

Constitution

of the Foundation

"Lübeck Merchants' Foundation for Lübeck and the Baltic Sea Area"

Preamble:

In 2003, the Lübeck Merchants' Association (Merchants' Association) is celebrating its 150th anniversary as a corporation under public law in Lübeck. On this occasion, the following foundation is set up by the Merchants' Association and supporting persons in order to promote its traditional objectives, in particular promoting the young mercantile generation and international meeting of the people in the Baltic Sea Area.

§ 1

Name, Location and Legal Status

1. The foundation's name is "**Lübeck Merchants' Foundation** for Lübeck and the Baltic Sea Area" (in short: Merchants' Foundation).
2. The Merchants' Foundation is located in Lübeck/Schleswig-Holstein/Germany. It is an incorporated foundation of civil law.

§ 2

Objectives

1. The Merchants' Foundation exclusively and directly pursues charitable objectives, in concordance with the section "tax-favoured purposes" of the German fiscal code.
2. It supports training, education and international understanding.
3. The aforementioned purposes are directly a), b) and indirectly c) put into effect, particularly by
 - a) organising, announcing and running business games in order to convey a deeper understanding of economic concepts, as well as foreign language courses and information stays in companies, schools and corporations under public law,
 - b) granting travel allowances to participants of exchange programs for improving relations among the inhabitants of the Baltic Sea Area (especially for events listed in a)). The distribution regulations applied must be revealed; trips which mainly are of a tourist nature are excluded,
 - c) acquisition of funds for the realization of tax-favoured purposes of another corporation which is also tax-favoured, or for the realization of tax-favoured purposes by a corporation under public law.
4. The Merchants' Foundation works selflessly and does not in first priority pursue purposes profitable to the foundation itself.



§ 3

Property, Fiscal Year

1. Upon foundation, the property of the Merchants' Foundation consists of the property stated in the founding documents? at the amount of Eur 260,000.-.
2. The Merchants' Foundation fulfills its purpose by means of the profits made by the foundation's property and of financial contributions of third parties.
2. The resources of the Merchants' Foundation are only used for purposes in accordance with the constitution. The founders do not receive any allowances out of the resources of the Merchants' Foundation.
4. Free reserves may only be formed as far as permitted by the tax regulations for non-profit organizations. The Executive Committee can, by consent of the Board of Trustees, transfer free reserves and financial contributions of third parties, which by the sponsor are intended to increase the property of the foundation, to the property of the foundation.
5. No one is to be favoured by expenses foreign to the objectives of the Merchants' Foundation, or by inappropriately high reimbursements.
6. The fiscal year is the calendar year. The first fiscal year will be a short fiscal year. It will start with the acknowledgement of the foundation and end on Dec. 31st of the same calendar year.

§ 4

Organs

The organs of the Merchants' Foundation are

1. the Executive Committee and
2. the Board of Trustees.

§ 5

Number, Appointment, Term of Office and Recall of Members of the Executive Committee

1. The Executive Committee consists of a minimum of three and a maximum of seven persons. The chairman/-woman of the Lübeck Merchants' Association as well as the managing director of the Merchants' Association, if appointed, are, by virtue of their office?, members of the Executive Committee. The other members of the Executive Committee are appointed by the Board of Trustees for a period of five years; reappointment is permissible. After term expiry, the current members of the Executive Committee remain in office until their successors have been appointed or assumed their posts.
2. If no managing director of the Merchants' Association has been appointed, a substitute member is appointed by the Board of Trustees for a period of five years.
3. The chairman/-woman of the Merchants' Association is, by virtue of his/her office, the chairman/woman of the Executive Committee, the managing director is, by virtue of his/her office, the vice chairman/-woman of the Executive Committee. If no managing director of the Merchants' Association has been appointed, a member of the Executive Committee is appointed to vice chairman/-woman by the Board of Trustees.
4. The members of the Executive Committee can be recalled by the Board of Trustees with good reason, or upon request by the authority supervising the foundation.
5. If a member of the Executive Committee resigns before his/her term of office has expired, the Merchants' Association or the Board of Trustees, depending on who holds the right of vote, nominates a substitute for the rest of the term of the resigned member. Until substitution, the number of board members is reduced by the number of resigned persons.
6. Members of the Executive Committee act on an honorary basis for the Merchants' Foundation. Necessary expenses; which are due to this work; may be reimbursed.



§ 6

Responsibilities of the Executive Committee

1. The Executive Committee has to ensure the continuous and lasting fulfilment of the Foundation's objectives. The Executive Committee manages the Merchants' Foundation.
2. The Executive Committee represents the Merchants' Foundation in and out of court by two of its members, each. One of these members must be the chairman/-woman or, if unable to appear, the vice chairman/-woman of the Executive Committee.

§ 7

The Executive Committee: Convening, Presence of Quorum and Adoption of Resolution

1. The Executive Committee is convened by its chairman/-woman, if unable to appear, the vice chairman/-woman, in written form, with indication of the items on the agenda. The Executive Committee shall be convened as often as required, but at least once a year. The period of notice is at least seven days and may be shortened by consent of all members of the Executive Committee. The Executive Committee also is to be convened if requested by at least two members of the Executive Committee or the Board of Trustees, with indication of the item to be discussed.
2. The Executive Committee has a quorum, if at least half of its members are present.
3. The Executive Committee adopts resolutions with the majority of the present votes, except for the cases indicated in §§ 11 and 12. Resolutions may also be passed in writing (circular), if all members of the Executive Committee agree.
4. A record is to be written on the resolutions passed by the Executive Committee. It is to be signed by the chairman/-woman and another member of the Executive Committee. A copy of these records is promptly to be submitted to the chairman/-woman of the Board of Trustees. The original reports are to be kept for as long as the Merchants' foundation exists.

§ 8

The Board of Trustees: Number, Appointment, Term of Office and Recall of its Members

1. The Board of Trustees consists of seven members. It is elected by the Board of Trustees for a period of five years, except for the members to be nominated by the Lübeck Merchants' Association. Reappointment is permissible. After its term of office has expired, the current Board of Trustees remains in office until the new Board of Trustees has been elected. The first Board of Trustees is appointed by the Board of the Lübeck Merchants' Association and the other founders via the founding documents?.
2. The vice chairman/-woman appointed to treasurer of the Merchants' Association and two further board members of the Merchants' Association, which are to be appointed by the Board of the Merchants' Association, are part of the Board of Trustees by virtue of their office. Thus, the first Board of Trustees will consist of the following members:
 - a) the treasurer of the Merchants' Association as chairman/-woman
 - b) the member of the Merchants' Association
 - c) the member of the Merchants' Association
 - d)
 - e)
 - f)
 - g)
3. The freely elected members of the Board of Trustees shall be members of the Merchants' Association or come from the educational field of the Hanseatic City of Lübeck.
4. The Board of Trustees elects a chairman/-woman and a vice chairman/-woman with the majority of its members, for its term of office. The chairman/-woman and the vice chairman/-woman may not be members of the Executive Committee at the same time.
5. The members of the Board of Trustees may be recalled by the Board of Trustees with good reason, also if requested by the authority supervising the foundation. The member concerned is then excluded from voting, but shall be given opportunity to make a statement beforehand.



6. If a member of the Board of Trustees resigns, the Board of Trustees is completed by appointing a new member, unless it was one of the members to be nominated by the Merchants' Association. If one of the members named in no. 2, a) to c) resigns his/her office in the Merchants' Association, his/her membership in the Board of Trustees of the Merchants' Foundation ends as well. Until replacement according to sentence 1, the number of members of the Board of Trustees is reduced by the number of the resigned members.
7. The members of the Board of Trustees act on an honorary basis for the Merchants' Foundation. Necessary expenses; which are due to this work; may be reimbursed.

§ 9

Responsibilities of the Board of Trustees

1. The Board of Trustees is responsible for supervising the management of the Executive Committee and, in particular, has to ensure that the Executive Committee pursues continuous and lasting fulfilment of the foundation's objectives. For this purpose, the Board of Trustees may establish rules of procedure for the Executive Committee.
2. Furthermore, the Board of Trustees is responsible for
 - a) approval of the economy plan
 - b) establishing regulations for fulfilment of the Foundation's objectives
 - c) election of members of the Executive Committee with the exception of the chairman/-woman and the vice chairman/-woman of the Executive Committee, as long as a managing director of the Merchants' Association has been appointed. If this is not the case, the Board of Trustees has to appoint the vice chairman/-woman of the Executive Committee, as well.
 - d) adapting the constitution of the Foundation to altered circumstances in order to guarantee the foundation's objectives under these different circumstances, as well.
 - e) acknowledging the reports on the resolutions of the Executive Committee of the Merchants' Association.

§ 10

Board of Trustees: Convening, Presence of Quorum and Adoption of Resolutions

1. The Board of Trustees is convened at least once a year by its chairman/-woman, if unable to appear, the vice chairman/-woman in written form, with indication of the individual items on the agenda. The period of notice is at least fourteen days and may be shortened by consent of the members. The Board of Trustees also is to be convened, if requested by at least three of its members or the Executive Committee, with indication of the item to be discussed.
2. The Board of Trustees has a quorum, if at least four members are present.
3. In the Board of Trustees, resolutions are adopted with the majority of the members present, except for the cases in §§ 11 and 12. Resolutions may also be passed, if all members agree in writing (circular).
4. All resolutions passed in the meetings of the Board of Trustees are to be written down in a record which has to be signed by the chairman/-woman and another member of the Board of Trustees. A copy of these records is promptly to be submitted to the chairman/-woman of the Executive Committee. All resolutions of the Board of Trustees are to be collected and kept for as long as the Merchants' Foundation exists.



§ 11

Alteration of the Constitution

1. Alteration of the constitution is permissible, if
 - a) the foundation's objectives or the arrangement of the Merchants' Foundation are not changed significantly or
 - b) such a change is appropriate because the circumstances have significantly changed since the time of its foundation.
2. Resolutions concerning an alteration of the constitution call for consent of the Executive Committee and all members of the Board of Trustees and must also be approved of by the authority supervising the foundation.

§12

Conversion, Merging, Dissolution

1. The foundation's objectives may be altered, if the task set to the Merchants' Foundation no longer applies or will cease to apply within a predictable period of time (conversion).
2. The Merchants' Foundation can be merged with another foundation to form a new one, if this is the only way to fulfill the foundation's objectives.
3. The Merchants' Foundation can be dissolved if
 - a) there have not been any activities for over ten years or
 - b) the foundation's objectives cannot be fulfilled over an unpredictable period of time.
4. For the cases stated in 1.-3., consent of all members of the Executive Committee and the Board of Trustees as well as approval of the authority supervising the Foundation are required. Furthermore, the consent of the Merchants' Association as well as of all founders still alive is required.

§ 13

Accumulation of Property

If the Merchants' Foundation has been dissolved or annulled, or the tax-favoured purpose no longer applies, the property of the Merchants' Foundation goes to the Lübeck Merchants' Association, alternatively to the "Society for Promotion of Charitable Activities", which is to use it exclusively and directly for tax-favoured purposes.

.....
Lübeck,

Signatures of the Founders (.....)



KAUFMANNSTIFTUNG

für Lübeck und den Ostseeraum