



Articles of Association of the Foundation for Family Businesses

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with amendments dated 27 October 2009 and
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Non-profit foundation
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I. General

§ 1 Name, registered office, legal form, founder

(1) The foundation operates under the name

“Foundation for Family Businesses”.

(2) The foundation’s registered office is in Stuttgart.

(3) The Foundation for Family Businesses is a legally responsible foundation under civil law, established in accordance with the Foundation Law (Stiftungsgesetz) of the State of Baden-Württemberg.

(4) The founder within the meaning of these articles of association is Prof. Brun-Hagen Hennerkes.

§ 2 Purpose and tasks of the foundation

(1) The foundation solely and directly pursues non-profit purposes within the meaning of the section „Tax-privileged purposes“ of the Fiscal Code of Germany (Abgabeordnung).

(2) The purpose of the foundation is to provide support, information, training and education as well as a platform for the sharing of ideas about family businesses in Europe.

(3) The foundation realises its purpose by, among other methods,

a) publicly promoting ideas about family entrepreneurship;

b) organising and promoting congresses and events for the benefit of family entrepreneurship in Europe;

c) imparting knowledge and skills needed for managing family businesses through general training sessions and events in order to support succession in family businesses;

d) convening owners of family businesses from across Europe in order to exchange ideas;

e) pursuing an information policy to promote family entrepreneurship in Europe among the general public;

f) supporting research projects, awarding research contracts, providing non-monetary resources or awarding stipends to young academics.



- (4) The foundation may make use of aides within the meaning of Section 57 para. 1 sentence 2 of the Fiscal Code of Germany for fulfilling its tasks, if it does not carry out the measures listed in para. 3 itself. Appropriate measures will be taken to make research findings publicly accessible.
- (5) As part of the measures listed in para. 3, research projects may also be funded abroad if they align with the cultural, academic and other non-profit aims of the Federal Republic of Germany.
- (6) There is no legal entitlement to the foundation's services.

§ 3 Non-profit status and use of funds

- (1) The foundation is a not-for-profit organisation and the pursuit of its own economic ends is not its primary motive.
- (2) The foundation's funds may only be used for purposes in accordance with these articles of association. No person may benefit from expenses unrelated to the foundation's purpose or from disproportionately high remuneration.
- (3) The activities having no detrimental effect on tax privilege set out in Section 58 of the Fiscal Code of Germany are permitted. The founder and his legal successors shall, however, not receive any grants drawn from the foundation's funds, with the exception of any fees and reimbursement of expenses in accordance with Section 6 para. 2 sentence 1.

§ 4 Foundation assets

- (1) The initial assets shall be transferred to the foundation by the founder as soon as the foundation is approved.
- (2) The value of the foundation's initial assets shall be preserved. The same shall apply to assets accrued by the foundation through additional donations.
- (3) Recourse to the capital value of the foundation's assets shall only be permitted with the advance approval of the regulatory body and only if it does not contravene the founder's intentions, the continued existence of the foundation is guaranteed for a reasonable period of time and no adverse impact on its non-profit status is anticipated.
- (4) The foundation's assets shall grow as a result of donations by third parties, insofar as these donations are expressly made for this purpose (endowments). The foundation is entitled, but not obliged, to accept endowments.



- (5) The foundation may collect or accept donations for spending in a timely manner (contributions) in order to promote the foundation's purpose as listed in Section 2. The particular use shall be determined by the donor's specified purpose. If no such purpose is specified, the Executive Board is entitled to exercise its own judgement as to how the donation shall be spent within the meaning of Section 2 or to set aside reserve funds up to the legally permitted limit and in pursuit of the foundation's purpose.
- (6) No legal entity or natural person may benefit from expenses, donations or other benefits unrelated to the foundation's purpose or from disproportionately high remuneration.

§ 5 Financial year

The financial year of the foundation is the calendar year.

§ 6 Executive bodies of the foundation

- (1) The executive bodies of the foundation are:
 - a) the Executive Board
 - b) the Board of Trustees
- (2) In addition to reimbursement of their expenses, members of the foundation's Executive Board are also entitled to compensation proportionate to the work involved in managing the foundation. This is determined by the foundation's Board of Trustees with due consideration of the state of the foundation's assets and income.

Members of the Board of Trustees work on a voluntary basis, but are entitled to reimbursement of expenses.

§ 7 Regulatory body

The foundation is subject to state regulation in accordance with the laws applicable to foundations. The regulatory body is Stuttgart regional council.



II. Executive Board

§ 8 Basic principle

The foundation's Executive Board has the status of legal representative. It represents the foundation both in and out of court.

§ 9 Number of members, terms of office and composition of the Executive Board

- (1) The Executive Board shall have at least two and at most four members.

Two members of the Executive Board shall be appointed by the founder. The founder is authorised to appoint replacement members for Board members he appoints himself either when making the appointment or at a later date. They shall take the place of the members initially appointed by the founder in the order specified by the founder even after the founder's death if, for whatever reason, one of the original members resigns from the Executive Board. The remaining members of the Executive Board shall be appointed by the Board of Trustees.

After the founder's death, the successors of the members appointed by the founder shall be appointed immediately by these members themselves by a written declaration to all other Executive Board members, unless the founder already appointed replacement members while alive in accordance with sentence 3 above

If a member appointed by the founder resigns from the Executive Board after the founder's death, before a successor has been appointed and without a replacement member having been nominated in accordance with sentence 3, then the regulation above in sentence 4 shall apply. The same shall apply if a replacement member appointed by the founder in accordance with sentence 3 above resigns from the Board after the founder's death, or if a Board member appointed by the Executive Board itself in accordance with sentence 5 above resigns from the Board after the founder's death.

- (2) The term of office of an Executive Board member appointed by the Board of Trustees is five years, unless a shorter or longer term is specified when the appointment is made. The same applies to a member appointed by the founder or appointed in accordance with para. 1 sentence 5, unless the founder (in the case of para. 1 sentence 3) or the member nominating his/her successor (in the case of para. 1 sentence 5) specifies a shorter or longer term. The term of office of an Executive Board member begins on his/her assumption of the role. This also applies to the terms of office of replacement members appointed in accordance with para. 1 sentence 3. Executive Board members may be reappointed. The founder may also appoint himself to the Executive Board.



- (3) The Board of Trustees may dismiss members of the Executive Board it has appointed, on compelling grounds. The founder may dismiss members of the Executive Board he has appointed, on compelling grounds. After the founder's death, members of the Board of Trustees appointed by him, i.e. in accordance with para. 1 sentence 3, or appointed in accordance with para. 1 sentence 5 may be dismissed by the Board of Trustees before their term expires only on compelling grounds. The dismissal shall proceed irrespective of any claims to compensation under existing contracts. The dismissal shall be effective until such time as its ineffectiveness is established in a legally binding manner.

§ 10 The tasks and internal organisation of the Executive Board

- (1) The foundation's Executive Board manages the foundation. In particular, it has the following tasks:
 - a) managing the foundation's assets;
 - b) using funds to fulfil the foundation's purposes;
 - c) account keeping for the inventory of and changes to the foundation's assets and incoming and outgoing funds;
 - d) submitting an annual financial statement (balance sheet, profit and loss account) in accordance with Sections 238 et seq. of the Commercial Code of Germany (Handelsgesetzbuch, HGB), a comprehensive report on the fulfilment of the foundation's purpose and an audit report by a financial auditor regarding the annual financial statement of the previous financial year to the foundation's Board of Trustees within four months following the end of the financial year;
 - e) submitting the annual financial statement mentioned in point d), in addition to the audit report and the report on the fulfilment of the foundation's purpose, after approval by the Board of Trustees to the regulatory body within six months following the end of the financial year;
 - f) notifying the foundation authority of any changes to the membership of the Executive Board;
 - g) commissioning aides within the meaning of Section 2 para. 4 sentence 1 of these articles of association;



- (2) If, temporarily, there is only one appointed Executive Board member, then s/he shall represent the foundation alone. If the Executive Board consists of more than one member, then the foundation shall be represented by two Board members jointly. The Board of Trustees may grant sole power of representation and exemption from the limitations of Section 181 of the German Civil Code (Bundesgesetzbuch, BGB) to individual members of the Executive Board on a general or case-by-case basis.
- (3) Decisions made by the Executive Board must be recorded in writing.

§ 11 Notification requirements

- (1) The Executive Board is obliged to perform the following legal transactions only after prior approval by the Board of Trustees and after notifying the regulatory body:
 - a) taking out loans, acquiring guarantees, disposing of and mortgaging properties and creating other obligations if fulfilling these obligations may place a particular burden on the assets of the foundation;
 - b) issuing non-repayable grants from the foundation which do not serve to fulfil the foundation's purpose;
 - c) accepting non-repayable grants with conditions or requirements attached which may place a particular burden on the foundation's assets;
 - d) legal transactions performed by the foundation with members of foundation executive bodies.
- (2) A measure as laid out in para. 1 may only be taken if the regulatory body confirms its lawfulness or has not objected to the measure within two weeks, unless the regulatory body has granted the foundation a general exemption from the requirement to notify for certain types of measures which are subject to notification in accordance with para. 1.



III. Managing Director

§ 11a Managing Director

- (1) The Executive Board may appoint one or more Managing Directors of the foundation to manage the day-to-day work of the foundation.
- (2) The Executive Board may grant power of representation to the Managing Director(s) individually or collectively. The scope of this power shall be limited internally by rules of procedure or a corresponding directive issued by the Executive Board.
- (3) Each Managing Director is entitled to proportionate compensation for his/her work which will be established by the Executive Board.

IV. Board of Trustees

§ 12 Composition of the Board of Trustees

- (1) The Board of Trustees consists of at least five members who must possess the necessary expertise and personal qualifications for an appointment of this kind by virtue of their education and social status. At least two thirds of the members of the Board of Trustees must be shareholders of family businesses, the spouses of such shareholders or (current or former) members of the management of family businesses.
- (2) The first twenty members of the Board of Trustees are appointed by the founder for their first term of office. Further members of the Board of Trustees are voted on by the Board of Trustees itself.

After the first term of office has elapsed, the entire Board of Trustees replenishes itself by co-option. The members of the Board of Trustees may not also be members of the Executive Board.

- (3) Members of the Board of Trustees are appointed or elected for terms of five years. Re-election is permitted.

§ 13 Tasks of the Board of Trustees

- (1) The Board of Trustees has the following tasks:
 - a) advising and monitoring the Executive Board;
 - b) annual discharge of the Executive Board;
 - c) auditing and approving the annual financial statement and report on the fulfilment of the foundation's purpose submitted by the Executive Board;



- d) approval of legal transactions which require consent.
- (2) The Board of Trustees has full rights to information in accordance with Section 90 of the Stock Corporation Act (Aktiengesetz, AktG).
- (3) The Board of Trustees may make the execution of transactions by the Executive Board contingent on its approval at any time.
- (4) The Board of Trustees may issue rules of procedure for the Executive Board.
- (5) The Board of Trustees represents the foundation vis-à-vis members of the Executive Board both in and out of court.

§ 14 Internal organisation

- (1) The Board of Trustees shall convene a meeting at least twice a year. The meetings of the Board of Trustees shall be called by the Executive Board. A meeting of the Board of Trustees must be called if a member of the Board of Trustees requests it from the Executive Board in writing, indicating the grounds for the meeting.
- (2) The Board of Trustees is quorate if at least a quarter of the members of the Board of Trustees in place at the time of the decision-making process participate in that process. Decisions of the Board of Trustees shall be passed by a simple majority of the votes cast; they shall be recorded in writing. In all other respects, the Board of Trustees governs its own internal organisation using rules of procedure; decisions on the rules of procedure must be made with a 75% majority of votes cast.



V. Amendments to the articles of association, dissolution of the foundation

§ 15 Amendments to the articles of association

Amendments to the articles of association must be designed to facilitate the fulfilment of the foundation's purpose in accordance with the founder's intentions and vision in the face of changing circumstances. They require a decision by the Executive Board and the approval of the majority of members of the Board of Trustees.

§ 16 Amendments to the foundation's purpose, dissolution of the foundation

- (1) Amending the foundation's purpose, dissolving the foundation or merging the foundation with another foundation require a decision by the Executive Board and the approval of the majority of the members of the Board of Trustees, with the majority amounting to at least 75% of votes cast. The aforementioned decisions also require the approval of the foundation's regulatory body and may only be made if confirmation has been given by the appropriate financial office that it will not be detrimental to the foundation's tax-privileged status in accordance with Sections 51 et seq. of the Fiscal Code of Germany.
- (2) In the event of the winding-up or dissolution of the foundation, the Executive Board shall decide, with the approval of the majority of the members of the Board of Trustees, whom the foundation's assets shall go to. In doing so, the Executive Board shall choose tax-privileged private or public corporations which will use the foundation's assets directly and solely for purposes pursuant to Section 2 of these articles of association or, if this does not seem appropriate, for other tax-privileged purposes. Before making the decision, confirmation must be received from the appropriate tax office that it will not be detrimental to the assets' tax-privileged status.
- (3) Decisions regarding amendments to the foundation's purpose and the merging or dissolving of the foundation are only permitted if the fulfilment of the foundation's purpose is no longer permanently possible in the long-term or if the purpose is no longer feasible due to significant changes of circumstance. The founder's original intentions must be taken into consideration where possible.

VI. Final provisions

§ 17 Severability clause

Should a provision of these articles of association be or become ineffective or should there be a gap in these provisions, the legal effect of the remaining provisions shall hereby remain unaffected. Any regulatory gaps of this nature must be filled in accordance with the purpose and tasks of the foundation and the effective provisions of these articles of association.