

STATUTES
of the
Climate Concept Foundation

§ 1
Name, legal nature, domicile

1. The foundation is named

„Climate Concept Foundation“
2. It is a public legal entity established under German civil law.
3. The foundation’s domicile is in the Free and Hanseatic City of Hamburg.

§ 2
Purpose of the foundation

1. The purpose of the foundation is the furtherance of environmental protection and nature preservation as well as science and research.
2. The foundation exclusively and directly pursues charitable aims as defined by the section „steuerbegünstigte Zwecke“ (i.e. tax-privileged purposes) of the Abgabenordnung (i.e. tax procedure code). The foundation is altruistic in nature; it does not primarily pursue its own economic interests. The foundation’s means may only be used for purposes outlined in these statutes. No person may benefit due to expenses that are alien to the foundation’s purposes, inadequately high remunerations or other financial benefits.
3. The foundation’s purpose can be pursued specifically by contributing to reducing greenhouse gas concentrations in the atmosphere by
 - the initiation of **climate change mitigation projects** that enable additional and permanent emission reductions or financially sup-

porting other organizations to this end. Climate change mitigation projects are activities aimed at reducing

- greenhouse gas emissions from existing emissions sources; or
- atmospheric greenhouse gas concentrations by binding these gases in sinks – for example carbon dioxide by afforestation activities –

compared to the expected reference scenario that would take place in absence of the project activity; or by

- **acquiring CO₂-certificates** in order to decrease the amount of emission entitlements available to emission source operators included in an emissions trading scheme.

The foundation will furthermore pursue the purpose defined by paragraph 1 by

- financially supporting research institutes, especially those dedicated to researching climate change,
 - contributing to the public discussion and supporting climate change policy and by engaging in and financing measures that appear suitable for raising public awareness about climate change, its implications and options to respond to it,
4. CO₂-certificates in the sense of these statutes are particularly (but not limited to) EU allowances of the EU ETS or comparable certificates of similar market based climate policy instruments, emission reduction units or certified emission reductions of the Kyoto Protocol's flexible project mechanisms and similar emission reduction certificates that are suitable for complying with legal obligations, but also voluntary market certificates, if there is some likelihood that they may be suitable for such compliance in future.

§ 3

Use of the foundation's means

1. The Executive Board decides on the use of the foundation's means.
2. No third party shall have any legal entitlement to receiving financial support from the foundation, unless the foundation is committed due to contractual obligation.

§ 4

The Foundation's means

1. The Foundation has received a capital stock that is stipulated by the charitable deed („Stiftungsgeschäft“).
2. The capital stock can be increased (by payments, transfer of rights or other assets). Donations not explicitly dedicated to the capital stock shall be – subject to paragraph 9 of this article – used directly for furthering the statutory purpose as defined by § 2 without undue delay.
3. The foundation's capital shall be invested safely and profitably. Exchange of assets is – subject to paragraphs 7 and 8 – permitted. In addition, investment decisions should not be taken in a manner that is incompatible with the foundation's purpose. Assets considered to be ethically and ecologically The Executive Board shall emphasize investment in assets it considers not to raise any ethical or ecological doubts.
4. The value of the foundation's capital shall be – subject to paragraphs 7 and 8 – maintained at its true value. For pursuing the foundation's purposes, only the gains made from the capital investment and donations received shall be used, unless they augment the capital stock as defined by paragraph 2.
5. In so far as the foundation does not pursue its statutory goals itself, the foundation's means may only be made available to other tax privileged organizations or legal entities of public law and only under the condition that the receiver uses them to pursue the foundation's tax privileged purposes.
6. The financial support of a foreign organization is contingent on the receiver committing to provide the foundation with a detailed written statement on how the means transferred have been used no later than 4 months after the end of the financial year. In case this statement does not certify that the means have been used exclusively for pursuing the foundation's statutory goals or in case the receiving organization's statement is not made available to the foundation, the financial support shall cease immediately.
7. Upon receiving donations dedicated to acquire CO₂-certificates in pursuit of its statutory aims or upon receiving CO₂-certificates as such, the acquired or received CO₂-certificates will not become part of the foundation's

assets in the sense of § 4 paragraphs 1 und 2 of these statutes. Instead, the acquired CO₂-certificates must be cancelled or – subject to the following paragraph – held permanently.

8. The Executive Board may refrain from cancelling the CO₂-certificates, if it can be expected that the effect on reducing emissions in the sense of § 2 paragraph 3 b) will be more significant when holding them as to compared to cancelling them In this case, the foundation must permanently hold these CO₂-certificates.
9. The foundation may accumulate reserves in accordance with the provisions of the German Procedural Tax Code (“Abgabenordnung”), if this is beneficial to pursuing the foundation’s statutory aims or for securing its further existence, unless this entails a withdrawal of its charitable status as an organization pursuing tax privileged purposes as specified by § 2 of these statutes.

§ 5

Organs of the foundation

1. The foundation is administered by its Executive Board. The following §§ 6 to 10 regulate the duties and rights of the Executive Directors.
2. In addition, a Board of Trustees must be summoned (Compulsory Board of Trustees), if in any financial year
 - a) the revenues exceed 2.000.000 € for the first time or
 - b) the foundation’s capital in the sense of § 4 paragraphs 1 and 2 exceeds the amount of 20.000.000 €.

The duties and rights of the members of the Compulsory Board of Trustees is defined by §§ 13 and 14 of these statutes.

3. As long as the conditions of paragraph 2 have not been met, the foundation is administered by the Executive Board alone. However, the Executive Board may appoint a Board of Trustees with a solely consultative function (Consultative Board of Trustees). The duties and rights of the members of

the Consultative Board of Trustees is regulated by §§ 11 und 12 of these statutes.

§ 6 Executive Board

1. The foundation has at least two Executive Directors. The number of Executive Directors shall be as required by the foundation's activities. No more than a maximum of five Executive Directors shall be appointed at any given time. No person older than 75 years shall be appointed. Exceptions shall be subject to special reasons only.
2. The founder is a member of the Executive Board for life. He may appoint a person that will substitute his seat on the Executive Board with identical statutory rights in case he dies or is no longer willing or able to fulfil the tasks of an Executive Director. The founder and the person thus appointed are lifelong members of the Executive Board (Lifelong Executive Director) However, the person thus appointed by the founder is not entitled to appoint another person in succession. The founder may also appoint the person succeeding him by last will.
3. Subject to paragraph 2, the mandate of an Executive Director is four years. The first Executive Board is appointed in the charitable deed ("Stiftungsgeschäft"). The Executive Directors elect the succeeding Executive Board; re-election is permitted.
4. Unless the Executive Board decides otherwise and with the consent of any Lifelong Executive Director, the Lifelong Executive Director is the chairman of the Executive Board and appoints his deputy for the duration of the regular term of service specified in paragraph 3. If there is no Lifelong Member on the Executive Board, the Executive Directors elect a chairperson and the deputy for the duration of the regular term of service specified in paragraph 3 from amongst them.
5. An Executive Director ceases to be a member of the Executive Board
 - with the expiration of his term of service, unless re-elected;
 - upon resignation;

- upon dismissal due to lasting incapability because of illness or due to important cause (see paragraph 6);
- upon expiration of the term of service in which an Executive Director becomes 75 years old (unless re-elected in accordance with paragraph 1, sentence 5); or
- in case of death.

In such case, the remaining Executive Directors elect a substitute person without undue delay. The new member steps into the term of service of his predecessor. Until inauguration of the newly elected Executive Director, the remaining Executive Director manage the current affairs of the foundation's administration.

6. In order to terminate an Executive Director's term of service prematurely for an important cause, the Executive Board may decide to revoke the appointment of an Executive Director. This decision must be taken unanimously; however the Executive Director in question has no vote in this. The Executive Director in question shall be heard prior to the decision being made.
7. The Executive Board may establish internal rules of procedure.
8. The Executive Directors shall receive an adequate payment for their service, if the foundation's financial situation allows this. A payment is deemed adequate, if it corresponds to a remuneration that is in accordance with common labour market practice in light of the professional qualifications required for fulfilling an Executive Director's tasks taking into account the time commitment and the effort that needs to be made. The remuneration shall neither overstrain the foundation's financial capacity nor contradict its charitable nature. For the avoidance of doubt, a remuneration does generally contradict the foundation's charitable nature, if the sum of all remunerations for Executive Directors exceeds 10% of all means annually available for the pursuit of the statutory goals – i.e. the investment revenues and donations after deduction of reimbursable expenses (paragraph 10), costs occurred (e.g. salaries for employees, office rent, depreciation, fees for emission trading etc.) and remuneration for Trustees.

9. The remuneration shall be set by decision of the Executive Board that must be consented to by the Local Tax Authority ("Finanzamt") and Charitable Organizations' Surveillance Authority („Stiftungsaufsicht“).
10. Executive Directors are entitled to reimbursement of adequate expenses incurred in working for the foundation. In case a lump sum payment shall be made instead for reimbursing incurred expenses, this is only permitted in so far as the foundation's financial situation allows this and written guidelines are established by the Executive Board in consent of the Local Tax Authority („Finanzamt“) and the Charitable Organizations' Surveillance Authority („Stiftungsaufsicht“) prior to the expenses being incurred.

§ 7

Administration of the foundation by the Executive Board

1. The Executive Board manages and administrates the foundation taking into account the founder's intentions. Its responsibilities include, without being limited to
 - a) the administration and the investment of the foundation's capital, keeping accounts on its assets and fluctuations as well as earnings and expenses of the foundation;
 - b) the reporting and financial accounting on the foundation's activities, especially the preparation of an annual financial statement including an overview of assets held and a report on the pursuit of the foundation's statutory goals within the statutory period of the law;
 - c) the establishment of a annual budget for each financial year including information on the expected revenues and expenses;
 - d) the appointment of additional Executive Directors and the notification of any changes within the Executive Board or the Board of Trustees tot he Charitable Organizations' Survaillance Authority („Stiftungsaufsicht“);
 - e) hiring of employees; and
 - f) the appointment of Trustees.

2. The Executive Board may delegate the management of specific tasks to single Executive Directors. It may, if allowed by the financial situation of the foundation, mandate a suitable person who is not a member of the Executive Board with the management of incoming tasks and pay an adequate remuneration for this as well as employ support staff.

§ 8

External representation of the foundation

1. The Executive Directors form the foundation's Executive Board ("Vorstand") in the sense of §§ 86, 26 BGB. Two executive Directors together are entitled to externally represent the foundation legally. The foundation can be represented by a single Executive Director, if this person is the only Executive Director there is or if this person has been empowered to do so by unanimous vote. Any Executive Director can be exempted from the limitations of § 181 BGB (German Civil Law Code: "Bürgerliches Gesetzbuch") by unanimous vote.
2. A Lifelong Executive Director shall not be bound by the limitations of § 181 BGB (German Civil Law Code: "Bürgerliches Gesetzbuch").
3. No Executive Director may commit the foundation to sell or otherwise transfer CO₂-certificates in contradiction to § 4 paragraph 7 of these statutes. This limitation of the power of representation shall also be valid vis a vis bona fide third parties.

§ 9

Executive Board Meetings

1. The Executive Board meets in accordance with the requirements. The Chair – if hindered his deputy – sets a place and a time for a meeting and invites to it in writing.
2. Generally, Executive Board Meeting shall be held at the foundation's domicile.
3. The written invitation shall be sent so that it reaches all Executive Directors at least two weeks before the meeting, unless special circumstances

require shortening that period or all Executive Directors abstain from insisting on this fixation of deadline and form at the beginning of the meeting. Executive Directors not present at the meeting must also consent to this abstinence.

4. The Executive Directors shall be summoned in writing also informing them about the points on the meeting's agenda.
5. There shall be at least one Executive Board meeting per financial year towards year's end making a decision on the preliminary financial statements of the present financial year and the budget for the subsequent year (Year's End Meeting). This meeting shall also decide whether or not the conditions of § 5 paragraph 2 have been met.
6. The Trustees shall also be heard in the Year's End Meeting; the provisions of this article shall apply accordingly for the summoning of the Trustees by the chairman or the deputy.
7. In addition, an Executive Board Meeting must be summoned adhering to the time fixations specified in paragraph 3 if one of the Executive Directors or the chairperson of the Board of Trustees demands this.

§ 10

Decision making in the Executive Board

1. Executive Board resolutions are generally made in Executive Board Meetings. An Executive Board Meeting constitutes the quorum if all Executive Directors have been invited in accordance with these statutes and at least two Executive Directors are present in the Meeting. If all Executive Directors consent to this, resolutions may also be passed in writing, by e-mail or fax or telegraphically.
2. The Executive Board decides with a simple majority of casted votes with at least two Executive Directors present, unless these statutes provide otherwise.

3. If the Executive Board consists of 5 persons, the quorum is – in deviation from paragraph 1, sentence 2 – constituted, if at least three Executive Directors are present when the decision is made.
4. Abstentions count as non-casted votes. In case of equality of votes, the vote of the chairperson is decisive, in case the chairperson does not participate in the voting, the vote of the deputy is.
5. The Executive Board documents its resolutions in the form of meeting protocols that shall be signed by the chairperson or the deputy. Executive Directors absent at the time of the making of a decision will be informed about the resolutions passed. They have no right to object to a resolution.

§ 11

Consultative Board of Trustees

1. The Executive Board may appoint a Board of Trustees to support its work. The term of service for a Trustee is four years unless otherwise specified at the time of appointment. A re-appointment of Trustees is permitted.
2. The Trustees shall be selected in number and qualification so that the Board of Trustees can fulfil its tasks outlined in § 12. The Board of Trustees consists of two to four Trustees. It can be supplemented by up to three further Trustees each of whom shall possess one of the three qualifications specified by § 13 paragraph 2, indents 1 to 3. The selection shall not compromise the foundation's independence.
3. The Board of Trustees elects a chairperson and a deputy from among them. In case a vote taken by the Board of Trustees does not yield a result due to equality of votes, the chairperson and the deputy are appointed by the chairperson of the Executive Board.
4. In case a Lifelong Executive Director ceases to be a member of the Executive Board is entitled to remain a lifelong member of the Board of trustees.
5. Generally, Trustees shall not be paid for being members of the Board of Trustees. However, § 6, paragraph 10 shall apply accordingly granting them reimbursement of expenses. The Executive Board may decide to

grant Trustees a remuneration in accordance with § 6, paragraph 9 if the foundation's financial situation allows this.

6. In addition the provisions of § 6, paragraph 3, sentence 1 as well as paragraphs 5 to 7 and §9, paragraphs 1 to 4 shall apply accordingly to the Board of Trustees. Furthermore, §9, provisions 6 and 7 contains provisions that convey direct rights to the Board of Trustees.

§ 12

Tasks of the Consultative Board of Trustees

1. The Board of Trustees advises and supports the Executive Board in fulfilling its statutory tasks.
2. Trustees shall be selected so that their qualification and experience allows them to support the foundation, specifically by
 - providing useful contacts to suitable cooperation partners, project partners and other actors in policy and business;
 - providing advice and useful contacts enhancing the public relations of the foundation;
 - providing scientific advice to the foundation for effectively communicating its climate change mitigation activities; or
 - supporting the fundraising activities of the foundation.

§ 13

Compulsory Board of Trustees

1. In case the Executive Board has – in accordance with § 9 paragraph 5 – constituted that the conditions specified in § 5 paragraph 2 are fulfilled, a Board of Trustees must be appointed. In case a Consultative Board of Trustees has not been established at the time the conditions of § 5 paragraph 2 are declared fulfilled, the Executive Board elects the Trustees for the Compulsory Board of Trustees. Upon initial formation of the Compulso-

ry Board of Trustees, § 6, paragraph 5 applies accordingly with the modification that Trustees shall be elected by the Board of Trustees.

2. The Compulsory Board of Trustees shall consist of three to seven Trustees that are not Executive Directors at the same time. § 11, paragraph 1, sentences 2 and 3 shall apply accordingly. The Board of Trustees shall have
 - a Trustee with professional background in tax consulting or accountancy (preferably with competence and experience in the law of charitable organizations);
 - a Trustee with knowledge in the industrial sector(s) of one (or some) of the project- or cooperation partner(s); and
 - a Trustee that has an educational / professional background or other relevant experience specific knowledge in the fields comprised by the foundation's statutory purpose.

In addition, the requirements of § 12 paragraph 2 shall apply. In case a Consultative Board of Trustees has been established at the time at which the decision referred to in paragraph 1 is taken, the Trustees already appointed will be members of the Compulsory Board of Trustees in addition to those specified in paragraph 3 in so far as the latter have not already been appointed.

3. In addition to the provisions mentioned in § 11 paragraph 5, the provisions of § 10, paragraph 1, 2, 4 and 5 shall apply accordingly. § 10, paragraph 3 applies with the modification that in a Board of Trustees consisting of seven Trustees at least four must be present.

§ 14

Additional competencies of the Compulsory Board of Trustees

1. In addition to the tasks and competencies specified in §§ 11 and 12, the Board of Trustees shall have the following powers:

- a) Approval of the financial statement established by the Executive Board and the budget for the subsequent year as well as the report on the pursuit of the foundation's statutory goals;
- b) Establishment of binding directives on the administration and the investment in the foundation's capital stock including criteria that specify the ethical and ecological harmlessness of potential types of assets in accordance with § 4, paragraph 3, sentence 3;
- c) Establishment of binding directives for the foundation's climate change mitigation activities;
- d) Establishment of directives governing the remuneration of the Executive Board;
- e) Election of the Executive Directors and dismissal due to important reason;
- f) Advising, controlling and discharge of the Executive Board and, in case of breach of duty, instituting legal proceedings against the Executive Directors on behalf of the foundation; in so far as the chairperson of the Board of Trustees is empowered to act on behalf of the foundation in court and out of court;
- g) Approval of Executive Board decisions made in accordance with §§ 17 and 18.

In so far as an approval required by this provision is not granted, the decision in question remains ineffective. If no agreement can be reached, arbitration should be sought in accordance with § 19.

2. In so far as this provision transfers tasks and competencies originally under the capacity of the Executive Board as specified by §§ 6 to 10 onto the Compulsory Board of Trustees, they are permanently assigned to the Compulsory Board of Trustees upon its initial appointment. The respective provisions of §§ 6 to 10 are become invalid.

§ 15

Meetings of the Board of Trustees

1. The chairperson of the Compulsory Board of Trustees summons the meetings of the Board of Trustees without requiring any contribution by the Executive Board. He must invite the chair of the Executive Board in accordance with the provisions applicable to the summoning of Trustees.
2. The chair of the Executive Board may join the meetings of the Board of Trustees, but does not have a vote in its decision making. If the chair of the Executive Board has not been invited in accordance with the provisions of these statutes, the meeting of the Board of Trustees does not have a quorum, unless the chair of the Executive Board joins the meeting.

§ 16

Financial Year

The financial year is the calendar year. The first financial year will be conducted as an abbreviated financial year beginning on the day of the foundation's official recognition.

§ 17

Amendment of the statutes

1. Within the limitations of the law the Executive Board may amend or complement the foundation's statutes with a two third majority of all Executive Directors, if the circumstances assumed by the founder have changed relevantly. If the legal requirements are met, the Executive Board may also change the foundation's purpose, however the changed purpose must also be furthering the charitable purposes in the sense of these statutes and be tax privileged. If possible, the foundation shall remain dedicated to serving environmental causes.
2. The decisions require the approval of the Charitable Organizations' Surveillance Authority. If a Lifelong Executive Director objects to any such decision, it shall not be implemented.

3. Any change in the statutes may not result in CO2-certificates acquired in accordance with § 2 paragraph 3 b) can be transferred contrary to § 4 paragraph 7, unless emission reductions can no longer be maintained or ensured by holding them.

§ 18 Liquidation

1. The Executive Board decides on the foundation's liquidation with a two thirds majority of all Executive Board members.
2. This decision remains invalid, until the Charitable Organizations' Surveillance Authority has approved it. If a Lifelong Executive Director contradicts such decision cannot not be taken.
3. Upon liquidation or abrogation of the foundation or in case its charitable statutory aims can no longer be pursued, all funds remaining after settlement if debts shall be transferred onto another charitable organization that the Executive Board has chosen by prior decision the Executive Board for the sake of furthering environmental and habitat protection.
4. Decisions on the transfer of funds upon liquidation or abrogation of the foundation or in case ist statutory aims can no longer be pursued msx nlx be executed upon approval by the responsible financial authority.

§ 19 Arbitration

1. For all disputes
 - in between the organs of the foundation
 - in between the members of the foundation's organs
 - in between the foundation and ist organs and / or members of organs
 - in between the foundation and the receivers of the foundation's means

affecting these statutes, the foundation or the foundation's relationship to the foundation, its organs or their members or receivers of the foundation's means in its wider sense, fall – with the exception of claims that are legally excluded from arbitration – under the exclusive jurisdiction of an arbitration court as specified by the statutes of the Schlichts- und Schiedsgerichtshof deutscher Notare – SGH –.

2. This specifically includes any disputes
 - About the validity, the interpretation, the amendment or the implementation of these statutes, unless the Charitable Organizations' Surveillance Authority is competent to decide thereon in a binding manner,
 - About the arbitration court's competence to decide and the effect and interpretation of this arbitration clause,
 - About the validity and the legal consequences of the appointment, membership and specifically the dismissal of a member of the foundation's organs,
 - About the validity, the contestation, the interpretation and the execution of decisions of an organ in so far as these disputes can be subject to arbitration and the Charitable Organizations' Surveillance Authority does not decide in a binding manner.
3. The arbitration procedures apply the laws of Germany.
4. In case an arbitration court's decision is abolished by a state court, this arbitration clause is not consumed. The disputing parties shall, in so far as legally permitted and feasible, seek arbitration anew following this arbitration clause. The arbitrators of the prior proceedings are excluded as arbitrators in the new proceedings.

§ 20
Coming into force

These statutes come into force with the official recognition of the foundation by the Charitable Organizations' Surveillance Authority.