



# ARTICLES OF ASSOCIATION

# BANK IM BISTUM ESSEN eG

## Articles of Association

As of: August 2018

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I. Name, registered office, purpose and object of the company

§ 1

Company name and registered office

- (1) The company name of the cooperative is: BANK IM BISTUM ESSEN eG
- (2) The cooperative has its registered office in Essen.

§ 2

Purpose and object

- (1) The purpose of the cooperative is to support and promote the commercial interests of its members.
- (2) The object of the company is the transaction of banking and supplementary business, in particular
  - a) the acceptance of deposits,
  - b) the granting of loans of all kinds,
  - c) the transaction of domestic and international payments,
  - d) the purchase, sale, holding and management of securities,
  - e) the arrangement and sale of products and services.

The primary focus of the bank's operations should not be on making profits. The decisive factor for the bank's operations should rather be the arrangement and improvement of the members' economic conditions, the promotion of their interests and the development of Church institutions.

- (3) The cooperative may establish subsidiary offices and hold stakes in companies.
- (4) The cooperative shall give priority in the conduct of bank transactions to those persons who are eligible for membership in accordance with Section 3, paragraph (1) of the articles of association. Banking business may be conducted with non-members.

## II. Membership

### § 3

#### Acquisition of membership

- (1) The following are eligible for membership:
  - a) legal persons or partnerships who serve the mission of the Christian churches in the broadest sense, namely parishes, parish associations, regional administration unions, associations with legal personality, church organisations and institutions, institutions with legal personality, corporations, foundations, religious orders and companies;
  - b) natural persons who are in full-time employment or volunteer with one of the bodies specified in a), as well as the members of the Management Board and Supervisory Board and the employees of BANK IM BISTUM ESSEN eG, Essen and their spouses and children.
- (2) Membership is acquired by means of:
  - a) an unconditional declaration of membership to be signed by the joining member, which meets the requirements of the German Cooperatives Act and
  - b) approval by the cooperative.
- (3) The member is immediately registered in the list of members [Section 16, paragraph (2) letter f) of the articles of association] and notified of this without delay.

### § 4

#### Termination of membership

Membership ends by

- a) Notice of termination (Section 5),
- b) Transfer of the paid-up capital share (Section 6, paragraph 1),
- c) Death (Section 7),
- d) Dissolution of a legal person or partnership (Section 8),
- e) Exclusion (Section 9).

## § 5

### Notice of termination

- (1) Each member has the right to terminate his membership at the end of a financial year.
- (2) Insofar as a member holds several shares, without being obliged to do so by the articles of association or an agreement with the cooperative, he may terminate his holding of one or more of his other shares at the end of a financial year.
- (3) The notice of termination must be in writing and submitted to the cooperative at least 12 months before the end of a financial year.

## § 6

### Transfer of the paid-up capital share

- (1) A member may transfer his paid-up capital shares at any time, even in the course of a financial year, to another party by means of a written contract and thereby leave the cooperative without apportionment, insofar as the acquiring party is already a member or becomes a member.
- (2) A member may transfer some of his paid-up capital shares, and thus reduce the number of his shares, without withdrawing from the cooperative. Paragraph (1) shall apply accordingly.
- (3) The transfer of the paid-up capital share or any part thereof requires the approval of the cooperative. This does not apply in the case of Section 76 paragraph 2 of the German Cooperatives Act.

## § 7

### Termination as a result of death

- (1) The death of a member results in his withdrawal from the cooperative; his membership passes to his heir.
- (2) The heir's membership ends upon the conclusion of the financial year in which the inheritance occurred (Section 77 paragraph (1) of the German Cooperatives Act).

## § 8

### Dissolution of a legal person

If a legal person or a partnership is dissolved or discontinued, its membership shall end upon the conclusion of the financial year in which the dissolution or discontinuation came into effect. In the event of universal succession, membership shall continue to be enjoyed by the sole successor until the end of the financial year.

## § 9

### Exclusion

- (1) A member may be excluded from the cooperative at the end of a financial year if
  - a) he does not fulfil his obligations in accordance with the articles of association or any other obligations towards the cooperative, in spite of a written demand, with a warning of possible exclusion;
  - b) he submits inaccurate financial statements or balance sheets, or otherwise provides incorrect or incomplete statements about his legal or economic conditions;
  - c) he harms or has harmed the cooperative by the non-performance of his obligations towards the cooperative, or legal measures are required on account of his non-performance of an obligation;
  - d) he has become insolvent or over-indebted or an application to open insolvency proceedings has been made against his assets;
  - e) his permanent place of residence is unknown;
  - f) his conduct is not in accordance with the interests of the cooperative;
  - g) he no longer belongs to a Christian church or if he repeatedly undermines the interests of the Church or its institutions;
  - h) the conditions for the acquisition of the membership in accordance with Section 3, paragraph (1) of the articles of association are no longer applicable. This does not apply to members in accordance with Section 3, paragraph (1), letter b) who are retired.
- (2) The Management Board is responsible for exclusions. Members of the Supervisory Board can only be excluded by a decision of the General Meeting. Members of the Management Board can only be excluded by a decision of the Supervisory Board.
- (3) Before the decision is reached, the member to be excluded shall be given the opportunity to express his views on the proposed exclusion. In this respect, he shall be informed of the essential

facts on which his exclusion is based, as well as the grounds for exclusion in accordance with the articles of association.

- (4) The decision causing the member to be excluded, shall indicate the facts on which the exclusion is based, as well as the grounds for exclusion in accordance with the articles of association.
- (5) The Management Board shall immediately notify the excluded member of the decision by registered letter. From the moment at which the letter is dispatched, the member may no longer participate in the General Meeting or be a member of the Management Board or Supervisory Board.
- (6) The excluded member may submit an appeal to the Supervisory Board against the exclusion within one month of the dispatch of the letter, unless the exclusion decision was taken by the General Meeting. The Supervisory Board's decision on the appeal is final, as far as the cooperative's internal procedures are concerned.
- (7) The excluded member is free to seek legal redress against the exclusion in the ordinary courts. Seeking legal redress in the ordinary courts is excluded if the member has not submitted an appeal in accordance with paragraph (6).

## § 10

### Apportionment

- (1) For the apportionment between the former member and the cooperative, the approved financial statements shall be decisive; losses carried forward are to be taken into account in proportion to the shares held. In the case of a transfer of the paid-up capital share (Section 6), no apportionment shall take place.
- (2) The outgoing member is entitled to payment of the apportionment balance. Beyond this, he shall have no claims on the assets of the cooperative. The cooperative is entitled to subtract any claims due against the outgoing member from the apportionment balance. The member's apportionment balance shall be used by the cooperative as security against any loss, particularly in the case of insolvency proceedings against the member.
- (3) If the cooperative's assets, including reserves and all paid-up capital shares, are not sufficient to cover its debts, the outgoing member shall be obliged to pay to the cooperative a share of the deficit, calculated in proportion to the uncalled liabilities of all members, which shall not exceed his own uncalled liability.
- (4) The consent of the Supervisory Board and Management Board is required for the payment of the apportionment balance when a member leaves the cooperative.
- (5) Paragraphs (1) to (3) shall apply accordingly to the apportionment following termination of individual shares.



## § 11

### Rights of members

Each member has the right, in accordance with the German Cooperatives Act and the articles of association, to make a claim on the services of the cooperative and to participate in the organisation of the cooperative.

In particular, he has the right

- a) to participate in the General Meeting and its deliberations, votes and elections, and to inspect the list of members;
- b) to request information on the cooperative's affairs at the General Meeting (Section 34 of the articles of association);
- c) to submit motions to be included on the agenda of the General Meeting;
- d) to submit motions to call an Extraordinary General Meeting in accordance with Section 28 paragraph 2;
- e) to participate in the annual profit in accordance with the relevant provisions and decisions;
- f) to request, in good time and at his own expense, a copy of the financial statements, the management report and the report of the Supervisory Board, before the financial statements are approved by the General Meeting;
- g) to inspect the summarised version of the auditors' report;
- h) to inspect the list of members.

## § 12

### Duties of members

Each member has a duty to uphold the interests of the cooperative.

In particular, he should

- a) comply with the provisions of the German Cooperatives Act, the articles of association and the decisions of the General Meeting;
- b) pay for his membership share or additional shares in accordance with Section 37 of the articles of association;
- c) immediately inform the cooperative of any change in his address and, in the case of companies, of any changes in legal form, ownership or participating interests.

### III. Executive bodies of the cooperative

#### § 13

##### The executive bodies of the cooperative

The executive bodies of the cooperative are:

- A. The Management Board,
- B. The Supervisory Board,
- C. The General Meeting.

##### A. The Management Board

#### § 14

##### Management of the Cooperative

- (1) The Management Board manages the cooperative under its own responsibility.
- (2) The Management Board shall manage the business of the cooperative in accordance with the provisions of the law, in particular the German Cooperatives Act, the articles of association and the rules of procedure for the Management Board.
- (3) The Management Board represents the cooperative in and out of court in accordance with Section 15 of the articles of association.

#### § 15

##### Representation

- (1) The cooperative is represented by two members of the Management Board or by one member of the Management Board together with an authorised signatory. The Supervisory Board may release any or all members of the Management Board from the prohibition on multiple representation as per Section 181, 2nd alternative, of the German Civil Code, i.e. authorise them to simultaneously act as the representatives of third parties in any legal transactions which the cooperative undertakes with or towards a third party.
- (2) The granting of commercial power of attorney, limited commercial authority and other powers of contractual representation is allowed. This is governed in more detail by the rules of procedure for the Management Board.

## § 16

### Tasks and duties of the Management Board

- (1) In their management of the cooperative, the members of the Management Board shall exercise the level of care which may be expected from a prudent and conscientious director of a cooperative credit institution. Any secrets and confidential information, especially industrial and commercial secrets, which become known to them through their activities on the Management Board shall be kept strictly confidential.
- (2) The Management Board is, in particular, obliged
  - a) to manage the business in accordance with cooperative objectives;
  - b) to draw up rules of procedure in consultation with the Supervisory Board, which shall require the unanimous approval of the Management Board and shall be signed by all members of the Management Board;
  - c) to plan and implement, in good time, the necessary personnel, technical and organisational measures required for proper business operations;
  - d) to ensure that a suitable accounting system is in place, which serves both the drawing up of accounts and the purposes of planning and control;
  - e) to observe the provisions of the by-laws of the BVR protection scheme, including the procedural rules and the provisions of the articles of BVR Institutssicherung GmbH;
  - f) to decide on the responsibility for authorising the acquisition of membership, for the holding of additional membership shares and for maintaining the list of members, in accordance with the German Cooperatives Act;
  - g) to carry out proper inventories, to prepare an inventory list at the end of the financial year and to present this to the Supervisory Board without delay.
  - h) to draw up, within three months of the end of the financial year, the financial statements and the management report, to submit these immediately to the Supervisory Board — and, if appropriate, after auditing in accordance with Section 340 k of the German Commercial Code — then submit them with the Supervisory Board's report to the General Meeting for adoption of the financial statements;
  - i) to remedy any deficiencies recorded in the auditors' report and to notify the auditing association of this.

## § 17

### Reporting to the Management Board

At least quarterly, but immediately on request or if there is good cause, the Management Board must report to the Supervisory Board on the commercial development of the cooperative — in particular with regard to any credit risks — on compliance with cooperative principles and on business planning.

## § 18

### Composition and conditions of service

- (1) The Management Board consists of at least two members.
- (2) The Management Board is appointed and dismissed by the Supervisory Board, which may appoint a Chairman or Spokesman of the Management Board. The Supervisory Board is responsible for concluding and terminating contracts of employment with members of the Management Board and for entering into annulment agreements. The statements of the Supervisory Board will be made by its chairman and, in his absence, by his deputy. Termination of employment will result in the cancellation of rights and responsibilities as a member of the executive body.
- (3) Members of the Management Board retire from the board at the end of the calendar year in which they reach statutory retirement age.
- (4) The Supervisory Board may remove a member of the Management Board from his post at any time.

## § 19

### Decision-making process

- (1) The decisions of the Management Board must in principle be put to a vote. This is governed in more detail by the rules of procedure for the Management Board.
- (2) The Management Board has a quorum if more than half of its members participate. It takes its decisions by a majority of valid votes cast. In the event of a tie, a motion is deemed to have been rejected.
- (3) Decisions are to be properly recorded for verification purposes. The records are to be numbered consecutively. They are to be signed by the members of the Management Board taking part in the decision-making. This is governed in more detail by the rules of procedure for the Management Board.
- (4) If the Management Board is discussing cooperative matters which affect the interests of a member of the Management Board, his spouse, parents, children, siblings or a person whom he represents legally or by virtue of a power of attorney, the relevant member of the Management Board may

not take part in the deliberations and voting. The opinions of the member of the Management Board may, however, be heard before the decision is made.

## § 20

### Attending meetings of the Supervisory Board

The members of the Management Board shall be entitled to attend meetings of the Supervisory Board, unless such participation is excluded in individual cases by a special decision of the Supervisory Board. In the meetings of the Supervisory Board, the Management Board shall supply the necessary information on business matters. The members of the Management Board shall have no voting rights on decisions of the Supervisory Board.

## § 21

### Executive body loans

Loans to members of the Management Board and other borrowers pursuant to Section 15 of the German Banking Act require the prior consent of the other members of the Management Board and the Supervisory Board.

## B. The Supervisory Board

### § 22

#### Tasks and duties

- (1) The Supervisory Board shall oversee the management role exercised by the Management Board, and to this end shall keep itself informed about the cooperative's affairs; it shall also ensure that the Management Board observes the provisions of the bylaws of the BVR protection scheme, including the procedural rules and the provisions of the articles of BVR Institutssicherung GmbH. The Supervisory Board must also supervise the Management Board to ensure compliance with the relevant banking supervisory regulations. It may at any time require the Management Board to submit a report and may itself, or through the intermediary of one of its members, be granted access to inspect and examine the books and correspondence of the cooperative as well as the cash in hand and holdings of securities and commercial papers.

An individual member of the Supervisory Board may also request information, but this information shall only be supplied to the Supervisory Board as a whole.

- (2) The Supervisory Board may form committees from among its members for the performance of its legal obligations and its obligations arising from the articles of association, and may avail itself of expert assistance at the cooperative's expense. Insofar as the Supervisory Board forms committees, it shall determine whether these have advisory or decision-making powers; it also determines the number of committee members. A committee with decision-making powers must consist of at least three people. A committee has a quorum if more than half of its members are present; for decisions on executive body loans at least three people must be present. Section 25 also applies in connection with the decision-making process.
- (3) The Supervisory Board shall review the financial statements, the management report and the Management Board's proposal for the use of any annual surplus or for the covering of any annual deficit, and shall report on this to the General Meeting before the adoption of the financial statements. Each member of the Supervisory Board shall read and acknowledge the contents of the auditors' report.
- (4) The Supervisory Board shall participate in the discussion of the likely outcome of the legal auditing (final meeting) and make a statement to the next General Meeting on the outcome of this auditing.
- (5) The performance of the obligations of the Supervisory Board is governed in more detail by the rules of procedure for the Supervisory Board. These are to be drawn up by the Supervisory Board after consultation with the Management Board and to be supplied to each member of the Supervisory Board who will sign a certificate of receipt.
- (6) In their activities the members of the Supervisory Board shall exercise the level of care which may be expected from a prudent and conscientious Supervisory Board member of a cooperative

credit institution. They shall maintain strict confidentiality with regard to all the cooperative's confidential information and secrets, as well as those of members and clients, which become known to them through their activities on the Supervisory Board.

- (7) The members of the Supervisory Board may not receive any compensation calculated in relation to the company's results (profit-based bonus). The remuneration of the Supervisory Board and the reimbursement of expenses are decided by the Management Board and the Supervisory Board pursuant to Section 23 paragraph (1) letter j). The remuneration and reimbursement of expenses may together not exceed 0.20% of the liable equity in accordance with the most recently approved financial statements.
- (8) The Supervisory Board represents the cooperative with respect to the members of the Management Board in and out of court.
- (9) Decisions of the Supervisory Board are carried out by the chairman or, in his absence, by his deputy.

## § 23

### Joint meetings of the Management Board and Supervisory Board

- (1) The Management Board and the Supervisory Board shall deliberate jointly on the following matters and then decide on them in separate votes:
  - a) the acquisition, development, encumbrance and sale of plots of land and rights equivalent to property; this excludes the acquisition of land and rights equivalent to property for the preservation of its own claims, and the sale thereof;
  - b) the acceptance, outsourcing or renunciation of business pursuant to Section 2, paragraph (2), unless the General Meeting is responsible in accordance with Section 30 letter l);
  - c) the acquisition and renunciation of participations;
  - d) the issuing of legal statements of particular importance, especially the conclusion of lease agreements and other contracts which establish repeated significant obligations for the cooperative, the purchase and sale of movable property worth more than EUR 200,000 and required statements in connection with the by-laws of the BVR protection scheme and the provisions of BVR Institutssicherung GmbH;
  - e) the joining of associations;
  - f) the setting of the date and place for the General Meeting;
  - g) the use of the earnings reserves in accordance with Section 39;
  - h) the establishment and closure of branches and subsidiaries;
  - i) the granting of commercial powers of attorney;

- j) the fixing of the reimbursement of expenses and remuneration to members of the Supervisory Board in accordance with Section 22 paragraph (7).
- (2) Joint meetings shall be convened by the Chairman of the Supervisory Board or his deputy in consultation with the Chairman / Spokesman of the Management Board. Section 25 paragraph (4) clause 2 shall apply accordingly to the convening of such meetings.
- (3) Joint meetings shall be chaired by the Chairman of the Supervisory Board or his deputy.
- (4) The Management Board and the Supervisory Board have a quorum if more than half of the members of the Management Board and more than half of the members of the Supervisory Board are present.
- (5) A motion is rejected if it fails to secure a majority in both the Management Board and in the Supervisory Board.
- (6) Decisions are to be recorded for verification purposes in joint minutes; the result of the separate votes are to be noted in these; in addition, Section 19 paragraph (3) and Section 25 paragraph (5) apply accordingly.

## § 24

### Composition and election of the Supervisory Board

- (1) The Supervisory Board consists of at least six and no more than ten members, who are elected by the General Meeting.
- (2) In the election of the members of the Supervisory Board, every eligible voter must have the opportunity to vote on each individual candidate. In addition, Section 33 applies to the election.
- (3) The period in office of a member of the Supervisory Board begins with the conclusion of the General Meeting in which the election has taken place, and ends at the end of the General Meeting held for the third financial year after the election; the financial year in which the member of the Supervisory Board was elected is counted in this. Each year a third of the members of the Supervisory Board retire. The sequence of retirement is determined by the length of service in office or, in the case of equal periods in office, by the drawing of lots. If the number of members of the Supervisory Board is not divisible by three, the smaller number retires first. Re-election is permitted.
- (4) If members retire during their term of office, the Supervisory Board shall consist of only the remaining members until the next Ordinary General Meeting, at which replacements shall be elected. The earlier election of replacements by an Extraordinary General Meeting will only be required if the number of members of the Supervisory Board falls below three. Replacement elections are held for the remaining term of office of the retired members of the Supervisory Board.



- (5) The term of office shall end at the latest by the General Meeting following the person in question's 70<sup>th</sup> birthday.
- (6) Outgoing members of the Management Board may only be elected to the Supervisory Board once they have been granted final discharge for all their Management Board activities.
- (7) Members of the Supervisory Board may not simultaneously be members of the Management Board, permanent representatives of the members of the Management Board, or hold commercial power of attorney or limited commercial authority authorising them to operate the business as a whole.

## § 25

### Constitution, decision-making

- (1) The Supervisory Board shall elect from among its members a chairman and a deputy. Meetings of the Supervisory Board are convened by its chairman or, in his absence, by his deputy. If both are absent, or if neither a chairman nor a deputy has been elected, the meetings of the Supervisory Board shall be convened by the oldest member (in terms of age) of the Supervisory Board.
- (2) The Supervisory Board has a quorum if more than half of its members are present. It takes its decisions by a majority of valid votes cast. In the event of a tie, a motion is deemed to have been rejected and elections are decided by the drawing of lots; Section 33 shall apply accordingly.
- (3) A decision is possible in urgent cases, even without convening a meeting, by means of a written vote or by other telecommunications media, if the Chairman of the Supervisory Board or his deputy arranges such a decision-making procedure and no member of the Supervisory Board objects to it.
- (4) The meetings of the Supervisory Board should be held at least quarterly. In addition, the chairman should convene a meeting and distribute the agenda whenever this appears to be necessary in the interests of the cooperative, or if the Management Board or at least half the members of the Supervisory Board request this in writing, stating the purpose and the reasons for such a meeting. If this request is not complied with, the applicants may convene the Supervisory Board themselves, communicating the facts of the matter.
- (5) Decisions are to be properly recorded for verification purposes. The records are to be numbered consecutively. They are to be signed by at least two of the participants at the meeting and stored with the cooperative's other documents.
- (6) If the Supervisory Board is discussing cooperative matters which affect the interests of a member of the Supervisory Board, his spouse, parents, children, siblings or a person whom he represents legally or by virtue of a power of attorney, the relevant member of the Supervisory Board may not take part in the deliberations and voting. The opinions of the member of the Supervisory Board may, however, be heard before the decision is made.

- (7) In addition, the rules of procedure for the Supervisory Board shall apply.

### C. The General Meeting

#### § 26

##### Exercise of membership rights

- (1) The members exercise their rights in the affairs of the cooperative at the General Meeting.
- (2) Each member has one vote.
- (3) Legal persons and persons who are legally incapacitated or who have limited legal capacity exercise their voting rights through their legal representatives; partnerships exercise their voting rights through the partner who is authorised to represent them.
- (4) Members or their legal representatives may be represented by proxies [Section 43 paragraph (5) of the German Cooperatives Act]. If a deceased member has several heirs [Section 7], they may only exercise their voting right through a joint proxy. A proxy may represent no more than two members. Proxies must be members of the cooperative, spouses, parents, children or siblings of a member or must have a corporate or employment relationship with the principal. Persons to whom a notification of exclusion has been sent (Section 9, paragraph 5), and persons who offer their services to exercise voting rights on a commercial basis, may not act as proxies.
- (5) Legal representatives or proxies with voting rights must supply evidence in writing of their power of representation upon request from the chairman of the meeting.
- (6) No one may exercise voting rights for themselves or for another party if it is being decided whether he or the represented member is to be granted final discharge or freed from an obligation, or whether the cooperative should enforce a claim against him or the represented member. He is, however, to be heard before the decision is made.

#### § 27

##### Period and venue

- (1) The Ordinary General Meeting is to be held within six months of the end of the financial year.
- (2) Extraordinary General Meetings may be convened if required.
- (3) The General Meeting will be held at the cooperative's registered office, unless the Management Board and the Supervisory Board specify another venue in accordance with Section 23 paragraph (1) letter f).

## § 28

### Convening and agenda

- (1) The General Meeting is convened by the Management Board. The Supervisory Board is obliged to convene a General Meeting if there are legal grounds for this, or grounds in accordance with the articles of association, or if it is necessary in the interest of the cooperative, including at the request of the auditing association.
- (2) The members of the cooperative may request an Extraordinary General Meeting in writing, stating the purpose of and reasons for convening such a meeting. This requires the involvement of at least one tenth of the members, but no more than 100 members.
- (3) The General Meeting shall be convened by immediate notification of all members in writing, giving at least two weeks' notice between the date of receipt (paragraph 7) or the publication of the notice of convention and the date of the General Meeting. The agenda must be included in the notice convening the meeting.
- (4) The agenda is set by the person convening the General Meeting. The members of the cooperative may request in writing, stating the purpose of and reasons for such a request, that the subjects of the decision-making in the General Meeting should be announced; this requires the involvement of at least one tenth of the members, but no more than 100 members.
- (5) No decisions may be taken on items of which the details have not been announced in good time, such that there is at least one week between the receipt of the notice (paragraph 7) and the date of the General Meeting; this excludes decisions on the conduct of the meeting and on motions for convening an Extraordinary General Meeting.
- (6) There is no need for any notice for motions and discussions which do not require a decision to be made.
- (7) In the cases of paragraphs (3) and (5), the communications shall be deemed to have been received if they were sent two working days before the start of the notice period.

## § 29

### Chairmanship of meetings

- (1) The General Meeting is chaired by the Chairman of the Supervisory Board or his deputy (meeting chairman). The General Meeting may decide to transfer the chairmanship of the meeting to a member of the Management Board, of the Supervisory Board, another member of the cooperative or a representative of the statutory auditing association.
- (2) The Chairman of the General Meeting appoints a secretary and, if necessary, a teller.

## § 30

### Items on which decisions may be made

- (1) The General Meeting decides on the matters specified in the German Cooperatives Act and in these articles of association, in particular on
  - a) amendments to the articles of association;
  - b) the scope of the notification of the auditing association's report;
  - c) approval of the financial statements, the use of the annual surplus or the covering of the annual deficit;
  - d) granting final discharge to the Management Board and the Supervisory Board;
  - e) election of members of the Supervisory Board;
  - f) revocation of the appointment of members of the Supervisory Board;
  - g) exclusion of members of the Supervisory Board from the cooperative;
  - h) election of an authorised representative to conduct legal action against members of the Supervisory Board on account of their executive position;
  - i) conduct of legal action against members of the Supervisory Board, whether in office or retired, on account of their executive position;
  - j) setting the restrictions on the granting of credit in accordance with Section 49 of the German Cooperatives Act;
  - k) withdrawal from cooperative associations;
  - l) the merger, division or change in form of the cooperative in accordance with the provisions of the Reorganisation of Companies Act;
  - m) the acceptance, transfer or renunciation of a key business area;
  - n) dissolution of the cooperative;
  - o) continuation of the cooperative after a decision to dissolve it;
  - p) introduction of a meeting of representatives, approving the election rules and elections to the Election Committee.

## § 31

### Majority requirement

- (1) The decisions of the General Meeting require a simple majority of the valid votes cast, unless the law or these articles of association require a greater majority.

- (2) A majority of three-quarters of the valid votes cast is required in the following cases:
- a) amendments to the articles of association;
  - b) revocation of the appointment of members of the Supervisory Board;
  - c) exclusion of members of the Supervisory Board from the cooperative;
  - d) withdrawal from cooperative associations;
  - e) the merger or division of the cooperative in accordance with the provisions of the Reorganisation of Companies Act;
  - f) dissolution of the cooperative;
  - g) continuation of the cooperative after a decision to dissolve it.
- (3) A decision to change the legal form of the company requires the majority of nine-tenths of the valid votes cast. For decisions to dissolve the cooperative or change its legal form, in addition to the legal requirements, two-thirds of all members must be present or represented at a General Meeting convened solely for this purpose. If this number of members is not reached at the meeting to decide on the dissolution of the cooperative or the changing of its legal form, any further meeting within the same financial year may decide on the dissolution of the cooperative or the changing of its legal form, irrespective of the number of members present.
- (4) Before any decision on the merger, division or change in form of the cooperative in accordance with the provisions of the Reorganisation of Companies Act, or on the dissolution or continuation of the dissolved cooperative, the opinion of the auditing association must be heard. The Management Board is to request, in good time, an expert report from the auditing association, which will then be read out at the General Meeting.
- (5) Paragraphs (3) and (5) may only be modified under the conditions specified in paragraph (3).

## § 32

### Granting of final discharge

- (1) No one may exercise voting rights for himself or another party if a decision is being taken on whether he or the represented member should be granted final discharge.
- (2) Separate votes are to be taken on the granting of final discharge to the Management Board and the Supervisory Board, in which neither the members of the Management Board or of the Supervisory Board shall have the right to vote.

## § 33

### Voting and elections

- (1) Voting and elections must be by secret ballot with ballot papers, if required by the Management Board, the Supervisory Board or at least one-quarter of the valid votes cast in the decision thereon.
- (2) In determining the ratio of votes, only the valid votes are counted; abstentions and invalid votes are not considered. In the event of a tie, a motion is deemed to have been rejected; in such cases elections shall be decided by the drawing of lots. Only one vote may be cast for each candidate to be elected.
- (3) If an election is conducted with ballot papers, each eligible voter has as many votes as there are positions to be allocated. The eligible voters indicate on their ballot papers the proposed candidates for whom they wish to vote. The candidates who receive the most votes shall be elected.
- (4) If an election is conducted by a show of hands, a separate ballot is required for each position to be allocated. Whichever candidate has more than half of the valid votes shall be elected. If no candidate obtains the required majority in the first ballot, there shall be a runoff election between the two candidates who received the most votes. In this case, the candidate who receives the most votes shall be elected. If the number of candidates proposed does not exceed the number of positions to be allocated, they may be elected jointly (en bloc), insofar as no objection is raised to this.
- (5) The elected candidate must immediately declare to the cooperative whether he accepts the election.

## § 34

### Right to information

- (1) Each member is, on request, to be given information on the cooperative's affairs at the General Meeting, insofar as it is necessary for an appropriate assessment of the item on the agenda. The information is supplied by the Management Board or the Supervisory Board.
- (2) The information may be refused in cases where
  - a) the provision of such information may, according to a reasonable commercial assessment, be capable of causing a significant disadvantage to the cooperative;
  - b) the questions relate to tax valuations or the amount of individual taxes;
  - c) the provision of such information would be punishable by law or would infringe a legal or contractual duty of confidentiality or a duty of confidentiality in accordance with the articles of association;

- d) the request for information concerns the personal or business relationships of a third party;
- e) it relates to contractual employment agreements with members of the Management Board or employees of the cooperative;
- f) the reading of documents would lead to an unreasonable extension of the General Meeting.

### § 35

#### Minutes of the meeting

- (1) Decisions of the General Meeting are to be properly recorded for verification purposes.
- (2) The minutes shall be written within no more than two weeks of the meeting. They should indicate the place and date of the meeting, the name of the chairman, the nature and outcome of the votes taken and the chairman's observations on the decisions. The minutes must be signed by the chairman, the secretary and the members of the Management Board who participated in the General Meeting; the documents convening the meeting should be annexed to the minutes.
- (3) In cases pursuant to Section 47 paragraph 3 of the German Cooperatives Act, a list of the members who were present or represented is to be annexed to the minutes. The number of votes is to be shown for each member who was present or represented.
- (4) The minutes are to be stored together with the associated documents. They may be inspected by any member of the cooperative.

### § 36

#### Participation by associations

Representatives of the audit association and the national cooperative organisations are entitled to participate in any General Meeting and to speak at any time.

## IV. Equity capital and uncalled liability

### § 37

#### Membership shares and paid-up capital shares

- (1) The membership share is EUR 300.
- (2) The membership share is immediately payable upon entry in the list of members. The Management Board may allow payment in instalments. In this case, an initial payment of at least 50%

of the membership share is to be made. The remainder is to be paid no later than the end of the calendar year in which the member joined the cooperative.

- (3) A member may acquire additional shares; this must be approved by the Management Board. The acquisition by a member of a second membership share will only be approved if the first membership share has been paid in full; the same applies to the acquisition of further shares. Paragraph (2) applies accordingly to the payment for such shares.
- (4) The payments made into the membership share, plus other credits, less amounts deducted to cover losses, form the member's paid-up capital share.
- (5) As long as the member does not leave the cooperative, his paid-up capital shares may not be paid out or offset by the cooperative, or used as collateral in the cooperative's commercial operations. An outstanding payment may not be waived; the member may not offset against this.
- (6) It is not permitted to assign or pledge the paid-up capital share to third parties, and this shall have no effect on the cooperative. It is not permitted for the member to offset the paid-up capital share against his debts to the cooperative. Section 10 applies to the apportionment balances.

#### § 38

##### Statutory reserve

- (1) The statutory reserve is intended to cover balance sheet losses.
- (2) The statutory reserve is augmented by an annual allocation of at least 20 % of the annual surplus, plus any profit brought forward or less any loss carried forward.
- (3) The General Meeting decides on the use of the statutory reserve to cover balance sheet losses.

#### § 39

##### Other earnings reserves

In addition to the statutory reserve, another earnings reserve is established, to which at least 15 % of the annual surplus, plus any profit brought forward or less any loss carried forward, will be allocated. The Management Board and the Supervisory Board shall decide on its use in a joint meeting [Section 23 paragraph (1) letter g)]



## § 40

### Limited additional payment liability

The members' obligation to make additional payments is limited to the uncalled liability. The uncalled liability for each membership share is EUR 900.

## V. Accounting

## § 41

### Financial year

The financial year is the calendar year.

## § 42

### Financial statements and management report

- (1) The Management Board shall, within three months of the end of the financial year, prepare the financial statements and the management report for the preceding financial year.
- (2) The Management Board shall submit the financial statements and management report immediately to the Supervisory Board and, if appropriate, after auditing in accordance with Section 340 k of the German Commercial Code, then submit them with the Supervisory Board's report to the General Meeting for adoption of the financial statements.
- (3) At least one week before the General Meeting, the financial statements, management report and the report of the Supervisory Board shall be made available for the members to inspect at the cooperative's premises or at another notified office, in the private members' area of the cooperative's website or shall otherwise be brought to the members' attention.
- (4) The report of the Supervisory Board on its review of the financial statements and management report pursuant to Section 22 paragraph (3) is to be presented to the Ordinary General Meeting.

## § 43

### Use of the annual surplus

- (1) The use of the annual surplus is decided on by the General Meeting; insofar as it is not allocated to the statutory reserve (Section 38) or other earnings reserves (Section 39) or used for other purposes, it may be distributed to the members in proportion to their paid-up capital shares at the end of the previous financial year. This distribution shall take into account the payments made into the membership share during the previous financial year, from the day of payment.

The annual surplus due to the individual member will be allocated to the paid-up capital share until the membership share has been reached or until a paid-up capital share which has been reduced by a loss has been restored to its full value.

- (2) It is not possible to adopt any decision on the use of annual surplus, deviating from the Management Board's proposal, which subsequently results in a balance sheet loss.

#### § 44

##### Covering an annual deficit

- (1) The General Meeting decides on how to cover an annual deficit.
- (2) Insofar as an annual deficit is not carried forward to a new account or covered by using other earnings reserves, it is to be covered by the statutory reserve and/or by the depreciation of the members' paid-up capital shares.
- (3) If the paid-up capital shares are used to cover losses, the proportion of the loss falling upon each individual member shall be calculated in relation to the shares owned by all members at the start of the financial year in which the loss was incurred.

## VI. Liquidation

### § 45

#### Liquidation

Upon dissolution of the cooperative, its assets shall be liquidated. The distribution of the assets of the cooperative shall be carried out in accordance with the provisions of the law, with the proviso that some of the remaining assets will be due to the Diocese of Essen to be used for religious or charitable purposes in accordance with the version of the German Tax Code current at that time.

## VII. Notices

### § 46

#### Notices

- (1) The financial statements, the statutory management report and the documents specified in Section 325 of the German Commercial Code shall be published in the Federal Gazette.
- (2) Each notice should contain the names of the persons responsible for issuing it.
- (3) The General Meeting shall be convened by immediate notification of all members in writing. In all other cases, notices shall be published in the Federal Gazette.



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