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Statutes

**of
DENIC eG
based in Frankfurt am Main**

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I. General Provisions

§ 1 Name and Registered Office

- (1) The Cooperative shall have the name

"DENIC eG".
- (2) It shall have its seat in Frankfurt am Main.

§ 2 Purpose and Subject

- (1) As registry, the Cooperative administers and operates Internet domains, in particular under the Top Level Domain .de, and administrates all related functions. This includes, for example, the provision and maintenance of the corresponding systems, consultancy for and training of the members, support for and informing of the holders of registered domains and attendance to the interests of the Cooperative as well as those of the entire German Internet community.
- (2) In accordance with the internationally acknowledged standards for the operation of a country code Top Level Domain, the Cooperative also fulfils its function for the benefit of all who are interested in the Internet, and does not pursue the realisation of profits. It merely uses its revenues to cover its costs and to secure its own existence.
- (3) The assumption of further functions shall require the approval of the General Assembly.

II. Membership

§ 3 Acquisition of Membership

- (1) Membership can be acquired by anyone
 - (a) who administers Internet domains under the Top Level Domain .de, and
 - (b) who is not affiliated, as defined by § 15 of the Aktiengesetz (Stock Corporations Act) with § 36 (3) of the Gesetz gegen Wettbewerbsbeschränkungen (Act against Restraints of Competition) being applied mutatis mutandis, with more than two other members of the Cooperative with the exception of members of the Supervisory Board or the Executive Board, and
 - (c) whose financial stability is not subject to any reasonable doubt.
- (2) In addition, membership can be acquired by anyone belonging to the Supervisory Board or the Executive Board of the Cooperative.
- (3) Membership is acquired by submission of a written declaration of joining according to § 15a of the Genossenschaftsgesetz (Cooperatives Act) in its respectively effective version, and the admission to join. Together with the declaration of joining and before admission to join, a processing fee and an admission fee are to be paid, the amount of which shall be determined by the General Assembly. If finally membership is not acquired, the admission fee shall be refunded.

- (4) The admission to join is decided on by the Executive Board. If the Executive Board rejects admission, the final decision shall be made by the Supervisory Board, after hearing the Executive Board, provided that the membership applicant submits an appeal in writing to the Cooperative within one month of receipt of the rejection.
- (5) After admission, the new member will be entered without delay in the list of members to be kept by the Cooperative and notified hereof, subject to the provision in § 10 (2) sentence 2, first alternative, of these Statutes.
- (6) The Executive Board examines at regular intervals whether the members of the Cooperative, which do not belong to the Supervisory Board or the Executive Board, continue to be in compliance with the requirements laid down in § 3 (1) lit. (a) and (b) of these Statutes. The members are obliged to render corresponding proof within an adequate period upon request.

§ 4 End of Membership

- (1) Membership shall end by
 - (a) termination,
 - (b) death of the member or - if the member is an unincorporated firm or legal person under private or public law - through dissolution or forfeiture of the member,
 - (c) exclusion
- (2) The end of membership shall be registered in the list of members without undue delay.

§ 5 Termination on the Part of the Member

A member can terminate their membership per the end of a business year. Notice of termination must be issued in writing and be received by the Cooperative six months before the end of the current business year at the latest.

§ 6 Death or Dissolution/Forfeiture of a Member

- (1) If a member dies, they shall be regarded as having left the Cooperative at the end of the business year in which their death occurred. Up to this time, membership of the deceased shall be continued by their heirs, who shall name a jointly authorised representative to the Cooperative without undue delay. Several heirs may only exercise the rights ensuing from membership as one unit.
- (2) In the event of the dissolution or forfeiture of an individual company, unincorporated firm or legal person under private or public law, membership shall terminate at the end of the business year in which the dissolution or forfeiture has become effective.

§ 7 Exclusion of a Member

- (1) A member, not belonging to the Supervisory Board or the Executive Board of the Cooperative, shall be expelled from the Cooperative as of the end of the business year

- (a) if the member no longer complies with the requirements laid down in § 3 (1) lit. (a) or (b) of these Statutes after joining or does not meet those requirements for the time being, once the requirements listed in § 3 section 2 of these Statutes are no longer fulfilled, and does not manage to restore compliance with these requirements within six months of receipt of a request to so do by the Executive Board, or
 - (b) if the member no longer complies with the requirements laid down in § 3 (1) 1 lit. (a) or (b) of these Statutes for the second time within twelve months or
 - (c) if the member does not for the first time enter into the Agreement about the Use of the Cooperative's Services pursuant to § 9 (1) sentence 3 of these Statutes within three months after joining or after the requirements listed in § 3 (2) 2 of these Statutes are no longer fulfilled, or
 - (d) three months after the termination of the agreement concerning the use of the Cooperative's services pursuant to § 9 (1) sentence 3 of these Statutes, unless by then a further such agreement has been entered into or a litigation between the member and the Cooperative concerning the effectivity of the termination is pending and the member has notified the Executive Board hereof within this period; in the latter case, exclusion shall be pronounced as soon as the effectivity of the termination has been finally established.
- (2) Apart from this, a member can be expelled from the Cooperative as of the end of a business year,
- (a) if the requirements for the acquisition of the membership pursuant to § 3 (1) or (2) of these Statutes, for whatever reason, however in particular in the case of false statements in this regard, were not met with at the time of admission to join, or
 - (b) if the member fails to fulfil the obligations to the Cooperative as they derive from law, from these Statutes, from general provisions pursuant to § 17 (2) lit. (a) of these Statutes, or from a contract concluded in the scope of the business relationship with the Cooperative, with the exception of the agreement pursuant to § 9 (1) sentence 3, of these Statutes and the member has been requested to fulfil its obligations within a period of three months, under threat of expulsion, or
 - (c) if the member has in other ways through conduct detrimental to the Cooperative culpably damaged or attempted to damage the reputation or economic interests of the Cooperative or its members, or
 - (d) if insolvency proceedings have been opened against the assets of the member or opening was rejected due to insufficiency of funds.
- (3) A member belonging to the Supervisory Board or the Executive Board of the Cooperative can only be expelled following revocation of their appointment or after their resignation.
- (4) Expulsion occurs by a resolution of the Executive Board. The Executive Board shall notify the member beforehand of the initiation of the expulsion proceedings, stating the grounds for the expulsion, and shall give the member the opportunity to comment on these grounds and the proceedings. The Executive Board shall notify the expelled member of the expulsion resolution without delay by registered letter. Upon receipt of the same, the expelled member shall no longer have the right to attend General Assemblies or to become a member of the Executive Board or the

Supervisory Board. The Executive Board may further decide that the expelled member shall not be entitled to make any further use of the Cooperative's services or shall only be entitled to make limited use thereof.

- (5) Within one month of receipt of the expulsion resolution, the expelled member may submit an appeal to the Executive Board by registered letter. The Executive Board shall present the appeal to the Supervisory Board without delay, which then shall grant the expelled member and the Executive Board a hearing in writing, by e-mail or verbally. Of a verbal hearing minutes shall be taken. The Supervisory Board shall then decide on the appeal by resolution. The resolution shall be provided with grounds and signed by the chairperson of the Supervisory Board. The decision of the Supervisory Board shall be final within the Cooperative. If the expelled member has failed to submit their appeal in due time, recourse by law shall also be precluded.

§ 8 Apportionment

- (1) If the membership of a member ends, the Cooperative shall apportion losses or profits with them or - in the case of their death - with their heirs. The balance sheet for the business year with which membership ends and as approved in compliance with the principles of proper accounting shall be authoritative for this.
- (2) The balance in the case of apportionment shall be calculated on the basis of the inpayments made by the member plus written-up profit shares and minus written-off losses. Any shares in the reserves of the Cooperative shall not be taken into account. Losses carried forward shall be taken into account on the basis of the ratio of the credit balance.
- (3) If calculation of the balance of apportionment reveals a balance in favour of the retired member, this shall be paid out within six months, but at the earliest after approval of the balance sheet on which apportionment is based. Entitlement to said payment shall become statute-barred in two years after due date.

§ 9 Rights and Obligations of Members

- (1) Each member shall have the right to be involved in the organisation of the Cooperative and to make use of the services of the Cooperative subject to the provisions of the Genossenschaftsgesetz (Cooperatives Act) and these Statutes. General provisions stipulated according to § 17 (2) lit. (a) of these Statutes shall be thereby observed. Usage of the services of the Cooperative in connection with the registration and administration of Internet domains shall presuppose the conclusion of a corresponding agreement between the member and the Cooperative. The Supervisory Board and the Executive Board can stipulate general prerequisites pursuant to § 7 (2) lit. (a) of these Statutes for the first conclusion of such an agreement. Apart from this, each member shall observe their rights in such a way that the Cooperative can fulfil its tasks and shall attend to the Cooperative's interests.
- (2) Each member shall be obliged to comply with the provisions of the Genossenschaftsgesetz (Cooperatives Act) and of these Statutes and to fulfil the resolutions of the General Assembly. Each member shall in particular have the duty

- (a) to fulfil the obligations resulting from an agreement concerning the use of the Cooperative's services pursuant to section 1 sentence 3, in particular paying the Cooperative for said services;
- (b) to keep the affairs of the Cooperative, in particular bidding documents, prices and conditions, circulars, announcements and other information of the Cooperative, confidential, and not disclose these to third parties, and
- (c) to notify the Cooperative immediately, and without specifically being requested, about any fundamental change of the member's situation, in particular about changes affecting the prerequisites to obtain the DENIC membership pursuant to § 3 (1) or (2) of these Statutes.

§ 10 Capital Shares, Credit Balance and Statutory Reserve

- (1) Each member shall participate in the Cooperative with at least one and no more than three capital shares. However, the aggregate number of shares that can be acquired by members affiliated with each other as defined by § 3 (1) lit. (b) of these Statutes shall be limited to no more than three capital shares. In the event that several members affiliated with each other in the aforementioned way simultaneously apply with additional capital shares, and approval of such acquisition would have the effect that the defined maximum limit would be exceeded, the Executive Board will give the members concerned, prior to deciding on the approval of the additional shares, the opportunity to reconcile their applications so that the maximum limit will not be exceeded. If the members concerned do not reconcile their applications, the Executive Board will routinely admit the additional shares for the one member with whom the largest turnover with the Cooperative was achieved during the last twelve months.
- (2) A capital share shall be 1,500.00 (one thousand five hundred) Euros. Capital shares shall be paid before the member is registered in the list of members. Additional capital shares which are acquired after joining the Cooperative shall be paid upon the member's notification of approval of the additional shares in the Cooperative.
- (3) The inpayments of the member for their capital shares plus written-up profit shares and minus written-off shares in losses shall form their credit balance.
- (4) Assignment or pledging of the credit balance and/or the capital shares shall not be permitted. Transfer of the credit balance pursuant to § 76 of the Genossenschaftsgesetz (Cooperatives Act) shall be permitted, but shall require the consent of the Executive Board. If the Executive Board denies its consent, the applicant may lodge an appeal with the Supervisory Board, for which § 7 (5) of these Statutes shall apply mutatis mutandis.
- (5) A statutory reserve shall be formed. It shall be solely intended to cover a balance sheet loss. At least 10% of the surplus for the year (plus any profit carried forward or minus any loss carried forward) shall be apportioned annually to said reserve as long as the reserve does not reach 10% of the balance sheet total. The General Assembly shall decide on the appropriation of the statutory reserve. In addition, revenue reserves may be formed, the appropriation of which shall be decided on jointly by the Executive Board and Supervisory Board (§ 17 (1) lit. (a) of these Statutes).

§ 11 Obligation to Make Subsequent Payments

There is no obligation to make subsequent payments.

III. Bodies of the Cooperative

§ 12 The Cooperative's Bodies

The Cooperative shall comprise the following bodies:

- (a) the Executive Board
- (b) the Supervisory Board
- (c) and the General Assembly

§ 13 Executive Board

- (1) The Executive Board shall consist of at least one but no more than three full-time or part-time members and two honorary members, who must be members of the Cooperative.
- (2) The full-time or part-time members of the Executive Board shall be appointed by the Supervisory Board. The Supervisory Board shall decide on the appointment and on the contents of contracts of employment, including subsequent amendments, by resolution with the majority of its members. The employment contracts shall be signed by the chairperson of the Supervisory Board on behalf of the Cooperative.
- (3) The honorary members of the Executive Board shall be elected by the General Assembly. Their term of office shall start upon conclusion of the General Assembly during which they are elected and shall end upon conclusion of the General Assembly that decides on granting discharge for the third business year following their election; the business year in which the members of the Executive Board are elected shall be included in this calculation. It shall be possible to stand for re-election. If an honorary member of the Executive Board leaves office before the end of their term, the next General Assembly shall elect a successor to serve for the remainder of the current period of office.
- (4) The Supervisory Board shall have the powers to revoke the appointment of the full-time or part-time members of the Executive Board and to terminate their contracts of employment. The Supervisory Board shall decide on revocation and ordinary termination by resolution with a majority of its members; the Supervisory Board shall decide on extraordinary termination by resolution with a majority of two-thirds of its members. Honorary members of the Executive Board shall be dismissed by the General Assembly, which shall give the member of the Executive Board concerned the opportunity to present their case. The right of the Supervisory Board to provisionally remove members of the Executive Board from office as provided for in § 40 of the Genossenschaftsgesetz (Cooperatives Act), as amended, remains unaffected; however, a resolution to this effect by the Supervisory Board shall require a majority of three quarters of its members
- (5) The members of the Executive Board shall be obliged vis-à-vis the Cooperative to observe those restrictions imposed on them by the law, these Statutes, the rules of procedure of the Executive Board or their contract of employment.

- (6) Full-time or part-time members the Executive Board shall be able to represent the Cooperative acting alone. Honorary members of the Executive Board shall be able to represent the Cooperative acting together with another member of the Executive Board or with an authorised signatory.
- (7) The Executive Board shall run the Cooperative under its own responsibility in accordance with the law and these Statutes and shall execute the duties incumbent on it with the due diligence of a prudent and conscientious manager. It shall in particular have the obligation to ensure proper and reliable performance of the services of the Cooperative for the members, including support of them. At the beginning of the business year, the Executive Board shall present an earnings, expenditures and liquidity plan to the members.
- (8) The Executive Board shall report to the Supervisory Board upon request at any time on matters of the Cooperative and supply information every quarter at the meetings of the Supervisory Board and provide the Supervisory Board every quarter with a statement, namely:
 - (a) on business development of the Cooperative since the previous statement (in each case with an interim financial statement);
 - (b) on the total liabilities of the Cooperative (including those from bills of exchange and guaranties);
 - (c) on the loans granted by the Cooperative;
 - (d) on planned needs for investment or loans.

§ 14 Resolutions of the Executive Board

- (1) The Executive Board shall adopt its resolutions with the majority of all its members. In the event of a tied vote, a motion shall be regarded as rejected. The Executive Board shall pass its standing rules of procedure with the approval of the Supervisory Board.
- (2) Resolutions of the Executive Board shall be recorded verbatim in minutes that are to be taken of every Executive Board meeting. The respective date shall be recorded on the minutes and the minutes shall be signed by the members of the Executive Board involved in adopting the resolution.
- (3) In all cases, the Executive Board shall also have the right to adopt resolutions outside an ordinary meeting provided this is done in writing, by telex, by telegraph, by fax or by e-mail, the resolution is received by every member of the Executive Board and no member of the Executive Board objects to this form of adopting a resolution. The Executive Board's decisions shall all be consecutively numbered, archived in electronic form, printed out at the end of each year, signed by the members of the Executive Board and kept in safekeeping along with the Cooperative's documents.
- (4) In matters affecting the interests of a member of the Executive Board or their spouse, parents, children, brothers or sisters or a person represented by them by law or power of attorney, the member of the Executive Board in question shall be excluded from consultations and votes at an Executive Board meeting. However, the member of the Executive Board shall be heard before a resolution is adopted.

§ 15 Supervisory Board

- (1) The Supervisory Board shall consist of at least three and at most five members. The members of the Supervisory Board must be members of the Cooperative. They shall fulfil their functions on an honorary basis.
- (2) The members of the Supervisory Board shall be elected by the General Assembly. Their term of office shall commence upon conclusion of the General Assembly at which the election is held and shall end upon conclusion of the General Assembly that decides on granting discharge for the third business year following the election; the business year in which the members of the Supervisory Board are elected shall be included in calculating this. Re-election shall be permitted.
- (3) Former members of the Executive Board may not be elected as members of the Supervisory Board until at least 30 months have passed since their departure from the Executive Board. A former member of the Executive Board may be elected to the Supervisory Board before 30 months have passed since their departure from the Executive Board if the General Assembly so decides by secret ballot with a majority of three quarters of the votes cast.
- (4) If members of the Supervisory Board retire before their term of office expires, elections for replacements shall be held by a General Assembly to be convened without undue delay if the number of remaining members of the Supervisory Board falls below the minimum number of three prescribed by law. The remaining term of office of the member who has retired shall apply to a member of the Supervisory Board appointed in an election to find a replacement.
- (5) The Supervisory Board shall support, advise and monitor, in accordance with statutory provisions, in particular § 38 of the Genossenschaftsgesetz (Cooperatives Act), the Executive Board in its management activities. In order to exercise its duties, it shall have the right to enlist the services of experts at the expense of the Cooperative. As part of monitoring, the Supervisory Board shall also examine an annual budget to be prepared by the Executive Board and - at its discretion - approve this; it shall also be entitled to examine the statements submitted by the Executive Board pursuant to § 13 (8) of these Statutes, question employees of the Cooperative at any time on the matters of the Cooperative and inspect and examine all documents of the Cooperative through a third party who is bound to professional secrecy.

§ 16 Resolutions of the Supervisory Board

- (1) After being constituted and in each case after any change to its composition, the Supervisory Board shall elect a chairperson, a keeper of the minutes and deputies for them from its members.
- (2) The Supervisory Board shall have the right to give itself rules of procedure after hearing the Executive Board. It shall also have the right to form committees from its members, whereupon it defines the number of members on these and at the same time determines if the committee is only to have an advisory capacity or the power to take decisions.
- (3) The sessions of the Supervisory Board shall be convened by its chairperson, with details of the agenda being given, and shall be chaired by its chairperson or, if the chairperson is prevented from attending, by their deputy. The Supervisory Board

shall hold a meeting at least every quarter. A meeting of the Supervisory Board shall also be held if half of its members or the Executive Board request so in writing, stating the purpose and the reasons. If the chairperson of the Supervisory Board or if applicable their deputy does not comply with this request, the party that made the request shall have the right to convene the meeting of the Supervisory Board themselves, stating the subjects to be discussed.

- (4) The Supervisory Board shall be quorate if more than half of its members are present at the meeting. It shall adopt its resolutions with a majority of the votes cast, unless the law or these Statutes stipulate otherwise. In the event of a tied vote, a motion shall be regarded as rejected. In the event of a tied vote in elections, a decision shall be made by the drawing of lots. § 14 (2) to (4) of these Statutes shall also apply mutatis mutandis to resolutions adopted by the Supervisory Board; however, the minutes of the resolutions shall only be signed by the chairperson of the Supervisory Board.

§ 17 Joint Meetings of the Executive Board and Supervisory Board

- (1) The Executive Board and Supervisory Board shall deliberate jointly and decide - in accordance with the provisions applying to each of them - in a separate vote on
- (a) the matters stated in § 10 (5) sentence 5, § 18 (2) sentence 2, and § 19 (6) of these Statutes;
 - (b) the acquisition, encumbrance, development and disposal of property and similar rights;
 - (c) the conclusion of agreements of particular importance, in particular those which establish recurrent obligations on the part of the Cooperative and those relating to the acquisition or disposal of objects, including shares, of whatever nature, of other companies with a value of more than 50,000.00 (fifty thousand) Euros (not including value-added tax) in an individual case or per business year if this is not included in the approved annual budget;
 - (d) loans, of whatever nature, made by the Cooperative if these exceed the amount of 50,000.00 (fifty thousand) Euros in an individual case;
 - (e) granting and revocation of procuration;
 - (f) commencement or discontinuation of a branch of business;
 - (g) the establishment of branch offices;
 - (h) joining and withdrawal from associations and other organisations.
- (2) The Executive Board and Supervisory Board shall decide likewise on the following matters of the subject of the company:
- (a) general provisions for using the services of the Cooperative and for using joint facilities;
 - (b) report on the statutory audit and measures to be taken in this regard.
- (3) Joint meetings of the Executive Board and Supervisory Board shall be held at least every six months. The chairperson of the Supervisory Board or their deputy shall chair these meetings. Both bodies shall be quorate in accordance with the general provisions of these Statutes applying respectively to them. The separate votes shall

be based on the provisions applying to each individual body, with it being necessary for the required majority to be reached in both bodies for a motion to be adopted. § 14 (2) to (4) of these Statutes shall apply mutatis mutandis to the resolutions adopted by the two bodies; however, the resolutions shall be recorded in joint minutes and signed only by the chairperson of the Supervisory Board and full-time member of the Executive Board or, if there should not be one or they are prevented from attending, by the oldest member of the Executive Board in terms of age.

§ 18 General Assembly

- (1) Members shall exercise their rights in the General Assembly.
- (2) The ordinary General Assembly shall be held within the first half of the calendar year. The venue shall be the seat of the Cooperative; the Executive Board and Supervisory Board can decide otherwise in a joint meeting (§ 17 (1) lit. (a) of these Statutes). An extraordinary General Assembly shall be convened without delay, apart from in cases specified expressly in the Genossenschaftsgesetz (Cooperatives Act), or these Statutes, if at least one tenth of the members demand so by means of a written motion, stating the purpose and reasons.
- (3) In addition to the matters stipulated by law, in particular in §§ 16 and 48 of the Genossenschaftsgesetz (Cooperatives Act) or in these Statutes, the following matters shall be subject to resolutions adopted by the General Assembly:
 - (a) conversions pursuant to the Umwandlungsgesetz (Conversions Act);
 - (b) scope of the announcement of the audit result and the auditing association;
 - (c) granting discharge of the Executive Board and Supervisory Board.

Resolutions on the discharge of the Executive Board and the Supervisory Board must be passed separately. Members of the Executive Board and of the Supervisory Board may not vote on this.

§ 19 Resolutions of the General Assembly

- (1) The General Assembly shall be convened by the Executive Board or, with its consent, by the chairperson of the Supervisory Board.
- (2) The invitation shall be sent by means of direct notice in text form to all members. A period of at least fourteen calendar days must lie between the date on which the invitation is sent and the day of the General Assembly, with the day of the General Assembly itself not being included in calculating said period. The invitation shall be accompanied by the agenda and, in particular, by any items on which decisions are to be taken; it shall be sufficient if the agenda is made available without delay on a subpage of the Cooperative's website dedicated to the General Assembly when the invitation is sent out, as well as the other annexes to the invitation, and if the invitation contains the address of this subpage. The members of the Executive Board and of the Supervisory Board, as well as at least five out of one hundred of the members, shall each have the right to demand that additional items be placed on the agenda and that items already on the agenda for decisions be taken on them be broadened in scope; they shall state the purpose and reasons for their demand. It shall only be possible to take decisions if their subject matter has been made known no later than seven calendar days before the General Assembly. This last provision shall not apply to decisions concerning the conduct of the meeting and motions to

call an extraordinary General Assembly. In the event that the number of members drops below one hundred, the motion must be supported by at least one tenth of the members.

- (3) The General Assembly shall be chaired by the chairperson of the Supervisory Board or their deputy. The person chairing the meeting shall appoint a minute writer and tellers.
- (4) Each member shall have one vote for each share it has in the Cooperative, unless stipulated otherwise by § 43 (3) number 2 sentence 2 of the German Genossenschaftsgesetz (Cooperatives Act). Notwithstanding the number of shares held by members affiliated with each other as defined by § 3 section 1 lit. (b) of these Statutes, the number of aggregate votes of such members shall not exceed the limit of three. If two members affiliated with each other hold more than three capital shares together, the third vote shall be assigned to the member who holds the larger number of capital shares. If both members have the same number of capital shares, the third vote shall be assigned to the member who has generated the larger turnover for the Cooperative in the year preceding the merger. If such a situation occurs, the Executive Board will notify the members concerned about the number of votes assigned to each of them. Members shall exercise their right to vote in person, through their legal representative or through a proxy holder appointed by them. The proxy document shall be submitted to the Cooperative in writing; if this is not done before or at the General Assembly, the proxy holder shall furnish credible proof of the power of representation before exercising it by transmitting it electronically or by submitting a printout of an image of the proxy document.
- (5) Resolutions of the General Assembly shall be adopted by a simple majority of the votes cast, unless the law or these Statutes require a larger majority. A majority of three quarters of the votes cast shall be required - apart from the cases governed by law - for resolutions of the General Assembly relating to the revocation of the appointment of members of the Executive Board.
- (6) A resolution relating to conversion pursuant to the Umwandlungsgesetz (Conversions Act), dissolution or continuation of the Cooperative following a resolution to dissolve it shall require - beyond the statutory provisions - a General Assembly convened for this purpose only and the attendance of at least half of the members at said meeting. If this number of members is not reached, any further General Assembly convened within three months on the same subject matter shall be quorate without regard to the number of members attending. A further requirement shall always be an expert opinion of the auditing association - which is to be applied for in good time by the Executive Board - to be read out at the General Assembly in question before a resolution is adopted.
- (7) Information on matters of the Cooperative shall be given by the Executive Board and Supervisory Board at the General Assembly upon request to every member and to a member of the business management, tax consulting or legal consulting professions who have been authorised in writing by a member and bound to professional secrecy, where this is required to permit suitable assessment of the subject matter of the agenda. Any information provided shall be treated confidentially.
- (8) The information provided for in paragraph 7 above may only be refused:
 - (a) as far as granting it would, in accordance with reasonable commercial judgement, inflict a not inconsiderable disadvantage on the Cooperative;

- (b) as far as it relates to tax valuations or the level of individual taxes; or
 - (c) as far as the Executive Board or Supervisory Board would incur a penalty or would violate an obligation to maintain secrecy by granting the information;
 - (d) as far as the information desired relates to the personal or business affairs of a third party;
 - (e) as far as it relates to arrangements in the employment contract with members of the Executive Board or employees of the Cooperative.
- (9) In votes and elections, votes shall be cast by the raising of hands. A secret vote by means of ballot paper can be decided on with the votes of one quarter of the attendant members. Only the votes cast shall be counted for determining the result of a vote. Abstentions and invalid votes shall not be taken into account. In the event of a tied vote, a motion shall be regarded as rejected.
- (10) Only individual persons can be proposed for elections; list voting proposals shall not be permitted. In the case of a secret vote by means of ballot paper, every member can cast as many votes as there are offices to be filled by specifying the candidate to receive the vote on the ballot paper; every person eligible to vote may only cast one vote for a candidate. If a vote is held by the raising of hands, a vote shall be held on the basis of the offices to be filled and on each candidate in a separate ballot; the previous sentence shall apply mutatis mutandis. The candidate obtaining most votes shall be elected. They shall declare their acceptance or non-acceptance of the election immediately.
- (11) Dated minutes of the General Assembly shall be produced within two weeks of the meeting. These minutes shall state the venue and date of the meeting, the name of the person who chaired the meeting and their position within the Cooperative as well as the nature and result of all the votes taken and the declaration of the meeting chair concerning the resolutions passed. Resolutions shall be reproduced verbatim, without this being a requirement for them to be effective. With regard to elections, the names of the candidates and the number of votes cast for them shall be recorded; there shall be no requirement for ballot papers to be kept. The minutes shall be signed by the meeting chairperson, the members of the Executive Board present and the minute writer. The minutes and any documents appended to them shall be stored in safekeeping by the Cooperative. Every member of the Cooperative shall have the right to inspect them.
- (12) At the General Assembly, a list shall be drawn up of the members who attend or are represented and of the representatives of members, stating their name and place of residence and the number of votes they hold. This list shall be appended to the minutes of the General Assembly.

IV. Year-End Financial Statements and Auditing

§ 20 Year-End Financial Statements

- (1) The business year shall be the calendar year.
- (2) The Executive Board shall prepare the year-end financial statements (balance sheet and income statement with notes) and the annual report for the preceding business year within three months of the end of each business year. The Supervisory Board

shall collaborate where necessary in recording the inventories for the stocktaking to be performed each year.

- (3) The Executive Board shall submit the year-end financial statements with notes and the annual report without undue delay, but at the latest by 30 April of each business year, to the Supervisory Board for examination and then, along with the comments of the Supervisory Board, to the General Assembly for approval of the year-end financial statements.
- (4) The year-end financial statements with notes, the annual report and the report of the Supervisory Board shall be available for inspection by members at the premises of the Cooperative at least one week before the General Assembly or communicated to the members in another way. The report of the Supervisory Board on its examination shall be read to the General Assembly (§ 15 (5), last sentence, of these Statutes).
- (5) The Executive Board and Supervisory Board shall adopt a resolution on distribution of a reimbursement before the balance sheet is prepared. The members shall be entitled to the reimbursement with adoption of said resolution.
- (6) The General Assembly shall decide on whether to approve the year-end financial statements and on appropriation of the remaining net income for the year (net profit) remaining after the allocation of funds to the statutory reserve (§ 10 (5) sentence 1 of these Statutes). If the General Assembly decides to distribute the net profit amongst the members without defining any more detailed specifications, the following provisions shall apply: The net profit shall be distributed on the basis of the ratio of the credit balances as determined by write-up of a profit or write-off of a loss per the end of the preceding business year. Profit shares shall be written up to the credit balance until the capital share has been reached or until it has been replenished after its reduction due to the write-off of a loss.
- (7) The General Assembly shall also decide on covering a net loss for the year. If a loss is not carried forward to a new account, coverage shall be obtained from the statutory reserve or by writing-off from the credit balances of the members or both at the same time. If the credit balances are used to cover a loss, the share of the loss shall be determined on the basis of the ratio of the credit balances at the beginning of the business year in which the net loss for the year occurred.

§ 21 Auditing of the Cooperative, Auditing Association

- (1) In order for the economic circumstances and the regularity of management to be determined, the facilities, the financial status and the management have to be audited in accordance with the provisions of the Genossenschaftsgesetz (Cooperatives Act). The audit shall be conducted by the auditing association which is responsible for the Cooperative. The auditing association may also conduct extraordinary audits for special reasons or at the request of the Cooperative.
- (2) The audit shall cover the year-end financial statements (balance sheet and income statement with notes) and the annual report. The Executive Board of the Cooperative shall submit the year-end financial statements after they have been approved by the General Assembly by 31 July of the year of their approval at the latest and in the required manner to the auditing association. The Cooperative's

Executive Board shall also have the duty to prepare the audit carefully and to provide the auditors with any document or clarification they may require.

- (3) The Executive Board and Supervisory Board shall discuss in a joint meeting (§ 17 (1) of these Statutes) the result of the audit without undue delay after the audit report has been received. The bodies of the Cooperative shall be obliged to comply with the objections and directions of the auditing association. The summarised result of the audit shall be sent in written form by post to members at the latest three weeks after receipt of the audit report, if applicable with explanations of the Supervisory Board. In addition, the documents shall be available for inspection by the members at the premises of the Cooperative directly following the dispatch by post.
- (4) Representatives of the auditing association shall be entitled to take part in every General Assembly in an advisory capacity. They shall not be entitled to vote.

V. Final Provisions

§ 22 Dissolution and Liquidation

Following its dissolution, the Cooperative shall be liquidated in accordance with the provisions of the Genossenschaftsgesetz (Cooperatives Act). The surplus assets of the Cooperative shall be distributed to the members in the ratio of their credit balances in compliance with statutory regulations.

§ 23 Announcements

Announcements of the Cooperative shall be published under its name in the Bundesanzeiger (Federal Gazette). The name of the person initiating the announcement shall be stated in the announcement.

§ 24 Place of Jurisdiction

The place of jurisdiction for all disputes between a member and the Cooperative arising from the membership relation shall be the seat of the Cooperative.

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