

## Stiftung 2°

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### Preamble

Climate change and the depletion of natural resources and environmental systems are threatening the ability of humanity to co-exist. Mankind must confront this challenge. In recognition of the action that is necessary – including the transition to a sustainable economy, which can only be achieved with the willing support and innovative spirit of companies and entrepreneurs – German entrepreneurs have assembled to establish and support "Stiftung 2°" [The 2° Foundation]. Stiftung 2° will be a motor and catalyst for entrepreneurial-driven and market-oriented climate protection. In the connection, the foundation will highlight the particular role and responsibility of entrepreneurs and executives by furthering the tradition and activities of the initiative "2° – Deutsche Unternehmer für Klimaschutz" [2° – German Entrepreneurs for Climate Protection].

The following Articles of Association are hereby adopted for the foundation:

### § 1

#### Name, Legal Form, Domicile

- (1) The foundation shall carry the name Stiftung 2°.
- (2) The foundation is a *rechtsfähige Stiftung bürgerlichen Rechts* [civil law foundation capable of exercising legal rights].
- (3) The foundation's place of domicile is the German city of Hamburg.

### § 2

#### Purpose of the Foundation

- (1) The sole and direct purpose of the foundation is to promote climate protection and the sustainable use of natural resources and natural environmental systems.
- (2) The foundation's purpose shall be fulfilled first and foremost through the implementation and/or provisioning of organizational and/or financial support for projects devoted to:
  - a) promoting, communicating, disseminating, and implementing scientific insights and entrepreneurial innovations that serve climate protection, both national and internationally;
  - b) strengthening effective and market-oriented climate protection at the national and international level;

c) increasing awareness among policymakers, economic actors, and the public for the importance of climate protection and the efficient and sustainable stewardship of natural resources.

(3) In concrete terms, the foundation shall undertake the following activities, both independently and in cooperation with other entities:

a) carry out events, publicity measures, and studies;

b) support companies as well as researchers, civil society actors, and policymakers in their climate-protection efforts; and

c) promote dialog and partnerships for innovation and effective climate protection.

(4) The foundation may draw on the assistance of supplementary personnel, as foreseen under § 57 para. 1 line 2 of the *Abgabenordnung* [German Fiscal Code], provided it cannot fulfill the tasks to be delegated itself.

(5) No third party shall have a basic legal right to benefit from the foundation's resources.

### § 3

#### Charitable Status and Tax Exemption

(1) The foundation shall exclusively and directly pursue activities of benefit to the public within the meaning of the "tax-privileged purposes" foreseen under the *Abgabenordnung* [German Fiscal Code].

(2) The foundation is a charitable organization and it does not primarily pursue its own financial purposes.

(3) The foundation's resources may only be used for purposes in alignment with these Articles of Association.

(4) The foundation shall not be authorized to favor any person with expenditures that are contrary to the purpose of the foundation, nor may it favor any person with excessively high remuneration.

### § 4

#### Foundation Assets

(1) The foundation shall be outfitted with assets; the precise amount thereof shall be determined within the scope of the foundation's business activities.

(2) As a general rule, the foundation's assets are to be maintained at their existing level. The assets are to be invested safely in a way that generates returns. Assets may only be sold or used as collateral for debt if the proceeds thus obtained are used to acquire assets of equal value. The reallocation of the foundation's assets [to new investment vehicles] shall be permitted.

(3) The foundation's assets may increase due to contributions made by the founders or by third-parties (i.e. external donations), provided such contributions are made expressly for this purpose.

## § 5

### **The Usage of Contributions and Returns Generated by Assets**

(1) The foundation shall fulfill its purposes using the returns generated by its assets and by using contributions and donations that are not expressly made for augmenting the foundation's assets.

(2) Contributions and donations that are not expressly made for augmenting the foundation's assets shall be used expressly and directly to serve the purposes set forth under § 2 of these Articles of Association.

(3) The foundation may form reserves using the proceeds from investment returns, contributions, and donations in accordance with the provisions of the *Abgabenordnung* [German Fiscal Code] in order to fulfill its tax-privileged purposes in a sustainable fashion.

(4) In order to maintain the value of the foundation's assets, a legally permissible share of the annual proceeds from investment returns may be allocated to the foundation's free reserves or to its assets.

## § 6

### **Organs of the Foundation**

The organs of the foundation are the Board of Trustees (§ 7), the Directorate (§ 10) and the Executive Management (§ 13).

## § 7

### **Board of Trustees**

(1) The Board of Trustees shall be comprised of at least 4 and at most 8 members.

(2) The Board of Trustees may adopt rules of procedure that are not part of these Articles of Association.

(3) The initial members of the Board of Trustees shall be appointed by the founders. The Board of Trustees shall thenceforth determine whether new members are appointed or dismissed by adopting resolutions to this effect.

(4) The Board of Trustees shall have a Chairman and a Deputy Chairman. The first Chairman and the first Deputy Chairman shall be appointed by the founders. The Board of Trustees shall thenceforth determine who is appointed or dismissed as Chairman and Deputy Chairman by adopting resolutions to this effect.

(5) As a general rule, the Chairman and Deputy Chairman shall be appointed for a period of two years.

(6) If the Chairman or Deputy Chairman resigns from office or otherwise departs from the Board of Trustees, then a new Chairman or Deputy Chairman shall be elected without delay from among the remaining members of the Board of Trustees.

(7) As a general rule, members of the Board of Trustees shall be appointed for a period of two years. Reappointment shall be permitted.

(8) To achieve a quorum, at least half of the members of the Board of Trustees must be in attendance and a two-thirds majority shall be required for the adoption of resolutions, unless otherwise specified by these Articles of Association. If only two members of the Board of Trustees are present, then resolutions must be unanimous for adoption. In the event of a tie, the Chairman shall cast the tie-breaking vote.

(9) The Board of Trustees may pass resolutions in writing, by fax, or using secure e-mail, in line with the provisions of § 126 a of the BGB [German Civil Code], provided all members of the Board of Trustees approve of this procedure. Approval [for the passage of resolutions using a circular procedure] may be granted using the same form of communication.

(10) Changes in the composition of the Board of Trustees must be communicated without delay to the regulatory body responsible for overseeing foundations. Meeting minutes, letters of acceptance, and other relevant records must be appended to notifications that are provided concerning changes to the composition of the Board of Trustees.

(11) The members of the Board of Trustees shall work on a voluntary and unpaid basis. The members of the Board of Trustees shall have a right to receive recompense for reasonable and documented expenses.

## **§ 8**

### **Responsibilities of the Board of Trustees**

The Board of Trustees shall be responsible for advising and overseeing the Executive Management and for assuring the foundation's purpose is fulfilled. The Board of Trustees shall render decisions concerning:

- a) the foundation's broader orientation and its specific activities;
- b) the appointment and dismissal of members of the Board of Trustees;
- c) the appointment of the Directorate (§ 10 para. 1), the Chairman of the Directorate, and his/her Deputy;
- d) the adoption of the annual financial statement;
- e) changes to the Articles of Association and the dissolution of the foundation in accordance with § 16 para. 1 and 2;
- f) the business activities set forth under § 13 para. 6.

## § 9

### Meetings of the Board of Trustees

(1) The Board of Trustees shall hold meetings as required. The Chairman of the Board of Trustees – or, if he or she is unable, the Deputy Chairman – shall determine the location and time of the meeting and send out invitations. At least one meeting of the Board of Trustees must occur each business year, so that the annual financial statement can be adopted. At the request of at least 3 (6) members, the Board of Trustees must convene.

(2) Invitations to attend a meeting of the Board of Trustees shall be sent at least one week prior to the meeting, unless extraordinary circumstances make a shorter period of notice necessary. The meeting invitations sent to the members of the Board of Trustees shall identify the agenda items that are to be discussed.

## § 10

### Directorate

(1) The Directorate shall consist of at least 3 and at most 5 members, including the Chairman, the Deputy Chairman, and at most 3 additional members.

(2) The Directorate may adopt rules of procedure that are not part of these Articles of Association. Among other things, these rules of procedure may set forth the division of responsibilities between the Chairman of the Directorate and his/her Deputy.

(3) The initial members of the Directorate, including the first Chairman of the Directorate and the first Deputy Chairman, shall be appointed by the founders. The Board of Trustees shall thenceforth pass resolutions on who is appointed to or dismissed from the Directorate; appointments must be made from among the sitting members of the Board of Trustees. The Chairman of the Board of Trustees is automatically a member of the Directorate and can be appointed as the Chairman of the Directorate. If a member of the Directorate departs from the Board of Trustees, he or she also departs automatically from the Directorate.

(6) If a Chairman or Deputy Chairman resigns from office or otherwise departs from the Directorate, then a new Chairman or Deputy Chairman shall be elected without delay from among the remaining members of the Directorate.

(5) As a general rule, the members of the Directorate, including the Chairman and Deputy Chairman, shall be appointed for a period of two years.

(6) To achieve a quorum, at least half of the members of the Directorate must be in attendance and a simple majority shall be required for the adoption of resolutions, unless otherwise specified by these Articles of Association. In the event of a tie, the Chairman shall cast the tie-breaking vote.

(7) The Directorate may pass resolutions in writing, by fax, or using secure e-mail, in line with the provisions of § 126 a of the BGB [German Civil Code], provided all members of the

Directorate approve of this procedure. Approval [for the passage of resolutions using a circular procedure] may be granted using the same form of communication.

(8) Changes in the composition of the Directorate must be communicated without delay to the regulatory body responsible for overseeing foundations. Meeting minutes, letters of acceptance, and other relevant records must be appended to notifications that are provided concerning changes to the composition of the Board of Trustees.

(9) The members of the Directorate shall work on a voluntary and unpaid basis. The members of the Directorate shall have a right to receive recompense for reasonable and documented expenses.

## **§ 11**

### **The Responsibilities of the Directorate**

(1) The Directorate shall be responsible for advising the Executive Management in the interval between meetings of the Board of Trustees and for assuring the foundation's purpose is fulfilled. The Directorate shall assist with the cultivation of the foundation's image and with the identification of additional donors and supporters. The Directorate shall render decisions concerning:

a) the appointment and dismissal of members of the Executive Management (§ 13 para. 1);

b) the remuneration granted to members of the Executive Management and the signing of employment contracts with said members (§ 13 para. 2);

c) the establishment and dissolution of advisory committees;

d) the selection of an auditor (§ 15 para. 3);

e) new donors and cooperative partners;

f) significant additions or changes to the foundation's activities in the interval between meetings of the Board of Trustees.

(2) The Directorate, as represented by its Chairman, shall represent the foundation in judicial and non-judicial matters in relations with members of the Executive Management.

## **§ 12**

### **Meetings of the Directorate**

(1) The Directorate shall hold meetings as required. The Chairman of the Directorate – or, if he or she is unable, the Deputy Chairman – shall determine the location and time of the meeting and send out invitations. At the request of at least one member, the Directorate must convene.

(2) Invitations to attend a meeting of the Directorate shall be sent at least one week prior to the meeting, unless extraordinary circumstances make a shorter period of notice necessary.

The meeting invitations sent to the members of the Directorate shall identify the agenda items that are to be discussed.

### § 13

#### **Executive Management**

(1) The Executive Management shall consist of one or two members, one of which shall serve as Chairman of the Executive Management. The members of the Executive Management shall be appointed for a period of three years. The initial members of the Executive Management shall be determined within the scope of the foundation's business activities. Reappointment shall be permitted. If a new member of the Executive Management has not been appointed to replace a member whose term will have expired as of 1 January, the three-year term of office served by the existing member shall be automatically extended until the following 31 December. The Directorate may pass resolutions dismissing members of the Executive Management from office prior to the expiration of their three-year term.

(2) The members of the Executive Management may receive compensation in an amount appropriate for their responsibilities; the Directorate shall determine the amount of compensation granted based on a recommendation made by the Chairman of the Directorate. The members of the Executive Management shall have a right to receive recompense for reasonable and documented expenses.

(3) The Executive Management shall direct and manage the foundation and make decisions concerning matters of foundation business, unless otherwise stipulated in these Articles of Association. The Executive Management shall make use of the foundation's resources in an efficient and parsimonious manner. The responsibilities of the Executive Management include in particular:

- a) the management of the foundation's assets;
- b) the drafting of a budget and its presentation to the Board of Trustees;
- c) the management of accounting and the drafting of the annual financial statement, unless the Executive Management delegates this task to an external auditor;
- d) the drafting of an annual report, unless the Executive Management delegates this task to an external auditor;
- e) reporting to the Board of Trustees;
- f) decisions concerning human resources;
- g) the organization and execution of projects at the foundation's offices;
- h) the foundation's external image/communications.

(4) The Executive Management of the foundation is the "Vorstand" within the meaning of §§ 86 and 26 of the BGB [German Civil Code]. The Executive Management represents the foundation in judicial and non-judicial matters and has the role of a legal representative. §

11 para. 2 [of these Articles of Association] shall remain unaffected [by the foregoing provision].

(5) The members of the Executive Management jointly represent the foundation. When members of the Executive Management are appointed, they may be granted the power of sole representation. The first members appointed to the Executive Management may be granted the power of sole representation within the scope of the foundation's business activities.

(6) The Executive Management shall require approval from the Board of Trustees for the following activities:

a) the adoption of budgets; and

b) to conduct all other business – in this regard, rules of procedure must be adopted that are approved by the Board of Trustees.

(7) The Executive Management shall require prior written approval from the Chairman of the Directorate to conclude contracts of any type when the obligation exceeds 40,000 euros in an individual case and is not contained in the approved budget. The foregoing shall not apply to the investment of capital assets.

(8) To support the work of the foundation, the Executive Management shall be authorized to recommend the formation of one or more advisory committees; the Directorate must provide approval in this regard. The members of advisory committees should be specialists with a close relation to the foundation's purpose and to the specific project in question. The Executive Management shall take into account the recommendations made by advisory committees that are formed for specific projects when making decisions about measures to be undertaken. The Executive Management may provide recompense to members of advisory committees for their reasonable and documented expenses. Advisory committees are not considered organs of the foundation.

(9) Changes in the composition of the Executive Management must be communicated without delay to the regulatory body responsible for overseeing foundations. Meeting minutes, letters of acceptance, and other relevant records must be appended to notifications that are provided concerning changes to the composition of the Executive Management.

## **§ 14**

### **Business Year**

The foundation's business year shall coincide with the calendar year.

## **§ 15**

### **Annual Statement, Audit, and Reporting**

(1) After the completion of a business year, the Executive Management shall be required to draw up an overview of current assets (i.e. balance sheet) and a summary of revenues and expenditures (i.e. P&L statement) within the legally required time frame.

(2) At the request of the Directorate, the Executive Management shall also be required to provide an interim report on the current status of assets.

(3) The annual statement must be reviewed by an auditor or by another appropriate person or company. The Directorate shall select the auditor to be used. The review of the annual statement required under sentence 1 [of this subsection] can be foregone if the annual statement is drawn up by an auditor – unless the Directorate decides otherwise.

## **§ 16**

### **Amendments to these Articles of Association, Merger with Another Foundation, Legal Transformation, Devolution of Assets**

(1) With a three-quarters majority vote from all its members, the Board of Trustees may pass resolutions to modify these Articles of Association, dissolve the foundation, merge the foundation with another foundation, or transform the foundation into a non-independent foundation.

(2) If the foundation is dissolved or terminated, or if the foundation's tax-privileged purpose is lost, then the assets of the foundation, minus outstanding liabilities, shall devolve to a legal person under civil law or another tax-privileged entity for use on behalf of climate protection and the sustainable stewardship of natural resources and environmental systems; the selection of a person or entity to whom the assets shall devolve requires a three-quarters majority vote by the Board of Trustees.

(3) The phrase "use on behalf of" [in the preceding clause] shall also encompass the capital assets of a foundation that pursues activities in the area identified above.

(4) Approval from the responsible tax authorities must be obtained before resolutions are passed concerning how the assets of the foundation are to be used if the foundation is dissolved or its tax-privileged purpose is lost.

(5) Approval must be obtained from the regulatory authority responsible for overseeing foundations before resolutions are passed to modify these Articles of Association or dissolve the foundation.

## **§ 17**

### **Regulatory Oversight, Date of Effectiveness**

(1) The foundation shall be subject to the oversight of the regulatory body responsible for supervising foundations in the German city of Hamburg.

(2) These Articles of Association shall come into effect on the day they are officially approved.