applicable forms, to the Secretary General and will be submitted to the approval of the Assembly at the next meeting of the Assembly.

4. A Third Country Partner Member has the rights and obligations mentioned in the Statutes. In particular, Third Country Partners may not attend the General Assembly and can only participate in Expert Groups according to the terms set out in the partnership agreement, but they cannot, however, participate in Expert Groups which develop proposals for EU rules, in particular network codes as referred in Article 55 of the Electricity Regulation.

Article 8.: Observers

1. Existing European Associations which represent electricity DSOs at EU level, or national associations representing electricity DSOs that belong to an EU Member State or a non-EU country which participates in the European single market for electricity via the European Economic Agreement (EEA) or is in bilateral agreements with the EU with the obligation to implement relevant EU energy legislation, in particular Network Codes, are permitted to participate as Observers in the meetings of the Board as established in the Rules of Procedure. Observers may be invited to attend the General Assembly meetings in accordance with Article 15.5 of these Statutes.

2. An application by a candidate shall be addressed in writing, subject to the applicable forms, to the Secretary General and will be submitted to the assessment of the Board at the next meeting.

Article 9.: Resignation and end of Membership

1. Without prejudice to legal rules applicable to each of them, Members, Associate Members, Third Country Partners and Observers have the right to resign from the EU DSO Entity provided that they give written notice of their intention to resign to the Secretary General at least six (6) months prior to the end of the calendar year.
2. Notwithstanding their resignation, Members, Associate Members, Third Country Partners and Observers who resign shall remain liable for all due and unpaid fees or other existing obligations up to the time of their resignation becoming effective the last day of the year and cannot claim reimbursement of any membership fee or any other expenses paid by it before the resignation. All membership rights shall be automatically withdrawn on the date the resignation becomes effective.

Article 10. : Suspension of participation and/or voting rights of Members, Associate Members, Third Country Partners and Observers

1. Without prejudice to legal rules applicable to Members, Associate Members and Third Country Partners, the Assembly, upon proposal of the Board, is entitled to suspend for a period of time in whole or in part the membership rights of Members, Third Country Partners and Associate Members, including the voting rights of a Member in the Assembly and /or the participation in Expert Groups, under the following conditions:
 - a) delays in membership fee payment of more than 3 months from the day when the payment is due (until such time as all outstanding payments are settled or until such time the Assembly decides);
 - b) conducting adverse or detrimental actions obviously contradicting the Assembly strategic decisions regarding the activities of the EU DSO Entity adopted pursuant to Article 15.2(a) of the Statutes;
 - c) conducting onerous actions obviously contradicting the duties of a Member adopted pursuant to Article 15.2(c) of the Statutes;
 - d) conducting onerous actions obviously contradicting the Assembly decisions on matters submitted by the Board pursuant to Article 15.2(p) of the Statutes;
 - e) obviously being in a Conflict of Interest.
2. In respect of the circumstances provided for in (a) to (e) above, the Member, the Associate Member or the Third Country Partner concerned shall following a decision of the Assembly to suspend for a period of time in whole or in part the membership rights of Members, Associate Members and Third Country Partner, be given written notice by the Secretary General of such decision of the General Assembly and

be required to fulfil its duties or cease the violation giving rise to the suspension within a given time frame, not exceeding 3 months, failing which the Member, the Associate Member and the Third Country Partner concerned shall be referred to the exclusion procedure.

3. The Member for which suspension is proposed shall not be counted in determining the quorum and majority necessary for the decision of the Assembly.

4. If any of the above is envisaged, the Member, the Associate Member and the Third Country Partner shall have the opportunity of defending itself in front of the Assembly.

5. Suspension of Observers

The Board of Directors is entitled to suspend Observers in case of the circumstances described in paragraph 1 b) to e). The Observer concerned shall be given written notice by the Secretary General of such decision of the Board and be required to fulfil its duties or cease the violation giving rise to the suspension within a given time frame, not exceeding 3 months, failing which the Observer concerned shall be referred to the exclusion procedure.

Article 11. : Exclusion of Members, Associate Members, Third Country Partners and Observers

1. Exclusion of Members, Associate Members and Third Country Partners

- a) Without prejudice to legal rules applicable to Members, Associate Members and Third Country Partner, the Assembly is, upon proposal of the Board, entitled to exclude a Member, Associate Members and Third Country Partner on the following material default grounds: bankruptcy, liquidation or receivership, non-payment or late payment of Membership contributions or fees as foreseen in Article 10.1. or other material infringement of the Statutes and/or of the Rules of Procedure which is not capable of remedy.
- b) The Assembly shall, upon proposal of the Board, decide to exclude a Member or/ and Associate Member or /and Third Country Partner in case a Member and/ or Associate Member's and/or Third Country Partner status of electricity DSO has ceased due to the loss of the distribution license according to Article 6 and 7 of these Statutes.
- c) Regarding the conditions foreseen in Article 10.1. (a) and (b), the Member, the Associate Member and the Third Country Partner concerned, shall be given written notice by the Secretary General of the decision of the Assembly referred to in said Article and as required in its duties or cease the violation giving rise to exclusion within in a certain time frame, not to exceed 3 months.

2. If any of the above is envisaged, the Member, the Associate Member or the Third Country Partner shall have the opportunity of defending itself in front of the Assembly. Until the final decision of the Assembly to exclude a Member, an Associate Member or a Third Country Partner, the Assembly, may, upon proposal of the Board, decide to suspend in whole or in part the membership rights of Members, Associate

Members and Third Country Partner. The Assembly shall render its decision within 6 months from the start of the exclusion procedure.

3. The Member for which exclusion is proposed shall not be counted in determining the quorum and majority necessary for the decision of the Assembly concerning the exclusion of this Member.

4. Notwithstanding their exclusion, excluded Members, Associate Members and Third Country Partner shall remain liable for all due and unpaid fees or other existing obligations prior to their exclusion and cannot claim reimbursement of any membership fee or any other expenses paid by it before the exclusion. All membership rights shall automatically cease on the date the exclusion is pronounced by Assembly.

5. Exclusion of Observers

a) The Board of Directors is entitled to exclude Observers in case of material infringement of the Statutes and/or of the Rules of Procedure which is not capable of remedy.

b) The Board shall decide to exclude an Observer if its status of European or national association representing electricity DSOs ceases.

6. If any of the above is envisaged, the Observer shall have the opportunity of defending itself in front of the Board. Until the final decision of the Board to exclude an Observer, it may suspend the rights of Observer concerned. The Board shall render its decision within 6 months from the start of the exclusion procedure.

Article 12. : Compliance with rules issued by the EU DSO Entity

Each Member, Associate Member, Third Country Partner and Observer undertakes to comply with the rules issued by the bodies of the EU DSO Entity in accordance with the Statutes and with the Rules of Procedure.

Article 13. : Fees

1. The funds required to carry out the tasks of the EU DSO Entity will be raised by contributions from the Members, Associate Members and Third Country Partners. For each financial year, the Assembly approves the annual budget and determines the membership fees upon proposal of the Board. The assessment of the membership fee must be based on the approved budget.

2. The membership fee shall be fair and proportionate and shall reflect the number of Connected Customers to the DSO concerned. Until the decision on a change of the membership fee rules by the Assembly, the membership fee rules decided upon remain valid.

3. The membership fee of a Member is calculated as follows:

- a) All Members of the EU DSO Entity shall pay a fixed fee to be approved annually by the General Assembly upon proposal of the Board. For the first four (4) years since the EU DSO Entity is set up this fixed fee is established to be three hundred and fifty euros (350€) per year.
- b) In addition, every Member shall pay a variable fee proportional to the number of connected customers as defined in Article 1.11 of these Statutes and to be approved annually by the General Assembly upon proposal of the Board.
- c) Associate Members and Third Country Partners shall pay 50% of the annual membership fee resulting from the application of a) and b).

CHAPTER III: Bodies of the EU DSO Entity

Article 14.: Bodies of the EU DSO Entity

1. The bodies of the EU DSO Entity are:
 - a) the General Assembly
 - b) the Board of Directors
2. The EU DSO Entity also consists of:
 - a) the Secretary General
 - b) the Strategic Advisory Group
 - c) the Expert Groups including a Country Expert Group
3. The bodies, groups and Secretary General of the EU DSO Entity interrelate as explained in the present Statutes.

Article 15. : The Assembly

Composition, powers and tasks

1. The Members of the EU DSO Entity shall constitute the Assembly.
2. The Assembly is the leading body of the EU DSO Entity and has full powers to enable the achievement of the EU DSO Entity's purpose. All powers not specifically attributed to the other bodies of the EU DSO Entity, belong to the Assembly including the possibility to supervise and challenge Board decisions.

In particular, the Assembly is responsible for:

- a) the adoption of strategic decisions regarding the activities of the EU DSO Entity;
- b) the establishment of policy guidelines for the Board;

- c) the status of Member, Associate Members and Third Country Partners: admission, definition of rights and duties, acknowledgement of resignation, suspension of participation and/or Voting Power or exclusion where applicable;
- d) adoption and the amendment of the Statutes, the Code of Conduct and/or of the Rules of Procedure in accordance with the Electricity Regulation ;
- e) the election and dismissal of the members of the Board;
- f) the endorsement of the President of the Board nominated by the Board as President of the EU DSO Entity;
- g) the appointment and dismissal of the Secretary General upon proposal of the Board;
- h) the appointment and dismissal of the statutory auditors, if any, and the determination of their remuneration upon proposal of the Board;
- i) the endorsement of decisions of the Board on Network Codes and on deliverables resulting from tasks described in Article 4.3; and requests for reconsideration by the Board if applicable pursuant the General Assembly responsibility to establish the policy guidelines for the Board as stated in the present Article 15.2b)
- j) the granting of discharge to the members of the Board and, where required, to the statutory auditors;
- k) the adoption of an annual work programme, upon the proposal of the Board;
- l) determination of the annual membership fee and time limit for paying it, upon proposal of the Board;
- m) the approval of the budget and of the annual accounts of the EU DSO Entity;
- n) the appointment and dissolution of Expert Groups, upon proposal of the Board;
- o) the establishment of a Country Expert Group;
- p) the adoption of decisions on matters submitted to the Assembly by the Board;
- q)the delegation of the adoption of decisions on specific issues or in circumstances precisely defined to the Board and/or the Expert Groups;
- r) the dissolution of the EU DSO Entity and any decisions relating thereto, including appointment of liquidator(s) and allocation of assets to an altruistic purpose, in accordance with Article 26 of these Statutes;

Appointment, attendance, proxy and representation

3. Each Member shall appoint a Representative to attend Assembly meetings, who is authorised to exercise that Member's rights; and shall notify the Secretary General of this appointment. However, if a

Member's Representative is unable to attend an Assembly meeting, that Member may be represented by a substitute representative, to the extent that the name of such substitute representative has been notified to the Secretary General at least 24 hours before the Assembly meeting in order to be admitted.

4. A Member is also allowed to give a proxy to a Representative of another Member, to a national association representing DSOs designated by the corresponding Member State or to a European Union association representing DSOs. Such delegation has to be notified to the Secretary General at least 24 hours before the Assembly meeting, in order to be admitted and cannot authorise further delegation of the Member' powers to any other person. Members may revoke any delegation in whole or part, or alter its terms and conditions.

5. Associate Members and the Secretary General of the EU DSO Entity shall have the right to attend Assembly meetings and can participate in the discussions but shall have no voting rights. The Auditor of the EU DSO Entity shall also attend every time the Assembly is convened to consider any report prepared by the Auditor.

In accordance with the provisions of the Rules of Procedures and this Article, one or more Observers and other interested persons (e.g. researchers and/or technical experts) can be invited, at the initiative of the President of the EU DSO Entity, to attend the whole or parts of the meetings of the Assembly in case the President considers their presence is needed for a specific point on the agenda. Such persons shall not have any voting rights and shall be subject to confidentiality undertakings.

Meetings

6. An annual Assembly meeting shall be held in the second quarter of each calendar year, the date and place to be decided by the President. Notice of the date of the annual Assembly meeting shall be given at least one (1) month prior to the date of the meeting.

7. An Assembly meeting may be convened whenever requested by the President of the EU DSO Entity or the auditor of the EU DSO Entity. In addition, a meeting of the Assembly must be convened by the President of the EU DSO Entity or by the auditor of the EU DSO Entity, whenever Members representing at least one fifth of the Members, so request.

The Secretary General shall notify the Members of the requested Assembly meeting. Notices shall:

- a) specify time and place of the meeting (which shall be Brussels, unless indicated otherwise in the notice);
- b) include an agenda, and where deemed appropriate by the President, include a proposal for decision for each item of the agenda submitted for decision. Any proposal for an item on the agenda signed by Members representing at least one fifth of the voting power or one fifth of the Members must be added to the agenda.
- c) be delivered to each Member by e-mail, at least one (1) month before the meeting unless the President considers that, due to a specific time constraint, shorter advance notices are needed.

In this case, the Secretary General shall have the possibility to deliver the notices to each Member by e-mail, at least two (2) weeks before the meeting.

8. The deliberations and decisions of the Assembly meeting shall be recorded by the Secretary General. The minutes shall be signed by the Secretary General and the President. If the Secretary General is absent, the Assembly shall designate among those present a person to record the deliberations and sign these minutes together with the President.

Excerpts shall be signed by the President and the Secretary General.

Quorum and Voting

9. Each Representative of a Member shall exercise the number of votes attributable to the Member he or she represents in accordance with this Article 15 and following Articles. The Voting Power of each Member is proportionate to the number of Connected Customers of the DSO Member concerned according to Article 1.11 and shall be reviewed annually before the annual meeting of the General Assembly meeting according to the figures corresponding to 31 of December of the penultimate year.

10. The voting procedure in the Assembly is designed to lead to fair and proportionate results regarding the structure of its Membership and ensures any other requirements resulting from the Electricity Regulation are regarded.

a. In order to allocate the number of votes for each Member, the Secretary General shall, in cases of doubt, request Members for proof of the number of Connected Customers provided by the relevant National Regulatory Authority or other independent body within a maximum of 5 calendar days prior to the Assembly .

b. Electronic voting, as the default voting system, will have to be organized, taking into account the large number of Members' representatives (each with possible proxy and possible representation by national or EU association), and given the precise quorum and majority rules.

11. Unless specified otherwise, the Assembly meeting shall only be quorate when the Members attending or represented at the Assembly represent at least 65% of the total Voting Power of all Members (as specified in Article 1.34 of the Statutes). In case this attendance quorum is not met, the President shall call a second meeting for which a quorum of 35% of the total Voting Power of all Members present or represented shall apply.

12. This second meeting can be convened with the same agenda and under the same conditions as the first one, which shall validly deliberate. This second meeting cannot be held later than six (6) weeks after the first meeting.

13. The Assembly shall aim to achieve unanimity of all Voting Power present or represented for all decisions to be taken including the endorsement of certain Board decisions. When no such unanimity can be reached, a decision or endorsement of the Assembly shall be adopted according with the following rules:

- a) each Member disposes a number of votes proportional to the number of that Member's Connected Customers; 65% of the votes attributed to the Members present or represented are cast; and
- b) the decision is adopted when both
 - (i) more than 50% of the votes attributed to the Members present or represented are in favor of the proposed decision; and
 - (ii) at least 55% of the Members present or represented are in favor of the proposed decision.
- c) the decision is adopted by a special majority of 80% of the votes attributed to the Members present or represented with a quorum of 2/3 of the Members for:
 - (i) any amendments to the Statutes, the Rules of Procedure and Code of Conduct;
 - (ii) the dissolution of the EU DSO Entity;

14. Decisions of the Assembly are rejected according to the following rules:

- a) each Member disposes a number of votes proportional to the number of that Member's Connected Customers;
- b) 35% of the votes attributed to the Members are cast and the decision is rejected by at least 25% of the Members.

15. In case of a qualified and special majority, an abstention shall not be taken into account when calculating the majorities concerned.

16. Regarding the voting procedure for the election of the Board of Directors, the procedure is described in Articles 16.9 of these Statutes.

17. **Vote in writing:** A decision can also exceptionally be adopted by the Assembly without effective meeting if the President of the EU DSO Entity communicates an application form for a vote in writing to each Member having a voting right. Preferentially, the available electronic systems should be used also for this purpose. The application form must mention all the items on which a decision must be taken and must offer the possibility to vote in favour or against each proposed decision as well as abstain from voting at all. The solicitation of written votes must:

- a) indicate the number of answers needed in order to meet the quorum conditions and;
- b) indicate the requested majority in order to adopt the proposed decisions.

For the calculation of the quorum, only those forms received by the EU DSO Entity at least eight (8) days prior to the envisaged date of the meeting will be taken into consideration. A vote provided in writing cannot be revoked.

However, such written procedure cannot be used for the annual meetings of the Assembly.

The same rules for adoption and rejection of decisions described above apply in case of vote in writing.

18. If the President is absent, the Assembly shall designate among those present a Representative to chair the meeting of the Assembly.

Conflicts of interest

19. Whenever a Member, Associate Member or their Representative of the Assembly finds himself or herself in a situation that gives rise or is reasonably likely to give rise to a Conflict of Interest, he or she must declare his or her interest to the Members unless, or except to the extent that, the other Members are or ought reasonably to be aware of it already. If any question arises as to whether a Member, Associate Member or their Representative has a Conflict of Interest, the question shall be decided by a simple majority decision of the Assembly. Whenever a matter is to be discussed or decided at a meeting and a Member, Associate Member or their representative has a Conflict of Interest in respect of that matter then, he or she must:

- a) remain only for such part of the meeting as in the view of the other Members is necessary to inform the debate;
- b) not be counted in the quorum for that part of the meeting; and
- c) have no vote on the matter.

Whenever a decision at a meeting has been taken and the conflict of interest has not been raised by the Member, Associate Member or their Representative concerned, the Assembly decision can be challenged and become invalid once the conflict of interest is revealed.

Article 16.: The Board

Composition, powers and tasks

1. The EU DSO Entity shall be managed by a Board, composed by the President and twenty-seven (27) Directors, of which:

- a. category 1: nine (9) are representatives of Members with less than 100 000 connected customers;
- b. category 2: nine (9) are representatives of Members with at least 100 000 and less than 1 million connected customers; and
- c. category 3: nine (9) are representatives of Members with at least 1 million connected customers.

2. The Board is not permitted to consist of more than three (3) representatives of Members based in the same Member State or the same Industrial Group.

3. One (1) Representative per existing European and national associations representing electricity DSOs in the EU are permitted to participate as Observers at the meetings of the Board.

4. The Directors are elected by the Assembly for a term of maximum four (4) years with the possibility of renewal. Eligible candidates are equipped with decision-making authority. Directors shall incur no personal obligation because of their office and shall be liable only for the performance of their office. Candidates for the Board are voted for per physical person.

5. The Directors may be dismissed at any time by the Assembly by serious and justified reasons in the following circumstances:

- a) conducting actions obviously contradicting the interest of the EU DSO Entity
- b) conducting actions obviously contradicting the duties of a member of the Board
- c) conducting actions obviously contradicting the Board decisions
- d) being in a situation of Conflict of Interest.

6. A member of the Board of Directors has the right to resign from his/her position at any time of his/her mandate. A Director shall be considered to have resigned with immediate effect in case he or she ceases to be working for a Member he or she represents. A Director may resign by notifying his or her decision to the Directors of the Board and the President, who informs the Secretary General and the Assembly.

In case of resignation or dismissal of a Director, the process of finding a replacement for the resigning Director shall be initiated immediately after receipt of the notice of resignation or dismissal. The company of the resigning or dismissed Director of the Board is responsible for his or her replacement by appointment of another representative from the same Member to be agreed by the majority of the Directors within the same category. The replacing Director is an interim replacement until the next election of the Directors of the Board.

7. In case the company of a Director is not any longer a Member of the EU DSO Entity, the Director shall resign immediately. He or she will be replaced by the first candidate within the same category of the resigning Director from the reserve list of candidates to the Board of Directors described in Article 9.3 2) A) of this Statutes. The replacing Director is an interim replacement until the next election of the Directors of the Board.

8. The Board shall be entrusted with the following powers:

- a) lead cooperation between transmission system operators and distribution system operators pursuant to Article 56 and 57 of the Electricity Regulation (EU)2019/943.
- b) take decisions regarding the management of the EU DSO Entity in line with the strategic decisions regarding the activities of the entity as well as policy guidelines adopted by the Assembly;
- c) follow-up and execution of the other decisions of the Assembly;
- d) approval of technical papers within the framework of its institutional duties and the general strategy of the EU DSO Entity adopted by the Assembly on the basis of proposals prepared by Expert Groups;

- e) proposal to the Assembly of the amount of the annual membership fee;
- f) proposal of exclusion and suspension of Members, Associate Members, Third Country Partners and Observers in accordance with Article 11 of the Statutes;
- g) coordination of the work of and between the Expert Groups;
- h) preparation of the agenda for Assembly meetings;
- i) drafting of proposals regarding the annual work programmes to the Assembly, implementation of the annual work programmes as adopted by the Assembly and delegation of part of it to the relevant Expert Groups;
- j) preparation and approval of the annual report, accounts, budget and strategy for submission to the Assembly;
- k) issuing a recommendation to the Assembly on any application for the status of Associate Member;
- l) co-ordination of the overall representation of the EU DSO Entity;
- m) proposal to appoint and dismiss the Secretary General;
- n) supervision of the Secretary General;
- o) creation, removal and definition of staff members' positions, policies and remuneration, appointment of the management and support for the structure of the EU DSO Entity;
- p) decision on issues delegated by the Assembly to the Board;
- q) proposal to the Assembly of the establishment and dissolution of the Expert Groups and of the corresponding terms of reference;
- r) appointment of members to the Expert Groups taking into account:
 - i) the expertise of the candidate,
 - ii) a fair geographical representation and a balance between Members,
 - iii) a gender balance in line with the strategy developed pursuant Article 16.8 (x) of the Statutes;
- s) approval of the Chairpersons and Vice chairperson (s) of each Expert Group upon proposal of each Expert Group;
- t) appointment of the members of the Country Expert Group upon proposal of the DSOs from each country represented at the Assembly.
- u) decision on internal audit, audit reports and related action plans concerning internal audit activities;

- v) decision upon all powers entrusted to the Board in the Statutes;
- w) establishment of a Strategic Advisory Group.
- x) development of a gender balance strategy, with annual revision of the targets in accordance with the Commission's Strategy of the EU on gender equality 2020-2025 adopted on 5 March 2020 and further gender balance policy initiatives and targets at EU level.²

Election of the Board of Directors

9.1 Nomination Committee

9.1.1. The Board of Directors can establish and dissolve a Nomination Committee. The Nomination Committee consists of five (5) Members to be elected by the Board of Directors for a term of four years renewable. The Nomination Committee must ensure fair representation of Members diversity in terms of geography, size and economic structure among its Members. The Nomination Committee can give itself rules of procedure that have to be submitted to the approval of the Board and will elect a Chairperson and a Vice chairperson among their members.

9.1.2. The task of the Nomination Committee is to manage the nomination procedure of Directors and at the same time to prepare the election of the Board of Directors, in particular including activities such as:

- a) launching a call for candidates,
- b) preparing the application form to circulate to all members of the EU DSO Entity,
- c) collecting the applications received,
- d) examine applications for obvious mistakes and inform affected candidates,
- e) preparing and circulating a preliminary list of candidates wishing to be nominated,
- f) publishing the final list of candidates taking part in the nomination procedure,
- g) organizing a nomination procedure and collecting results,
- h) counting votes in the nomination procedure,
- i) applying criteria determined in Article 54.2(c) of the Electricity Regulation, Article 16.2 of the Statutes and specified in Article 16. 9.5 of these Statutes,
- j) applying the rotation principle specified in Article 16.9.6 of the Statutes
- k) publishing final list of maximum twenty-seven (27) nominated candidates and final list of maximum twenty-seven (27) reserve candidates,
- l) receiving withdrawals by nominees and if necessary publish updated lists,
- m) to remind Members of the EU DSO Entity that the fair diversity and gender balance as well as geographical representation of the DSOs in each category is taken into account during the nomination and election process, thereby, accomplishing a well-balanced composition of the Directors of the Board.

² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0152&from=EN>

9.1.3 The Nomination Committee can use electronic means such as online voting platforms during the nomination process and for registering the votes and other related activities.

9.1.4. Especially for administrative tasks but not limited to that, the Nomination Committee can also seek the support of the Secretariat.

9.1.5. The Nomination Committee is not entrusted with any decision-making powers.

9.1.6. For the very first nomination and the election procedure of the EU DSO Entity the Nomination Committee consists of a Task Force of a maximum of eight (8) persons with maximum two (2) representatives from every European DSO association including DSO companies, and will be staffed accordingly. Additionally, for the first election procedure, it will be responsible for the administrative management and logistics of the election procedure.

9.2 Criteria for candidates for the position of Director of the Board

1. Each Member has the right to nominate one candidate as a Director of the Board. This candidate may be a different person from the Member Representative appointed to represent the Member at the General Assembly according to Article 15.3 of the Statutes.
2. This candidate must be employed by the registered Member either as an employee or as an executive director or non-executive Director and engaged in the activities of the Member and have the authority to make business related decisions within the registered Member's own business.

9.3 The nomination procedure

The nomination procedure consists of two steps:

1. The Nomination Committee launches a call communicating the deadline for the nomination of candidates and all Members of the General Assembly can propose their candidate as Director of the Board within two (2) weeks. Each candidate has to inform the Nomination Committee whether he or she is willing to become President of the Board and President of the EU DSO Entity.³ A provisional list with all candidate Directors received and classified by Categories as defined in Article 16.1 of the Statutes is published on the EU DSO Entity's website and sent to the available email address of each Member. In case of insufficient candidates in one or several categories, the Nomination Committee launches a second call inviting members of the categories concerned to propose their candidate within one (1) week. If new candidates are proposed, an adapted provisional list will be published and made available. Each candidate Director can step back within the two weeks following the publication of provisional list. The final list with candidate Directors will be published on the website and sent to the available email address of each Member.

³ For this provision there is a minority option. See Annex attached

2.
 - a) Each Member votes for one candidate on the list within the Category the Member belongs to within the timeframe given by the Nomination Committee. A list with the twenty-seven (27) candidates as Directors (nine (9) candidates per Category) is established within a week following the closing nomination plus a reserve list of a maximum of another twenty-seven (27) alternates (maximum nine (9) alternates per Category). Both lists are published on the EU DSO Entity's website and sent to the available email address of each Member.
 - b) The candidate Directors in each Category are nominated based on the number of votes received from Members within the corresponding Category, who are entitled to vote.
 - c) Members' votes are proportional to the number of Connected Customers and cannot be split between different candidates.
 - d) This nomination procedure can be held before the meeting of the General Assembly, written or electronic.
 - e) Candidates as Directors of the Board can step back until the date of the election.
 - f) The Members of the EU DSO Entity should strive to reach an acceptable level of diversity and gender balance as well as geographical representation in the composition of the Board of Directors.
 - g) In order to fulfil the statutory provisions of the Electricity Regulation *-balanced representation of all participating distribution system operators-* the elected Directors in the Board in all three Categories should as much as possible reflect the diversity of their respective group of DSOs. Balanced representation of all participating DSOs will consider the size, country, industrial group of the DSO, also its service area (i.e. local, national, transnational, urban or rural) and its scope of service.

9.4. The Election procedure

1.

- a) All Members of the General Assembly vote for the single list of twenty-seven (27) candidates as Directors of the Board.
- b) Majorities foreseen for adoption of decisions by the General Assembly according Article 15.13 of the Statutes are applied.
- c) In case of the list not being adopted by the General Assembly, the whole procedure has to start from the beginning.

2.

- a) At the same time of the voting for the single list as described above, each Member of the General Assembly is asked to recommend one candidate from the single list of twenty-seven (27) candidates a Director who should, in its opinion, be President of the EU DSO Entity and President of the Board. Members will be informed by the Nomination Committee if a candidate as Director of the Board is not willing to act as President of the Board.
- b) The recommendation is to be counted according to the voting power of the Members as defined in Art. 1.34 of the Statutes.

- c) The Board is informed of the non-binding recommendation of the Members of the General Assembly before nominating the President of the Board according Article 16.21 of the Statutes.
- d) The Director nominated by the Board as President of the Board is to be submitted for endorsement of the General Assembly as President of the EU DSO Entity. The endorsement decision is to be adopted pursuant the procedure for adoption of decisions by the General Assembly in Art. 15. 13 of these Statutes.
- e) If the Director nominated by the Board as President of the Board is endorsed by the General Assembly as President of the EU DSO Entity then in order to fulfill the requirement that the Board is composed by the President and twenty-seven (27) Directors, pursuant Article 16.1 of the Statutes, another Director is appointed by the remaining Directors from the list of alternates, within the same Category that has a vacant seat. In that case, the President of the Board will not have voting rights.
- f) If, however, the Director nominated by the Board as President is not endorsed by the General Assembly as President of the EU DSO Entity, the Board should decide whether to ask the General Assembly to recommend another Director to be nominated by the Board as President and endorsed by the General Assembly. In case the Board does not ask the General Assembly to recommend another Director to be nominated by the Board as President or, the General Assembly fails to endorse the second candidate nominated by the Board as President, the Board will itself nominate a temporary President of the Board in order to secure the Board of Directors decision making for a maximum of six (6) months. After this period of six (6) months the Board shall nominate another President and submit him/her to the General Assembly for its endorsement.
- g) The temporary President of the Board will have the same competencies and legal mandate as the endorsed President during his /her mandate.

9.5 Application of the rule of Article 16.2 of these Statutes not permitting the Board to consist of more than three (3) representatives overall of Members based in the same Member State or the same industrial group:

1. This rule applies before the election procedure, once the list of twenty-seven (27) candidates as Directors of the Board and the reserve list of maximum another twenty-seven (27) candidates is established according the procedure described above in paragraph 9.3. 3 2 of the nomination procedure.
2. When in the final list of twenty-seven (27) candidates there are more than three Members from the same industrial group overall, an agreement is to be reached within the Members of the same industrial group on the maximum three candidates that remain on the list. In case of no agreement in the following five (5) calendar days, the Nomination Committee will decide which three Members from the same industrial group will be retained.
3. When in the final list of twenty-seven (27) candidates there are more than three Members from the same Member State overall, the following rules apply:
 - a) Should there be more than three candidates per Member State from all three categories, only the candidates with the most number of votes from each category are retained as Directors.
 - b) Should there be more than three candidates per Member State from only one category, only the three candidates with the most number of votes are retained as Directors.

- c) Should there be more than three candidates per Member State from only two categories, the first candidates with the most number of votes from each of these two categories are retained as Directors. In addition a third candidate is retained as a result of applying amongst the rest of the candidates from same Member State a percentage criteria on the votes received by the candidates within their respective categories considering the total number of votes by category as 100%.
- d) In all cases the candidates not retained are replaced by the next candidate in the respective category of the reserve list that fulfil this limitation rule of Article 16.2 of these Statutes.
- e) The procedure mentioned above should be accomplished within five (5) calendar days.

9. 6 Application of a rotation system

1. A rotation principle is to be applied within the composition of the Board of Directors. A system is to be developed to guarantee the direct representation of DSOs from all EU Member States represented at the Assembly at least once every three mandates of the Board of Directors.
2. This rule applies before the election procedure, once the list of twenty-seven (27) candidates as Directors of the Board and the reserve list of maximum another twenty-seven (27) candidates is established according the procedure described above in paragraph 9.3. 3 2of the nomination procedure.

Meetings

10. A Board meeting shall be held physically, by telephone or video-conference or any other means which allow the Directors to deliberate. In exceptional circumstances, the Board can take decisions in writing (including electronically format). In this exceptional case only decisions taken unanimously are lawfully adopted being an exception to the rule laid down in Article 16.17.

11. The Board shall be convened by the President of the Board each time the interests of the EU DSO Entity require it and must meet at least two (2) times a year. In addition, the Board shall convene if at least five (5) Board members so require, in which case the aforementioned members may determine the agenda of such meeting.

12. Notice of a meeting shall be given to the members of the Board by e-mail at least one (1) week before the meeting. The notice of a meeting shall specify time and place of the meeting (which shall be Brussels, unless exceptional circumstances indicated in the notice), include the agenda and shall, where deemed appropriate by the President of the Board, for each item of the agenda submitted for decision, include a written proposal of decision. In advance of a meeting which has already been convened, new items shall be added to the agenda, only if at least two (2) Board members so require.

13. At the meeting, the Board may only take decisions on items included on the agenda, unless all Directors are present or represented and resolve unanimously to include a new item on the agenda which was raised during the meeting.

14. The Secretary General shall assist the President at the meeting and shall record the minutes of the meeting of the Board. If the Secretary General is absent, this task shall be performed by a person appointed by the Secretary General, or, if no such person has been appointed, by a person appointed by the President.

15. If a Director is unable to attend a Board meeting such Director is allowed to give a proxy to another Director. Such delegation cannot authorise further delegation of the Director's powers to any other Director. Directors may revoke any delegation in whole or part, or alter its terms and conditions. In both cases, the Director concerned shall previously notify the delegation to the President of the Board.

Quorum and voting

16. The Board shall only be quorate when at least half of its members are present or represented with at least three (3) Directors in each Category. Each Director has one (1) vote.

17. The Board shall aim to achieve unanimity of all members of the Board present or represented for all the decisions to be taken. When no such unanimity can be reached, a decision of the Board shall be adopted by an absolute majority of the Board members present or represented, which for the Board means more than half of the votes.

18. Decisions taken by the Board shall be notified no later than five (5) Business Days after the relevant meeting of the Board via the intranet of the EU DSO Entity or via e-mail by the Secretariat to:

- a.- the Representatives of all the Members and Observers of the EU DSO Entity;
- b.- all the members of the Board and to the Chairpersons of each of the Expert Groups;
- c.- the Strategic Advisory Group; and
- d.- the Country Expert Group.

19. Proposals for draft Network Codes that shall be brought for decision to the Board of Directors have to be notified to:

- a.- the Representatives of all the Members and Observers of the EU DSO Entity;
- b.- all the members of the Board and to the Chairpersons of each of the Expert Groups;
- c.- the Strategic Advisory Group; and
- d.- the Country Expert Group.

The Secretariat will provide the information via the intranet of the EU DSO Entity or via e-mail fourteen (14) days prior to the decision of the Board to all Members, Expert Groups, Country Expert Group and Strategic Advisory Group.

20. The Secretary General is entitled to attend the meetings of the Board without a voting power. The minutes of the Board meeting shall be signed by the President of the Board and the Secretary General and kept at the registered office of the EU DSO Entity and on the intranet.

President of the Board and Vice-Presidents of the Board

21. The Board of Directors nominates the President of the Board and the three Vice-Presidents of the Board among its members. The Vice-Presidents of the Board are each representing Members of the category they belong to.

The President of the Board is nominated according to the voting majority stated in Article 16.17 of these Statutes. Once nominated, he or she is eligible as President of the EU DSO Entity if endorsed by the General Assembly pursuant Article 16.9.4.2

Eligible as Vice-President are candidates representing a Member belonging to the category they will chair. Vice-Presidents have to be nominated by simple majority of the votes cast by Directors belonging to the same category as the candidate Vice-President.

22. The President and the Vice-Presidents are appointed for a term of four (4) years and can be re-elected. In case the Board will nominate a temporary President of the Board for a maximum of six (6) months until another President is endorsed by the General Assembly, his/her mandate will last for the remaining period of the four (4) years term of the President mandate.

Tasks

23. The President of the Board or, in his or her absence, a Vice-President of the Board, shall chair the meetings of the Board. If neither the President of the Board nor one of the three Vice-Presidents of the Board are present, the Board shall designate among those present a member of the Board to chair the meeting.

24. The President of the Board and the Vice-Presidents of the Board may invite at their initiative (external persons (e.g. researchers and/or technical experts) to attend the meetings of the Board for specific issues, but such persons shall not have any voting power. In such a case, the persons concerned shall, if so required, previously commit in writing to the EU DSO Entity to be bound by confidentiality with respect to the issues dealt with in the relevant meeting.

Conflicts of interest

25. Whenever a Director of the Board finds himself or herself in a situation that gives rise or is reasonably likely to give rise to a Conflict of Interest, he or she must declare his or her interest to the other Directors of the Board unless, or except to the extent that, the other Directors are or ought reasonably to be aware of it already. If any question arises as to whether a Director has a Conflict of Interest, the question shall be decided by a simple majority decision of the Board. Whenever a matter is to be discussed or decided at a meeting and a Director has a Conflict of Interest in respect of that matter then, he or she must:

- a) remain only for such part of the meeting as in the view of the other Directors is necessary to inform the debate;
- b) not be counted in the quorum for that part of the meeting; and
- c) have no vote on the matter.

Article 17. : The Representation of the EU DSO Entity

1. The President of the Board is the President of the EU DSO Entity. The President, the Vice-Presidents of the Board and the Secretary General are entitled to represent individually the EU DSO Entity towards third parties. This includes the authority to pursue legal action both as claimants and defendants.

The Vice Presidents are instructed internally to exercise their sole power of representation only if the President is unable to do so.

2. The EU DSO Entity shall be validly represented by the Secretary General as published in the Belgian State Gazette with respect to all acts of the day-to-day management of the EU DSO Entity as specified in Article 20.2 of these Statutes.

3. The EU DSO Entity can also be validly represented by special proxy holders, acting within the limits of their authority on the basis of a specific power of attorney granted by the Board or by the Secretary General in respect to specific acts of the day-to-day management of the EU DSO Entity.

4. All decisions relating to the appointment, dismissal and cessation of the President of the EU DSO Entity, Temporary President of the Board and Vice-Presidents of the Board, as well as the Directors and Secretary General are filed with the Clerk's office of the competent Commercial Court and are published in the Annexes to the Belgian State Gazette (Moniteur Belge) at the EU DSO Entity's expense. These decisions contain the full names (last name, first names) and permanent addresses of the related persons and state, the extent of the powers and the manner in which these are exercised

Article 18. : The Strategic Advisory Group

1. The Board shall establish a Strategic Advisory Group consisting of one (1) representative of each of the European associations representing DSOs according Article 1.32 and one (1) DSO representative of each of those Member States which are not represented in the Board.

2. The Strategic Advisory Group is a forum for consultation on matters pertaining to the EU DSO Entity. The Strategic Advisory Group shall receive all relevant information from the Board, the Assembly, the Expert Groups and the Secretariat in order to give an opinion on relevant decisions and projects. The composition and governance rules of the Strategic Advisory Group are further defined in the Rules of Procedure.

3. Opinions of the Strategic Advisory Group aim to achieve agreement on a consensus basis. When no consensus can be reached, the different opinions will be noted. Records of the decision-making process will be kept in minutes kept at the registered office of the EU DSO Entity and on the intranet for access.

4. The President of the Board shall meet the Strategic Advisory Group at least twice a year. The Board has to take due account of the opinions of the Strategic Advisory Group and has to inform the Strategic Advisory Group of the reason why the Strategic Advisory Group's opinion is not taken into account.

Article 19. : Expert Groups

1. The Expert Groups are created and dissolved upon justified proposal of the Board to the Assembly, on a permanent or temporary basis. The Board appoints the members of the Expert Groups as further defined in the Rules of Procedure.
2. The composition of Expert Groups shall reflect the technical and geographical diversity and gender balance across Member DSO's and respect the relevant expertise. Each group shall not exceed thirty (30) members with the possibility of 1/3 coming from outside the membership. Members of the Expert Groups are required to have technical expertise in the relevant topics. Representatives of Members based in one Member State or the same Industrial Group do not constitute the majority of the Expert Group participants.
3. Each of the Expert Groups shall nominate a Chairperson and one (1) or maximum two (2) Vice Chairperson(s) among its members. The nomination has to be approved by the Board of Directors.
4. The Expert Groups are responsible for the technical work on Network Codes and development of proposals for guidelines, technical best practice papers and cross sectoral matters. They work upon request from the Board or on their own initiative. They also provide advisory opinions. They make available to all EU DSO Entity bodies and groups the minutes of their meeting within an appropriate time frame. Each Expert Group has the obligation to regularly report on its activities to the Board and other involved Expert Groups.
5. No final decision is assigned to Experts Groups but records will be kept of the numbers in agreement or dissent when developing proposals. Proposals are submitted to the Board for further discussion and decision and kept in minutes which shall be shared on the intranet of the EU DSO Entity for access.
6. A **Country Expert Group** shall be the contact body for the representatives of DSO Members of all EU Member States. The experts within this Group comprise one (1) DSO per country nominated by the DSOs from each country represented at the Assembly. This Country Expert Group shall receive all relevant information from and be consulted by the other Expert Groups as well as the Board in order to give an opinion on relevant decisions and projects. The composition and role of the Country Expert Group is further defined in the Rules of Procedure.

Conflicts of interest

7. Whenever an Expert member of any of the Expert Groups or Country Expert Group finds himself or herself in a situation that gives rise or is reasonably likely to give rise to a Conflict of Interest, he or she must declare his or her interest to the experts members of the Expert Group unless, or except to the extent that, the other expert members are or ought reasonably to be aware of it already. If any question arises as to whether an Expert has a Conflict of Interest, the question shall be decided by a simple majority decision of the Board. Whenever a matter is to be discussed or decided at a meeting and an Expert has a

Conflict of Interest in respect of that matter then, he or she must remain only for such part of the meeting as in the view of the other Experts is necessary to inform the debate.

Article 20. : The Secretary General

1. The Secretary General shall be appointed by the Assembly upon proposal of the Board for a term of four (4) years and renewable once, unless otherwise stated. The Secretary General ensures the strict impartiality and neutrality of the EU DSO Entity's administration and reports to the President of the Board.

2. The Secretary General supervises the Secretariat and is responsible for the management of the Secretariat and the oversight of its work, which are aimed at fulfilling the responsibilities set forth in this Article 20.1.

The Secretary-General shall be responsible for the day-to-day management of the EU DSO Entity (within the meaning of Article 10:10 of the BCCA) within the approved budget and in line with the approved guidelines. The day-to-day management shall include amongst others, without such list being exhaustive:

- a) externally communicating based on pre-determined positions and/or with factual information elements and relevant for the technical competence of the EU DSO Entity in line with Article 52.2 of the Electricity Regulation;
- b) supporting the work of the EU DSO Entity's bodies and processes;
- c) supporting and coordinating the meetings of the Board and the Assembly; providing direct assistance to the President of the Board and of the EU DSO Entity in their activities for the EU DSO Entity;
- d) proposing to the Board the establishment and dissolution of Expert Groups and of their corresponding Terms of Reference;
- e) interacting regularly with Chairpersons of other bodies of the EU DSO Entity;
- f) pro-actively initiating and supporting the development of the EU DSO Entity strategy;
- g) ensuring coherence and alignment between EU DSO Entity strategy and the work of Expert Groups;
- h) informing the bodies and/or Members on EU DSO Entity activities; and
- i) drafting proposals for decision making;
- j) developing the strategy and yearly objectives for the Secretariat;
- k) managing the Secretariat, and the human resources in line with the EU DSO Entity's strategy to be submitted for Board approval;
- l) developing budget proposals and annual accounts; monitoring the budget and reporting budget status to the Board.

m) reporting to all legally required publications in the Belgian State Gazette.

The Secretary General may delegate specific issues with regard to the day-to-day management of the EU DSO Entity to members of the Secretariat. The Assembly and the Board can delegate additional competences to the Secretary General and the Secretariat.

The Board shall determine the remuneration of the Secretary General which shall be approved by the Assembly as part of the budget.

CHAPTER IV: Financial Arrangements

Article 21. : Budgetary Matters

The EU DSO Entity is established without capital contributions.

Article 22. : Financial Year

The financial year shall start on January 1st and shall end on December 31st of the same year.

Article 23. : Annual Accounts and funding

1. Funds out of membership fees are to be used exclusively for statutory purposes. Each year, the Board shall draw up the annual accounts of the preceding financial year as well as the budget for the following financial year, and shall submit them for approval to the Assembly, in accordance with the BCCA and the Financing Rules. The budget for the following financial year shall set out in reasonable detail, *inter alia*, an estimate of the fixed and variable operational expenses to be incurred, an estimate of expected incoming revenue (from membership fees and other sources), as well as any contingent amount (with a reasonable explanation for such contingencies). If in any year, the budget proposed by the Board the following financial year is not approved by the Assembly, then the EU DSO Entity will operate on the basis of the last approved budget.
2. Within thirty (30) days of their approval, the annual accounts shall be deposited at the Belgian National Bank and published, if required under Belgian Law.
3. If it appears from the annual accounts that the EU DSO Entity has realised any surplus, the Assembly shall decide where to allocate this surplus in accordance with the corporate object of the EU DSO Entity. In the event of any deficit, the Assembly shall take into account this deficit when approving the budget and the amounts to be paid by the Members for the following financial year. A 5% over budget must be approved by the Assembly according to the voting rules determined in Article 15.13 of these Statutes. Without prejudice to the aforementioned, Members are only accountable towards the EU DSO Entity for the amount of their membership fee.

Article 24. : Audit

1. If so required by law, supervision of the EU DSO Entity's financial situation, annual accounts and the regularity of the transactions mentioned therein shall be entrusted to one or more statutory auditors (commissaires) appointed by the Assembly upon proposal of the Board from amongst the members of the Institute of Company Auditors (Institut des Réviseurs d'Entreprises).
2. The Board shall determine the number of statutory auditors and their remuneration.
3. The statutory auditors, jointly or severally, shall have an unlimited right to inspect and audit all transactions of the EU DSO Entity. They may inspect the books, correspondence, minutes and, in general, all other documents and papers of the EU DSO Entity at the latter's premises.
4. The statutory auditors shall provide the Board with a report on the annual accounts, which the Board of Directors shall submit to the Assembly meeting called to approve the annual accounts.

CHAPTER V: Miscellaneous Provisions

Article 25. : Modification of Statutes

1. Any modification to the Statutes must be submitted by the Board upon mandate of the Assembly to the Commission and the Agency. Pursuant to Article 53.6 of the Electricity Regulation:
 - a) The Agency shall provide an opinion to the Commission on the changes within two (2) months of receipt of the amended version of the Articles.
 - b) The Commission shall deliver an opinion on the changes within three (3) months of receipt of the opinion of the Agency.
 - c) Within three (3) months of the day of receipt of the Commission's positive opinion, the Assembly shall adopt the amended Statutes.
2. Moreover, amendments to these Statutes shall be made in accordance with the Statutes.
3. Following the adoption by the Assembly, a consolidated text of the modified Statutes must be filed with the clerk's office of the competent Commercial Court. In addition to that, the amendments to the Statutes must be published in the Annexes to the Belgian State Gazette (Moniteur Belge), at the EU DSO Entity's expense.

Article 26. : Liquidation

1. In the event of the EU DSO Entity being wound up, the President of the EU DSO Entity shall effect the liquidation, unless the Assembly decides to delegate the liquidation to one or more persons whose powers and remuneration shall be determined by the Assembly.
2. After payment of all debts and expenses of the liquidation, the Assembly shall decide on the use of any net balance having regard to the objectives of the EU DSO Entity. Any assets remaining after liquidation shall be allocated to a disinterested cause. The same quorum applicable to the decision to dissolve shall apply to this decision. In any case, the assets of the EU DSO Entity cannot be attributed after dissolution to any Member of the EU DSO Entity.
3. Decisions relating to the dissolution of the EU DSO Entity and its liquidation shall be registered at the office of the Clerk of the commercial court and be published, at the expense of the EU DSO Entity, in the Annexes to the Belgian State Gazette.

Article 27. : Rules of Procedure

1. Apart from the matters for which reference is made to the Rules of Procedure in the Statutes, any other procedures governing the operations of the EU DSO Entity shall be specified in the Rules of Procedure.
2. In case of differences in interpretation, the Statutes shall prevail over the Rules of Procedure.
3. If no rules are provided and Belgian legal provisions are obligatory or applicable, they shall apply to the EU DSO Entity.
4. The first Rules of Procedure shall be attached to the deed of Incorporation.
5. Any modification to the Rules of Procedure must be submitted to the Commission and the Agency. Pursuant to Article 53.6 of the Electricity Regulation:
 - a) The Agency shall provide an opinion to the Commission on the changes within two (2) months of receipt of the amended version of the Rules of Procedure.
 - b) The Commission shall deliver an opinion on the changes within three (3) months of receipt of the opinion of the Agency.
 - c) Within three (3) months of the day of receipt of the Commission 's positive opinion, the Assembly shall adopt and publish the amended Articles Rules of Procedure.
6. Moreover, amendments to the Rules of Procedure shall be made in accordance with the BCCA. In case of amendment of the Rules of Procedure, the amended version of thereof shall be communicated to all Members and the Assembly shall amend these Statutes to refer to the amended version.

Article 28. : Confidentiality

1. The EU DSO Entity, the Directors, the Secretary General, the Members, Associate Members and Observers shall maintain a duty of confidentiality (the “**Confidentiality Obligations**”) only in respect to such information received in the framework of the activities of the EU DSO Entity, expressly declared as such by the issuer (“**Confidential Information**”).
2. The Confidential Information does not include information:
 - a) which is or becomes generally available to the public other than as a direct or indirect result of a breach of the Confidentiality Obligations;
 - b) for which the receiving party gives evidence that it was in its possession before or at the time of its acquisition of the information as Member;
 - c) for which the receiving party gives evidence that it was received by third parties not bound to a confidentiality agreement as laid down in the Rules of Consultation with ENTSO-E and other stakeholders.
3. The EU DSO Entity, the Directors, the Secretary General, the Members, Associate Members and Observers shall make sure that their employees, directors, consultants, affiliates, subcontractors, representatives and any other persons associated with such them , shall maintain the same confidentiality as stated above for the Members, Associate Members, Third Country Partners and Observers. The respective EU DSO Entity, Directors, Secretary General, Members, Associate Members, Third Country Partners and Observers shall be liable for a breach of confidentiality by its Associated Persons mentioned above.
4. The Confidentiality Obligations shall expire ten (10) years after
 - a) the closing of the dissolution of the EU DSO Entity or
 - b) the end of the Member’s membership of the EU DSO Entity, depending on whatever takes place first.

Article 29 : Ownership of Background IP and Foreground IP

1. Each Member, Associate Member, Third Party Partner and Observer is and remains the exclusive owner of the intellectual property rights, inventions, results, information, know-how and knowledge (“**Background IP**”)
 - a) it holds, owns or controls before becoming a Member, Associate Member, Third Country Partner and Observer of the EU DSO Entity or
 - b) which it develops independently and outside the activities it is carrying out within the framework of the EU DSO Entity.

2. Foreground IP shall be the property of the Member Associate Member, Third Country Partner and Observer carrying out the work generating that Foreground IP. To this purpose, the Members Associate Members, Third Country Partner and Observers shall maintain documents showing the development of Foreground IP or results in order to be able to prove:

- a) ownership;
- b) the date of generation of the Foreground IP; and
- c) the actual inventor(s) and/or creators.

3. Where several Members, Associate Members, Third Country Partner and Observers have jointly carried out work generating Foreground IP and where their respective share of the work cannot be ascertained (hereinafter referred to as the "Contributors"), they shall have joint ownership of such Foreground IP. The Contributors shall establish an agreement regarding the allocation and terms of exercise of that joint ownership.

4. However, where no joint ownership agreement has yet been concluded, each of the Contributors shall be entitled to exploit such Foreground IP and to grant non-exclusive licenses to third parties on such Foreground IP, without any right to sub-license, subject to the following conditions:

- (a) at least forty-five (45) calendar days prior notice must be given to the other joint owners;
- (b) with regard to use by third parties fair and reasonable compensation must be provided to the other joint owners.

Within a reasonable period following creation of any joint Foreground IP, the Contributors shall enter into good faith discussions in order to agree on an appropriate course of action for filing applications for intellectual property protection, including the decision as to which of the Contributors is to be entrusted with the preparation, filing and prosecution of such applications and in which countries or territories such applications are to be filed.

Article 30. : Official language

The official language of the EU DSO Entity is French.

The operating language of the EU DSO Entity shall be English. If decisions or documents of the EU DSO Entity need to be published in the Annexes to the Belgian State Gazette, filed with the clerk's office of the competent commercial court or made public in any other way, the Board shall have the authority to make a French translation of the relevant decisions or documents for administrative purposes.

Article 31. : Final provisions

1. Any aspect which is not covered by the present Statutes and the Rules of Procedure shall be governed by Belgian law, in particular the relevant provisions of the BCCA and, as far as the rules for deliberations are concerned, by the ordinary rules of the deliberating bodies.
2. All disputes arising out of or in connection with the present Statutes shall be submitted to the courts of the place of the registered office of the EU DSO Entity which shall have exclusive jurisdiction.
3. These Statutes as well as the Rules of Procedure shall exist in both the English and French languages. In the event of any differences in interpretation, the English text shall prevail.

Article 32. : Transitional Provisions

Provisional Board and Provisional Secretary General

Following the incorporation of the EU DSO Entity and until the first Board is appointed in accordance with Article 16 of the present Statutes by the Assembly (the **Transitional Period**), a Provisional Board will be composed of four (4) interim Directors appointed by the founding members (the **Provisional Board**).

The Provisional Board is subject to the provisions for Conflict of Interest included in Article 16.25 of the Statutes.

During the Transitional Period, the Provisional Board shall be entrusted exclusively with the day-to-day management of the EU DSO Entity limited to purely administrative and organizational task, including organizing the first General Assembly and the election of the first Board of Directors supported by the Nomination Committee and the recruitment of the Provisional Secretary General. The Provisional Board shall not have competences regarding the tasks defined in Article 16.8 of the present Statutes if not described in this provision.

The Provisional Board shall have all necessary and useful powers to achieve this purpose (including such powers which by virtue of the present Statutes would be reserved to the Assembly), including but not limited to the admission of new Members, the appointment of a provisional General Secretary (the **Provisional Secretary General**), the administration of the EU DSO Entity, the recruitment of an initial staff for the Secretariat, the organization and convocation of the first Assembly and the appointment of a Provisional Nomination Committee responsible for the organization of the election of the Board of Directors procedure pursuant Article 16.9 of the present Statutes.

The Provisional Board shall meet as frequently as required, but at least once a month. Meetings may be held in person or by video or telephone conference. Decisions of the Provisional Board shall be taken unanimously whenever possible or by simple majority when unanimity is not achieved. The Provisional Secretary General shall attend meetings of the Provisional Board, without however having a right to vote. Meetings of the Provisional Board shall be minuted by the Provisional Secretary General.

The Provisional Board may delegate specific parts of its authority to individual interim Directors, the Provisional Secretary General, individual members of staff of the Secretariat, or third parties as it deems fit and maintaining in any case the control of the overall processes.

The Provisional Board shall resign automatically and be replaced upon the election of the Board in accordance with Article 16. The Provisional Secretary General shall resign automatically and be replaced upon the appointment of the Secretary General in accordance with Article 20.