

## **2. Revision of the Original Articles**

**of the**

**"International Baltic Sea Foundation for Nature Conservation"**

**Date: 23.06.2016**

### **Preamble**

**Out of respect for nature, the ecological stability of the Baltic Sea shall be re-established and, if possible, strengthened. Every type of use of the Baltic Sea shall take that into regard. The protection and improvement of the ecological situation in the entire Baltic Sea shall be a priority concern of the founder. According to the wish of the founder, the foundation shall promote and support suitable projects in the entire Baltic Sea area and/or all of its neighbouring states and be active on an international level.**

### **§ 1 Name, Legal Form, Registered Office**

1. The foundation shall have the name "International Baltic Sea Foundation for Nature Conservation".
2. The Foundation shall have legal capacity with rights under civil law.
3. The Foundation's registered office shall be in Greifswald (Mecklenburg-West Pomerania).

### **§ 2 Purpose of the Foundation**

1. The exclusive and primary purpose of the Foundation shall be the promotion of environmental protection and nature conservation in the entire Baltic Sea area. This objective shall be achieved by funding or organizing such environmental protection measures and projects in the countries bordering the Baltic Sea that
  - (a) improve ecological stability and/or the regenerative capacity of the marine environment;
  - (b) contribute to reducing and/or degradation of pollutants or depositions leading to eutrophication ;
  - (c) help to secure and/or improve habitats for rare or protected species and support biodiversity;
  - (d) help to secure, expand, or develop marine protected areas;
  - (e) help to secure, expand, or develop terrestrial protected areas in the Baltic Sea immediate catchment area;

- (f) help to compensate negative effects in the Baltic Sea's natural environment;
  - (g) in keeping with nature conservation requirements support the maintenance and development of habitats in the Baltic Sea and/or its immediate catchment area.
2. The purpose of the Foundation shall also be served by acquiring, taking over, or managing plots of land or areas, provided this helps to achieve the objectives set out in para. 1.
3. The purpose of the Foundation shall also comprise activities preparing, supervising, or implementing the operation of a marine data centre.
4. The objectives of the Foundation shall be pursued within the entire Baltic Sea area, particularly also by promoting international projects in the states bordering the Baltic Sea. Within its purview, the Foundation shall promote cooperation between non-governmental organizations and authorities and support measures and projects promoted or to be implemented with suitable educational and public relations activities.

### **§ 3 Not-for-Profit Character**

1. The Foundation shall pursue exclusively and primarily charitable purposes in the meaning of the chapter "Tax-Privileged Purposes" of the German Fiscal Code. The Foundation shall also become active as a fundraising organization as defined in Section 58 No. 1 of the German Fiscal Code. With the purpose of supporting Environment and Nature protection in the Baltic Sea Region, the foundation can raise funds for the achievement of tax-privileged objectives by another corporate body or for the achievement of tax-privileged objectives by a legal entity under public law.
2. The Foundation shall be non-profit; it shall not primarily pursue economic purposes of its own.

### **§ 4 Foundation Funds**

1. The funds of the Foundation shall only be used for purposes in conformity with the Articles and for covering the necessary administrative costs. It shall not favour any legal entity or natural person by means of funding not in conformity with the purpose of the Foundation or by means of disproportionately high benefits, grants, or rewards.
2. There shall be no legal claim to benefits of the Foundation. When allocating funds, its bodies shall only be committed to statutory provisions and the provisions of this Articles.

## **§ 5 Foundation Assets, Endowments, Donations**

1. The Foundation's capital stock consists of cash assets worth EUR 5 million.
2. The capital stock shall be augmented by endowments. Where donations are not explicitly designated as endowments, they shall exclusively and primarily be used for the purposes set out in § 2 of the Articles.
3. At donators' request, endowments shall be designated with their names and/or dedicated to a specific objective within the Foundation's purpose. The Board of Trustees shall be entitled to lay down minimum amounts for such endowments by way of a relevant resolution.
4. The Foundation's capital stock and all potential endowments shall be invested safely and profitably and be maintained in its real value as far as possible. Restructuring assets shall be permissible. The Board of Directors shall be entitled to sell endowments consisting – fully or in part – of tangible assets for the purpose of restructuring. For endowments, income from such sales shall accrue to the capital stock. Other income from restructuring may also be used for the realisation of purpose of the foundation.
5. Income from the Foundation's capital stock and other income not accruing to it, in particular the project capital and income from it, shall be used to achieve the Foundation's objectives. Necessary administrative expenses shall be paid in advance from income from the capital stock and any endowments not accruing to it. The funds of the Foundation shall be used economically and prudently.
6. To maintain the productive capacity of the Foundation, reserves shall be created from the income in an amount permissible under the law.
7. The Foundation shall be entitled to raise donations, grants, and allowances and conclude sponsoring agreements.

## **§ 6 Affiliations**

The Foundation shall be able to establish (independent or dependent) foundations and companies or participate in such and take over the management of (independent or dependent) tax-privileged foundations. The relevant decision shall be made by the Board of Trustees with a two-thirds majority of its members entitled to vote. The purpose of such foundations, companies, or institutions shall be in agreement with the purposes set out in § 2 of the Foundation's Articles, unless they serve the purpose of asset management. The extent of such management shall be contractually agreed on a case-by-case basis.

## **§ 7 Bodies**

1. The bodies of the Foundation shall be the Board of Directors (Vorstand) and the Board of Trustees (Kuratorium).
2. Simultaneous membership in the Board of Directors and the Board of Trustees shall not be permitted.
3. The work of the members of the bodies of the Foundation shall be honorary. Members shall not be granted any pecuniary advantage. Subject to resolutions of the Board of Trustees passed in agreement with § 15 para. 2 letter (d), they shall be entitled to reimbursement of reasonable expenses and to attendance fees provided Foundation assets allow to do so.
4. In duly justified cases single members of the board of directors can be rewarded with payments by decision of the board of trustees. Payments are only allowed if the services exceed the core responsibilities of a voluntary board membership or if the time needed for a proper functioning of the foundations organs justifies them.

## **§ 8 Liability**

1. The members of the Foundation's bodies shall be liable to the Foundation only in cases of intent and gross negligence.
2. The Board of Trustees shall be entitled to decide on a limitation of liability for the members of the Board of Directors and/or third-party indemnification within reasonable bounds.

## **§ 9 Board of Directors**

1. The Board of Directors shall have three members, i.e. a chairperson as well as a first and second deputy. The deputies shall represent the chairperson in case of inability to attend according to their ranking.
2. The members of the Board of Directors shall be appointed by the Board of Trustees as follows:
  - one member to be recommended by WWF Deutschland;
  - one member to be recommended by Bund für Umwelt und Naturschutz (Friends of the Earth) Deutschland, state section Landesverband Mecklenburg-Vorpommern e.V.; and
  - one member to be recommended by Nord Stream AG.
3. Should one of the organizations or institutions set out in para. 2 be unable or unwilling to appoint a member on a permanent basis, the Board of Trustees shall be entitled to resolve with a two-thirds majority of its voting members that the interest represented by the organization in question will be looked after by an organization or institution with similar objectives.
4. The appointment of the members of the first Board of Directors for a term of five years and the filling of the positions in the Board of Directors for the first term of five years shall be done by the founder and derive from the Foundation's endowment transaction.
5. After the expiry of the first appointment term in agreement with para. 4, the members of the Board of Directors shall be re-appointed for a term of five years. Repeat appointments of members shall be permissible, yet not after the age of 80. The term of office of a newly appointed or re-appointed member of the Board of Directors shall start on the day of appointment, provided they have given their written consent in advance or when appointed for inclusion in the minutes, though not before the expiry of the preceding term. After the expiry of the period of appointment in agreement with sentence 1, the members of the Board of Directors shall remain in office to carry on business until their successors assume office. In special cases, e.g. protracted illness or good cause, the Board of Trustees shall be entitled to recall the member concerned prematurely.
6. After the expiry of the first term of office in agreement with para. 4 and subsequently after the expiry each of a term of office of five years, the Board of Directors shall elect the chairperson as well as a first and second deputy from among its members.
7. If a member of the Board of Directors leaves before the expiry of the appointment term of five years (e.g. resignation, recall, reaching age limit in agreement with para. 5), the Board of Trustees shall appoint a new Board of Directors member for five years immediately with due

regard of para. 2. In such a case, the newly appointed Board of Directors member shall take over the committee function (e.g. chairperson, deputy) of the outgoing member, though only for the period until the end of the regular term of office of the remaining Board of Directors members in accordance with para. 6.

## **§ 10 Duties of the Board of Directors**

1. The Board of Directors shall manage and administer the Foundation and make decisions concerning the business of the Foundation, unless otherwise provided for in this Articles. The Board of Directors shall be responsible for the long-lasting and sustainable attainment of the Foundation's purpose. It shall in particular be in charge of
  - all business required to achieve the purpose of the Foundation on a long-lasting and sustainable basis;
  - the administration of the Foundation's assets;
  - the preparation of business plans, annual accounts and activity reports, including reporting duties in agreement with relevant foundation and endowment law provisions;
  - public relations work;
  - the conclusion, cancellation, or termination of service and work contracts to carry out the individual tasks of the Foundation;
  - appointing and recalling a managing director in accordance with § 12 para. 1.
2. The Board of Directors shall adopt rules of procedure.
3. The Board of Directors shall make funding decisions on the basis of the funding guidelines agreed by the Board of Trustees. Prior to a funding decision on projects or measures, the Board of Directors shall inform the Board of Trustees in writing about the decisions planned. Unless the Board of Trustees makes use of its right set out in § 15 para. 3 within six weeks after receiving the proposed decision, the Board of Directors shall vote in accordance with the proposal submitted.

## **§ 11 Board of Directors Meetings; Resolutions**

1. The chairperson shall convene the Board of Directors as required, but at least every three months. The invitation including the agenda shall be in writing and sent out with a notice period of two weeks. The Board of Directors shall also be able to waive such formalities if mutually agreed.

2. The Board of Directors shall have a quorum when more than half of its members are present. Failing that, the chairperson shall immediately convene a new meeting of the Board of Directors with the same agenda within two weeks. The notice period in such a case shall be one week. Should the chairperson be the only one present in such a meeting, the chairperson shall pass resolutions on his or her own.
3. Resolutions shall be passed with a simple majority of the votes of the members present, unless otherwise provided for in this Articles. In case of a tied vote, the chairperson shall have the casting vote. Invalid votes and abstentions shall be disregarded. Members shall have one vote each. Votes cannot be transferred to other members; voting by proxy shall be inadmissible.
4. In urgent cases, resolutions shall be adopted by written circulation procedure, telefax, e-mail, verbally, or by telephone, provided no member of the Board of Directors objects. The result of the procedure shall be recorded and sent to all members immediately.
5. The results of each Board of Directors meeting shall be recorded in writing, giving as a minimum motions and resolutions. The record shall be signed by the chairperson and another member. In the case of para. 2 sentence 4, the chairperson alone shall sign. Every member of the Board of Directors and of the Board of Trustees (including the appointed deputies) shall receive a copy of the record within four weeks after the meeting.
6. Records and minutes shall be kept together with the Foundation's documents.

## **§ 12 Managing Director**

1. The Board of Directors shall appoint a full-time managing director to support its work; the Board of Trustees shall be heard prior to an appointment. Should the managing director not be appointed unanimously by the Board of Directors, the Board of Trustees shall confirm the appointment. The same shall apply to a recall.
2. When a managing director is appointed, s/he shall be in charge of day-to-day business and the duties set out in § 18 paras. 2 and 3. S/he shall be answerable to the Board of Directors directly. S/he shall give the Board of Directors information about the administration of the Foundation and grant access to documents – including those of special audits – at any time.

### **§ 13 Representation of the Foundation**

1. The Board of Directors shall represent the Foundation in and out of court. The chairperson and another member of the Board of Directors shall represent it jointly.
2. In the framework of value limits approved by the Board of Trustees, the Board of Directors shall be entitled to grant sole powers of representation by unanimous vote.
3. When a managing director is appointed, s/he shall have sole powers of representation in and out of court with regard to day-to-day business in addition to the Board of Directors and in the framework of the guidelines set by the Board of Directors. The Board of Directors shall be entitled to appoint the managing director as special representative in accordance with § 30 of the German Civil Code (BGB); the appointment shall be reported to the Foundation's supervisory body.

### **§ 14 Board of Trustees**

1. The Board of Trustees shall consist of five voting members; it shall have a president as well as a vice-president. The president shall represent the Board of Trustees; the vice-president shall represent the president in case of prevention. Employees of the Foundation or members of the Board of Directors shall not be members of the Board of Trustees.
2. The members of the Board of Trustees shall be appointed by the following organizations:
  - one member appointed by Naturschutzbund Deutschland (Nature and Biodiversity Conservation Union), state section Landesverband M-V e. V.;
  - one member appointed by WWF Deutschland;
  - one member appointed by BUND (Friends of the Earth), state section Landesverband M-V e. V.;
  - one member appointed by Nord Stream AG; and
  - one member appointed by the State Chancellery of the state of Mecklenburg-West Pomerania.
3. Should one of the organizations or institutions set out in para. 2 be unable or unwilling to appoint a member on a permanent basis, the Board of Trustees shall resolve with a two-thirds majority of its voting members that the interest represented by the organization in question will be looked after by another organization or institution.



4. The appointment of the members of the first Board of Trustees and the filling of the positions in the Board for the first term of five years shall be done by the founder and derive from the Foundation's endowment transaction.
5. The Board of Trustees shall agree with a two-thirds majority of its voting members that further non-voting persons (advisory members) are admitted to the Board.
6. The voting members of the Board of Trustees shall each have one vote. Votes shall not be transferable to other voting members of the Board of Trustees; voting by proxy shall be permissible. To this end, each member of the Board of Trustees shall name a personal representative entitled to vote, though only in case of prevention on the part of the represented member. Details shall be laid down in the rules of procedure.
7. The office of a member of the Board of Trustees shall end with the member reaching the age of 80 at the latest or following a written recall by the organization or institution represented or by resignation permissible at any time. In the cases set out above, the member shall remain in office to carry on business until a successor takes over. The appointing organizations or institutions shall be entitled to name another member on the resignation of the originally appointed one. The newly named person shall be appointed by the Board of Trustees as member. Changes in the composition of the Board of Trustees shall be reported in writing by the Board of Directors to the Foundation's supervisory body immediately.
8. After the expiry of the first term of office in accordance with para. 4 and subsequently after the expiry each of a term of five years, the Board of Trustees shall elect from among its members the president and vice-president. If the president or the vice-president leave the Board of Trustees or give up their position (e.g. resignation, recall, reaching age limit in accordance with para. 7) during their term of office, the Board of Trustees shall elect from among its members a successor to the position of president or vice-president for the period until the end of the regular term of office in accordance with sentence 1.

## **§ 15 Tasks, Decision-Making by Board of Trustees**

1. The Board of Trustees shall supervise and advise the Board of Directors on the fulfilment of the Foundation's purpose. It shall give recommendations for priorities in promotion and the substance of the other work of the Foundation.

2. The Board of Trustees shall make decisions, above all, on
  - (a) the appointment and removal of the Board of Directors;
  - (b) the setting up of positions with the Foundation's administration of more than three months' duration;
  - (c) the confirmation of the managing director in accordance with § 12 para. 1;
  - (d) the guidelines for the reimbursement of expenses and the assessment of attendance fees following proposals of the Board of Directors;
  - (e) the appointment and dismissal of the Investment Advisory Committee following the proposal by the Board of Directors;
  - (f) the acceptance of the activities reports from the Board of Directors;
  - (g) the approval of the annual financial statements;
  - (h) the supervision of the Board of Directors' business management;
  - (i) the approval of the activities of the Board of Directors members;
  - (j) promotion principles and guidelines following proposals of the Board of Directors;
  - (k) decisions on affiliations in accordance with § 6;
  - (l) projects above a value limit of EUR 100,000.00 as well as the acquisition and sale of land and property; and
  - (m) potential amendments to the Articles and the dissolution of the Foundation.

The value limit set out in § 15 para. 2 letter (l) can be raised by a unanimous vote in the Board of Trustees.

3. Following a written application by one voting member, the Board of Trustees may claim the right to take decisions on individual projects over from the Board of Directors.
4. A meeting of the Board of Trustees shall be convened by its president or, in case of prevention, the vice-president as required, but no fewer than once per calendar year. The notice period shall be four weeks minimum. In case of urgency, it shall be reduced in agreement with three-quarters of the voting members. The Board of Trustees shall also meet if convened by one-quarter of its voting members or by the Board of Directors.
5. For decisions to be made by the Board of Trustees, § 11 para. 2 to 6 shall apply accordingly. Members in the meaning of § 11 shall only be the voting members and/or, in case of prevention, proxies in accordance with § 14 para. 6.

## **§ 16 Investment Advisory Committee**

1. Following a proposal by the Board of Directors, the Board of Trustees shall be entitled to appoint an Investment Advisory Committee.
2. The Investment Advisory Committee shall advise the Board of Directors on ethical and commercial issues relating to the Foundation's environmentally and socially responsible investment policy.
3. The Investment Advisory Committee shall comprise three persons minimum with relevant experience in the field of ethically oriented investments. If an Investment Panel is set up, it shall elect from among its members a chairperson and a deputy.
4. For activities, convention, and resolution of the Investment Advisory Committee, § 7 para. 3, § 8 para. 1, and § 11 paras. 2 to 6 shall apply accordingly.
5. The Board of Trustees shall be entitled to remove members of the Investment Advisory Committee.

## **§ 17 Project Advisory Committee**

1. A Project Advisory Committee shall be set up to advise the bodies of the Foundation with regard to project grants. The Project Advisory Committee shall be heard before a decision on a project is made when the overall amount of the project is above EUR 100,000. The hearing shall be deemed to have taken place when no objections are raised within four weeks after notifying the members of the Project Advisory Committee of the proposed project. In cases of special and well-founded urgency, the Foundation's bodies shall be in the position to waive a hearing in the Project Advisory Committee; in such cases, the Project Advisory Committee shall be informed about the decision made.
2. The Project Advisory Committee shall consist of five members minimum. The members of the Project Advisory Committee shall be appointed by the Board of Trustees following a proposal by the Board of Directors or by Board of Trustees members for a period of three years. To guarantee the international character of the Foundation, the members of the Project Advisory Committee should come from as many Baltic Sea countries as possible so as to represent the entire Baltic Sea area. The Board of Trustees shall be entitled to appoint new members at any time or prematurely dismiss appointed members in specific cases, such as prolonged illness or good cause.

3. § 7 para. 3 shall apply to the Project Advisory Committee accordingly. It shall be permissible, however, to conclude agreements with individual members of the Project Advisory Committee on the provision of services for the Foundation (e.g. consultancy agreements for specific projects, project evaluation agreements) for a consideration.

## **§ 18 Business Year, Annual Financial Statements**

1. The business year of the Foundation shall be the calendar year.
2. The Board of Directors shall be obliged to keep records on the assets of the Foundation, its income, and expenditure. Before the start of a business year, a business plan and, at the end of the business year, the annual financial statements including a balance sheet and profit and loss account plus explanatory comments shall be prepared.
3. The Board of Directors shall have the Foundation's annual financial statements audited by an auditor or another authority authorized to issue an audit opinion of equal relevance. The audit shall also cover the preservation of the Foundation's assets and the use of the Foundation's funds in accordance with the Articles.
4. Where a managing director has been appointed, s/he shall be in charge of the duties to be carried out by the Board of Directors as set out in paras. 2 and 3.

## **§ 19 Amendments to Articles**

1. The Board of Trustees shall amend the Articles by passing a relevant resolution should this be advisable in the interest of the Foundation's effectiveness and operability. The fundamental objectives set out in § 1 to § 3 shall be maintained.
2. Resolutions on amendments to the Foundation's Articles require the consent of the Board of Directors and a two-thirds majority of the voting members of the Board of Trustees. Amendments to § 2, § 9 paras. 1 and 2, § 14, § 15 paras. 1 and 2, § 19, and § 20 paras. 1 to 3 shall require the consent of all voting members of the Board of Trustees.
3. Amendments to the Articles shall take effect on the day of receiving authorization from the supervisory body responsible under the State Foundation Act. Such authorization from the supervisory body shall be sought by the Board of Directors.

## **§ 20 Amalgamation, Merger, Dissolution, Cooperation**

1. The Board of Trustees shall be able to decide to amalgamate or merge with another foundation should this be advisable to achieve the Foundation's purpose, especially when the achievement of its purpose is possible – fully or in part – in this way only. A merger shall not interfere with or abolish the Foundation's not-for-profit character.
2. The Board of Trustees shall be entitled to decide to dissolve the Foundation if the Foundation's purpose cannot be achieved in the foreseeable future and not even with a modification of the Foundation's purpose.
3. Resolutions to be passed under paras. 1 and 2 shall require a two-thirds majority of the voting members of the Board of Trustees as well as authorization by the Foundation's supervisory body; they shall take effect only on the day of receiving authorization. Such authorization from the supervisory body shall be sought by the Board of Directors.
4. In the case of the Foundation's dissolution or annulment or the termination of its tax privileges, the assets shall accrue to Naturschutzstiftung Deutsche Ostsee (Conservation Foundation German Baltic Sea) with the proviso to use them exclusively and primarily for tax-privileged purposes in the meaning of the Foundation's objectives.
5. The Foundation shall be entitled to cooperate with other foundations or organizations (associations, societies etc.), provided this is in accordance with the Foundation's objectives. Such cooperation is especially appropriate when there are other (including foreign) foundations or associations with similar objectives so that cooperation creates meaningful synergies. The cooperating foundations (associations) shall be entitled to set up joint managements.

## **§ 21 Supervision, Effective Date**

1. The Foundation shall be under the supervision of the authority in charge in accordance with the State Foundation Act of Mecklenburg-West Pomerania.
2. The Board of Directors shall be obliged to notify the supervisory body without delay of the composition of the Foundation's bodies including the distribution of positions within them, furnish proof, and provide

the addresses of the Foundation and of the members of the Board of Directors.

3. The 2. Revision of Articles shall take effect on the notification of the acknowledgement from the supervising authority (day of receiving the letter of acknowledgement) (. At the same time the 1. Revision of Articles from 10.07.2015 is replaced.