



# General Rules of Procedure

for the CO.NET Verbrauchergenossenschaft eG

GRP EN 2019

---



## CONTENTS

Article 1   Acquisition of membership.....	2	Article 29   Right to information.....	9
Article 2   Termination of membership.....	2	Article 30   Minutes.....	9
Article 3   Termination.....	2	Article 31   Participation rights of associations.....	9
Article 4   Transfers of share capital.....	2	Article 32   Composition and voting rights.....	9
Article 5   Death of a member, dissolution of a legal entity or partnership.....	2	Article 33   Eligibility.....	10
Article 6   Expulsion.....	2	Article 34   Elections and number of representatives.....	10
Article 7   Compensation.....	3	Article 35   Right to vote and stand for election.....	10
Article 8   Rights of the Members.....	4	Article 36   Election procedure.....	10
Article 9   Duties of the members.....	4	Article 37   Term of office; Beginning and end of representative office.....	10
Article 10   Executive bodies of the cooperative.....	4	Article 38   Shares and share capital.....	11
Article 11   Composition & management of the cooperative.....	4	Article 39   Interest on share capital.....	11
Article 12   Functions and duties of the Executive Board.....	4	Article 40   Legal reserves.....	11
Article 13   Reporting to the Supervisory Board.....	5	Article 41   Retained earnings.....	11
Article 14   Appointment and employment.....	5	Article 42   Obligation to make additional contributions.....	11
Article 15   Decision-making.....	6	Article 43   Fiscal year.....	12
Article 16   Attendance at Supervisory Board meetings.....	6	Article 44   Financial statements and annual report.....	12
Article 17   Loans to members of the Executive Board.....	6	Article 45   Appropriation of net income.....	12
Article 18   Functions and duties of the Supervisory Board.....	6	Article 46   Covering a net loss for the year.....	12
Article 19   Meetings of the Executive Board and Supervisory Board; Matters requiring approval.....	6	Article 47   Investment & Promotional Advisory Board.....	12
Article 20   Composition and election.....	7	Article 48   Functions, rights and duties of the Investment & Promotional Advisory Board.....	12
Article 21   Constitution; Resolutions.....	7	Article 49   Transparency and information duties.....	13
Article 22   Exercise of membership rights.....	7	Article 50   Dispute resolution.....	13
Article 23   Deadlines and meeting site.....	8	Article 51   Liquidation.....	13
Article 24   Convention, deadlines and agenda.....	8	Article 52   Qualification of executive body members.....	14
Article 25   Chairing meetings.....	8	Article 53   Announcements.....	14
Article 26   Agenda items.....	8	Article 54   Auditing Association.....	14
Article 27   Majority requirements.....	8	Article 55   Jurisdiction.....	14
Article 28   Voting and elections.....	9	Article 56   Amendments to the Articles of Association and the General Rules of Procedure.....	14

## MEMBERSHIP

### Article 1 | Acquisition of membership

(1) Only those who have the appropriate qualifications, are active in an entrepreneurial manner within the cooperative and whose membership is in the interest of the cooperative are eligible to become full members. Exceptions to this are possible by joint resolution of the Supervisory Board and Executive Board.

(2) Membership is acquired by means of an unconditional statement of membership expressed by signing the declaration of membership. Membership begins with acceptance by the cooperative and payment of the compulsory share.

(3) The Supervisory Board entrusts the Executive Board with the acceptance of investing members who are not active in the cooperative in an entrepreneurial manner and whose interests are primarily focused on economic results. However, decision-making authority in individual cases remains with the Supervisory Board. The Supervisory Board must object to the admission of investing members within a period of four weeks, otherwise approval is deemed granted. Knowledge by a member of the Supervisory Board is decisive for the beginning of this period.

### Article 2 | Termination of membership

Membership ends through termination, full transfer of the capital share, death, dissolution of a legal entity or partnership or expulsion.

### Article 3 | Termination

Any member may terminate their membership in writing. The notice period is governed by the Articles of Association. If a member holds several shares, it may terminate in writing one or more shares of their additional share capital subject to the notice period stipulated in the Articles of Association.

In the case of the participation form „one-time contribution“, the earliest possible termination date occurs after five years from the time of receipt of the money on the bank account of CO.NET Verbrauchergenossenschaft eG. The notice period is one year.

The member is entitled to the cooperative dividend, including those of the termination year, insofar as the minimum contract period has been reached.

### Article 4 | Transfers of share capital

(1) A member may at any time, including during the course of the fiscal year, transfer all or part of their share capital to

another member by written agreement and thereby leave the cooperative without any dispute, provided that the purchaser is or becomes a member. The transfer of the share capital requires the approval by the Executive Board.

(2) If the purchaser is not a member of the cooperative, it must acquire membership. If the purchaser is already a member, the share capital of the departing member is to be credited to their share capital.

### Article 5 | Death of a member, dissolution of a legal entity or partnership

(1) If a member dies, their membership shall be continued by his heirs. If there are several heirs and they do not provide notice to the cooperative in writing within six months of the death which of them has received exclusive transfer of the membership, the membership shall end at the end of the fiscal year in which the notice period expires. Prior to that point in time, multiple heirs may only provide declarations to the cooperative through a joint representative. The same applies to the exercise of voting rights at the General Meeting. The cooperative must be informed of the identity of the joint representative in writing without undue delay. Continuation of membership by an heir who, by virtue of their person or conduct, would entitle the cooperative to expel such member in accordance with Article 6 is precluded from acting as a member. If the heir is already a member, double membership is not permitted. Memberships merge into a single membership at the end of the fiscal year in which the member dies. During the current fiscal year, the heir can exercise the testator's voting rights alongside their own. Any executive functions end with death.

(2) If a legal entity or a partnership is dissolved or expires, membership ends at the end of the fiscal year in which the liquidation or expiry took effect. If dissolution or termination leads to universal succession, the universal successor shall continue membership until the end of the fiscal year.

(3) The entitlement to the cooperative dividend also applies to the member's death only if the retention period of at least 5 years is adhered to by the heir / heirs according to the statutes.

### Article 6 | Expulsion

(1) A member may be expelled from the cooperative at the end of the fiscal year if:

a) Despite written request under threat of expulsion, they do not fulfil their obligations under the Article of Association or other obligations owed the cooperative, in particular relating to the fulfilment of the instalment payment agreements;

b) They submit incorrect annual accounts or statements of assets and liabilities or otherwise make incorrect or incomplete declarations about their legal and economic situation;

c) They have damaged or the cooperative by not fulfilling their obligations to the cooperative or legal action is required for failure to fulfil a binding obligation;

(d) They have become insolvent or over-indebted or a petition has been submitted to open insolvency proceedings against their assets;

(e) The conditions for admission to the cooperative were not met or are no longer met;

f) Their conduct cannot be reconciled with the interests of the cooperative;

g) If they do not comply with their statutory duty to inform provide notice without undue delay of their address and e-mail address as well as any changes, if it have moved to an unknown address or if their whereabouts are unknown for more than six months.

(2) The Executive Board is responsible for expulsion. However, members of the Executive Board or the Supervisory Board can only be expelled by resolution of the General Meeting.

(3) Before the resolution is adopted, the member to be expelled shall be given the opportunity to comment on the intended expulsion. In this context, they must be informed of the essential facts on which the expulsion is to be based, as well as the legal or statutory reason for expulsion. If the place of residence is unknown, the intended reason for expulsion must be published in the statutory form.

(4) The expelled member shall be notified by the Executive Board by registered letter without undue delay. If the member verifiably receives such notification by messenger or by regular letter the waiver of the foregoing requirement is harmless. From the time the letter is sent, the member may no longer participate in the General Meeting or use the facilities of the cooperative. If the place of residence is unknown, the intended reason for expulsion must be published in the statutory form. The member may be granted temporary use of the cooperative's facilities in writing, in whole or in part and/or subject to appropriate conditions, by the Executive Board.

(5) If the General Meeting did not make the decision to expel the member, the expelled member may lodge a complaint with the Supervisory Board within one month of the letter being sent. The decision of the Supervisory Board regarding the complaint is final within the cooperative. If the expelled member does not lodge a complaint within the time limit, recourse to the ordinary courts is precluded.

## Article 7 | Compensation

(1) The most recently adopted annual financial statements shall be decisive for the determining compensation between a departed member and the cooperative. Losses carried forward are taken into account in accordance with the Articles of Association. The member has no claim to the reserves and other assets of the cooperative. No compensation will be provided in the event of a complete transfer of share capital.

(2) The departed member is generally to be paid the compensation balance within six months after termination of membership less an administrative fee of €100.00 plus the statutory value added tax in effect on the due date. Payment requires the approval of the Executive Board and Supervisory Board.

(3) In the event of payment of compensation, the cooperative shall be entitled to set off amounts owed to the cooperative from the departed member against the credit balance to be paid out.

(4) Compensation between the departed member and the cooperative shall be determined by the financial situation of the cooperative, the minimum capital and the balance of the share capital account at the time of departure. If the assets of the cooperative, including reserves and all share capital balances, are insufficient to cover debts, the departed member shall be obliged to pay the cooperative a share of the deficit calculated in accordance with the ratio of share capital, but no more than the liability amount. The cooperative is liable for the member's share capital in the event of a possible default, in particular in insolvency proceedings. If the disbursement of the compensation amount would result in the minimum capital of the cooperative falling below statutory minimum capital requirements, the entitlement to disbursement is suspended in whole or in part until disbursement is again possible without falling below the minimum capital requirements. Priority shall be given to claims from previous years affected by a suspension, including in relation to each other.

(5) A fundamental prerequisite for the calculation of the compensation amount is the complete fulfilment of payment obligations entered into by the member in relation to the cooperative.

(6) If a member withdraws from the cooperative without having fully paid the contributions agreed in accordance with the declaration of membership, the cooperative is entitled to deduct an expense allowance in the amount of 20% of the difference between the shares subscribed and the shares actually paid in.

(7) Paragraphs 1 to 6 shall apply mutatis mutandis to compensation to be paid upon termination of a membership.

(8) An early special payment of the paid-in capital can be granted under certain circumstances; the prerequisite for this is a 12-month CO.NET membership. In addition, one or more of the following conditions must be met:

- a) Serious illness which, for example, reduces employment by at least 50% or causes demonstrably high costs (e.g. conversion of the home, hiring of external nursing staff, etc.). Appropriate verification such as medical certificates/opinions must be provided.
- b) Eligibility for Hartz IV/dependence on state welfare benefits. Verification in the form of relevant official letters.

### Article 8 | Rights of the Members

(1) Each member has the right:

- a) To participate in the General Meeting, in its deliberations, votes and elections and to demand information on matters concerning the cooperative provided this does not conflict with section 28 of the Cooperatives Act (GenG);
- b) To submit proposals for the agenda of the General Meeting;
- c) To participate in motions for convention of an extraordinary general meeting; such motions require the signature of at least ten percent of the members;
- d) To inspect the minutes of the General Meeting;
- e) To inspect the annual report and the report of the Supervisory Board in good time before the General Meeting adopts the annual financial statements.

(2) Investing members are optionally entitled to give the cooperative individual, interest-bearing special contributions to achieve its promotional purpose by granting a promotional purpose loan in the form of a subordinated loan with qualified subordination. Ordinary members do not have this right.

### Article 9 | Duties of the members

Each member has a duty to support and protect the interests of the cooperative to the best of their ability. Without limitation, this includes:

- a) To comply with the provisions of the Cooperatives Act, the Articles of Association, these rules of procedure, the declaration of membership, any individual agreements and the resolutions of the General Meeting;
- b) To make the payments for the respective share or for additional shares in the cooperative;
- c) To submit the documents required by the cooperative on request. Any such information is treated confidentially by the cooperative;

d) Notify the cooperative without undue delay of any change of address, legal form, ownership and shareholdings. If the member does not comply, so that notifications, deliveries etc. cannot take place, the whereabouts of the member are considered unknown after six months;

e) To make contributions to achieve the general funding purpose, administrative allowances as well as account management fees and other ongoing contributions to the cooperative;

f) To refer all disputes, regardless of grounds, to the arbitration board and await its result (these General Rules of Procedure provide additional rules) before resorting to the ordinary courts;

g) To take due account of the interests of all members in the fulfilment of duties and the exercise of rights, including those arising from contracts concluded within the framework of the cooperative duty of loyalty.

### Article 10 | Executive bodies of the cooperative

(1) The executive bodies of the cooperative are the Executive Board, the Supervisory Board and the General Meeting or the Representatives Meeting.

(2) Members of the Executive Board and the Supervisory Board may only enter into commercial or legal transactions with the cooperative with the prior consent of the Executive Board and the Supervisory Board.

## EXECUTIVE BOARD

### Article 11 | Composition & management of the cooperative

(1) The composition of the Executive Board is regulated by the Articles of Association.

(2) The Executive Board is responsible for managing the cooperative on its own authority.

(3) The Executive Board conducts the business of the cooperative in accordance with applicable provisions of law, the Articles of Association, these rules of procedure and the rules of procedure for the Executive Board.

(4) The Executive Board represents the cooperative judicially and extra-judicially.

### Article 12 | Functions and duties of the Executive Board

(1) The members of the Executive Board shall exercise the diligence of a prudent and conscientious manager of a

cooperative. They must maintain secrecy about confidential information and secrets, in particular trade or business secrets, which have become known to them as a result of their activities on the Executive Board. Members of the Executive Board who violate their duties are obliged to compensate the cooperative as joint and several debtors for the resulting damage. Is in dispute whether they have exercised the diligence of a prudent and conscientious manager of a cooperative, they shall bear the burden of proof.

(2) Without limitation, the Executive Board shall:

- a) Properly manage the business in accordance with the purpose and objective of the cooperative;
- b) Plan and implement the personnel, financial, organisational and substantive measures necessary for proper and successful business operations on a timely basis;
- c) Draw up rules of procedure for the Executive Board after hearing the Supervisory Board; the rules of procedure re to be adopted unanimously by the Executive Board and signed by all members of the Executive Board;
- d) Ensure proper bookkeeping and appropriate accounting;
- e) Prepare the annual financial statements, the annual report and the report on funding purpose within the statutory deadlines at the latest, submit them immediately to the Supervisory Board and then with its comments to the General Meeting for approval of the annual financial statements;
- f) Keep a list of members; new members must be entered in the list of members without delay and must be informed thereof without delay. In addition to the member's personal data and the contents of the declaration of membership and participation, the list of members also contains a note whether each member is an ordinary member or an investing member;
- g) Notify the relevant statutory auditing association in good time of the convening, date, agenda and proposals for the General Meeting;
- h) Remedy any deficiencies identified in the audit report and to report on these to the responsible auditing association;
- i) Prepare and maintain the contractual documents in accordance with the law, taking into account the interests of the cooperative and its members.
- j) Determine corporate strategies independent of specific fixed investment strategies in consultation with the Supervisory Board subject to the involvement of the Investment & Promotional Advisory Board subject to compliance with the promotional objective and under consideration of the current market, competitive and economic situation;
- k) Submit all documents necessary for the assessment to the Investment & Promotional Advisory Board on first request,

including in particular the project documentation with analysis of the investment project with regard to its economic, legal, fiscal and financial circumstances as well as the general conditions for conformity with the promotional purpose;

l) Install a functional controlling and risk management system that includes the following features:

- Observation of economic, technical and socio-political developments and analysis of the effects on the development of business operations.
- Regular competition analysis and analysis of the effects on the development of business operations.
- Yield and security oriented liquidity management.
- Development of alternative scenarios to revenue planning.

### Article 13 | Reporting to the Supervisory Board

The Executive Board must regularly inform the Supervisory Board about the essential operational matters.

### Article 14 | Appointment and employment

- (1) The Executive Board is appointed and may be dismissed by the Supervisory Board. Members of the Executive Board are elected by separate ballots. The Chairman of the Executive Board and their deputy are elected by the Supervisory Board following each appointment of Executive Board members.
- (2) If necessary, the Supervisory Board may sign an employment contract with each member of the Executive Board. The term of any such contract is for the duration of the term of the term of office at the longest.
- (3) Members of the Executive Board retire from the Executive Board at the end of the calendar year in which they reach retirement age. This may be modified by separate written agreement.
- (4) The term of office of the member of the Executive Board is five years and continues until a successor is elected. For such purposes, the fiscal year in which the term of office began is not counted. Re-appointment is possible.
- (5) An employment contract with a member of the Executive Board may be terminated by the Supervisory Board.
- (6) The General Meeting is responsible for extraordinary termination for good cause (termination without notice). Termination results in the loss of executive office at the time of departure.
- (7) The Supervisory Board may remove a member of the Executive Board from office at any time.
- (8) Members of the Executive Board may resign before the end of their term of office only after timely notice and not at an

inopportune time, so that a representative may be appointed. The forgoing does not apply if there is good cause to resign from office.

#### Article 15 | Decision-making

(1) The Executive Board has a quorum if more than half of its members are present. The Executive Board passes its resolutions by a majority of the votes cast. In the event of a tie, a member of the Executive Board may demand a binding decision by the Supervisory Board, otherwise the resolution is deemed to have failed.

(2) Decisions that go beyond normal business operations must be recorded in the minutes for verification purposes. Minutes must be numbered consecutively and signed by the members of the Executive Board involved in the resolution.

#### Article 16 | Attendance at Supervisory Board meetings

The members of the Executive Board are entitled to attend meetings of the Supervisory Board. Participation may be prevented by resolution of the Supervisory Board. At meetings of the Supervisory Board, the Executive Board must provide necessary information concerning business matters.

#### Article 17 | Loans to members of the Executive Board

Loans to members of the Executive Board may only be granted with the consent of the Supervisory Board.

### SUPERVISORY BOARD

#### Article 18 | Functions and duties of the Supervisory Board

(1) The Supervisory Board represents the cooperative in concluding contracts with the members of the Executive Board. This applies likewise to lawsuits against members of the Executive Board that have been approved by the General Meeting.

(2) The Supervisory Board shall supervise management by the Executive Board and, for this purpose, inform itself about the affairs of the cooperative.

(3) The Supervisory Board is required to review the annual financial statements, the management report and the proposal for the appropriation of net income for the year or for covering any loss for the year. It must comment on the results of its review and report to the General Meeting before the annual financial statements are adopted.

(4) Details concerning the fulfilment of the duties incumbent on the Supervisory Board are set out in the rules of procedure for the Supervisory Board adopted by the Supervisory Board.

(5) The members of the Supervisory Board shall exercise the diligence of a prudent and conscientious member of the Supervisory Board of a cooperative. They must maintain secrecy about all confidential information and secrets of the cooperative as well as of the members and customers which have become known to them through their activities on the Supervisory Board.

(6) The members of the Supervisory Board may not receive remuneration based on business performance. However, in addition to reimbursement of expenses within the scope of the maximum tax rates, Supervisory Board remuneration may be granted as decided at the joint meeting of the Supervisory Board and Executive Board.

#### Article 19 | Meetings of the Executive Board and Supervisory Board; Matters requiring approval

(1) The following transactions require the prior approval by the Supervisory Board:

- a) The acquisition, development, encumbrance and sale of real estate and rights similar to real estate;
- b) The acquisition, spin-off and disposition of company business units;
- c) The acquisition and disposition of participations, such as the right to grant silent partnerships;
- d) Entering into contractual relationships of material importance, in particular continuing obligations entailing significant recurring obligations, and the acquisition and disposal of movable assets and investments in excess of EUR 1,000,000 (one million euros) (in the case of recurring benefits calculated for the period of termination of the contract) and in excess of EUR 30,000 (thirty thousand euros) unless they relate to the core business of the cooperative. In addition to the approval of the Supervisory Board, the Executive Board also requires approval by the General Meeting when adopting rules of procedure and for transactions the value of which exceeds EUR 5,000,000 (five million euros) (calculated for the period of contract termination in the case of recurring performance). Approval may generally be granted for similar transactions.
- e) Joining and withdrawing from associations and federations;
- f) The appropriation of retained earnings;
- g) The establishment and closing of branch offices;
- h) The grant and revocation of representative authority (Prokura);

- i) The appointment of managing directors, insofar as they are not members of the Executive Board;
  - j) Resolutions on the distribution of a cooperative reimbursement prior to the preparation of the balance sheet;
  - k) The principles governing non-member transactions;
  - l) Material proposals for discussion and resolution by the General Meeting;
  - m) The determination of grants, one-off and current fees and flat-rate administrative charges (collection, due date and amount, etc.);
  - n) Setting long-term and medium-term business objectives;
  - o) Principles governing borrowing and granting credit;
  - p) Changes and updates to General Terms and Conditions, Rules of Procedure, instalment agreements and other arrangements;
  - q) Granting loans in accordance with section 49 GenG in individual cases with the following maximum values:
    - i. EUR 10,000 (ten thousand euros) for cooperative employees;
    - ii. EUR 20,000 (twenty thousand euros) for cooperative members;
    - iii. EUR 30,000 (thirty thousand euros) for third parties;
    - iv. EUR 2,000,000 (two million euros) for subsidiary companies;
  - r) Rules for the use of subordinated loans and individual special contributions by the cooperative in furtherance of its promotional purpose.
- (2) Joint meetings shall be chaired by a member of the Executive Board.
- (3) An resolution fails if it does not obtain a majority.
- (4) Decisions shall be recorded in joint minutes for substantiation purposes; the results of separate votes shall be recorded in the minutes.

### Article 20 | Composition and election

- (1) The number of members of the Supervisory Board is regulated by the Articles of Association.
- (2) The term of office is five years. It begins at the end of the General Meeting that elected the members and ends at the end of the General Meeting that is held for the fifth fiscal year after the election. For such purposes, the fiscal year in which the term of office for the Supervisory Board member began is not counted.
- (3) The members of the Supervisory Board are elected individually. Re-appointment is possible.
- (4) If members resign during their term of office, the

Supervisory Board shall consist only of the remaining members until the next ordinary General Meeting at which the substitute elections are held. An earlier replacement election by an extraordinary General Meeting is only necessary if the number of Supervisory Board members falls below the statutory minimum number of three. Replacement members are elected for the remainder of the departed member's term of office.

(5) Members who have left the Executive Board may not be elected to the Supervisory Board until they have been discharged for all their Executive Board activities.

(6) The office of a Supervisory Board member ends prematurely if it is based on the fact that the Supervisory Board member is appointed to represent a legal entity or partnership that is a member of the cooperative; if this power of representation ends.

### Article 21 | Constitution; Resolutions

(1) Following each election, the Supervisory Board shall elect a Chairman, a Deputy Chairman and a Secretary from among its members. The Supervisory Board is authorised to decide again on the allocation of offices at any time.

(2) The meetings of the Supervisory Board shall be convened by its Chairman or, if they are unable, by their Deputy. For as long as a Chairman and a Deputy have not been elected, Supervisory Board meetings shall be convened by the oldest Supervisory Board member in terms of age.

(3) Whether the Supervisory Board has a quorum is defined in the Articles of Association.

(4) Meetings of the Supervisory Board shall be held regularly. Members of the Executive Board are entitled to attend meetings of the Supervisory Board unless participation is excluded by special resolution of the Supervisory Board.

(5) Decisions must be recorded in the minutes for verification purposes. The minutes shall be numbered consecutively and signed by the Chairman of the Supervisory Board or their Deputy and the Secretary.

## GENERAL MEETING

### Article 22 | Exercise of membership rights

(1) The members exercise their rights concerning the affairs of the cooperative at the General Meeting. They should exercise their rights personally.

(2) The voting rights of the members are defined in the Articles of Association.

(3) Persons who are incompetent and persons with impaired



capacity shall exercise their voting rights through a legal representative.

(4) Members or their legal representatives may be represented by proxies. Several heirs of a deceased member may only exercise their voting right through a joint proxy. An authorized representative may only represent two other members at a time. Authorized representatives may only be members of the cooperative, spouses, parents, children or siblings of a member.

(5) Persons to whom notice of exclusion has been sent, as well as persons who offer to exercise their voting rights for business purposes, may not be authorised.

(6) Legal representatives or authorised representatives entitled to vote must provide written proof of their power of representation.

(7) No one may exercise the right to vote on their own behalf or on behalf of another member if a decision is taken as to whether they or the represented member is to be discharged or released from a liability, or whether the cooperative is to assert a claim against them or the represented member. However, they shall be heard before the decision is made.

## Article 23 | Deadlines and meeting site

(1) The ordinary General Meeting shall be held within the first six months after the end of the fiscal year.

(2) Extraordinary General Meetings may be convened as required.

(3) The General Meeting shall take place at the registered office of the cooperative, unless the Executive Board and the Supervisory Board specify a different venue.

## Article 24 | Convention, deadlines and agenda

(1) The General Meeting shall be convened by the Executive Board.

(2) The members of the cooperative may, in a request signed by them indicating the purpose and the grounds, demand the convening of an extraordinary General Meeting. This requires the signatures of at least ten percent of the members.

(3) Notification and deadlines are governed by the Articles of Association. In addition to these rules, all members must also be invited by e-mail.

(4) The agenda is set jointly by the Executive Board and the Supervisory Board. Members of the cooperative may request in a motion signed by them indicating the grounds, that items be proposed for resolution at the General Meeting. This requires the signatures of at least ten percent of the members.

(5) No advance notice is required for motions and discussions that do not require a resolution.

## Article 25 | Chairing meetings

(1) The chairmanship of the General Meeting is provided for in the Articles of Association.

(2) The chairman of the General Meeting appoints a secretary and the necessary vote counters.

## Article 26 | Agenda items

In addition to the other matters specified in the Articles of Association, resolutions of the General Meeting shall be include in particular:

- a) Amending the Articles of Association;
- b) Dissolution of the cooperative;
- c) Continuation of the cooperative after its dissolution;
- d) Merger of the cooperative;
- e) Revocation of the appointment of members of the Executive Board and election and revocation of the appointment of members of the Supervisory Board and their remuneration;
- f) Confirmation of a temporary removal from office of the Executive Board in accordance with section 40 of the Cooperatives Act;
- g) Approval of the annual financial statements, appropriation of net income or coverage of the net loss for the year as well as the scope of publication of the audit report;
- h) Discharge of the members of the Executive Board and the Supervisory Board;
- i) Appointment and dismissal of members of the Supervisory Board;
- j) Expulsion of members of the Executive Board and Supervisory Board from the cooperative;
- k) Enforcement of recourse claims against members of the Executive Board and Supervisory Board who are in office;
- l) Determination of restrictions on granting credit in accordance with section 49 of the Cooperatives Act;
- m) Change in legal form;
- n) Commissioning special audits;
- o) Introduction of a Representatives Meeting and approval of its election rules.

## Article 27 | Majority requirements

(1) Resolutions of the General Meeting require a simple majority of the votes cast unless a larger majority is prescribed by law or these Rules of Procedure and any resolutions specifically denoted accordingly.

(2) A resolution on the revocation of the appointment of members of the Supervisory Board, expulsion of members of the Executive Board and Supervisory Board from the cooperative, pursuit of recourse claims against Supervisory Board members in office due to their position on the board, accession and resignation from cooperative auditing associations, headquarters and associations, merger of the cooperative or change of the legal form, establishment, spin-off or discontinuation of a business unit which affects the core area of the cooperative, dissolution of the cooperative and, where applicable, termination of the cooperative, continuation of the cooperative after its dissolution, requires a majority of three-quarters of the votes cast.

(3) Two-thirds of all members must be present or represented at a General Meeting convened solely for this purpose in addition to the statutory provisions when passing resolutions on the dissolution and the change of the legal form. If this number of members is not reached at the meeting that decides on dissolution or change of the legal form, any further meeting can decide on the dissolution or change of the legal form within the same fiscal year regardless of the number of members present.

(4) The auditing association shall be heard before passing a resolution on the merger, dissolution or continuation of the dissolved cooperative and the change of legal form. An expert opinion from the auditing association must be requested by the Executive Board in good time and read out at the General Meeting.

### Article 28 | Voting and elections

(1) Votes and elections shall be by show of hands at the General Meeting. Votes or elections must be conducted by secret ballot if the Executive Board, the Supervisory Board or a quarter majority of the votes validly cast in a resolution to this effect demands this. Additional voting possibilities may be permitted on the basis of the Articles of Association.

(2) In the event of a tie, a resolution shall be deemed to have been approved.

(3) A person elected to an office must immediately declare to the cooperative whether they accept their election.

### Article 29 | Right to information

(1) Upon request, each member shall be provided with information on matters of the cooperative at the General Meeting, insofar as this is necessary for proper consideration of the agenda item. Information is provided by the Executive Board or the Supervisory Board.

(2) Information may be refused only where:

a) The provision of information is, according to sound business

judgment, likely to cause the cooperative a not inconsiderable disadvantage;

b) The question concerns tax or legal valuations which may only be answered by a person who is legally entitled to do so;

c) The provision of such information would be punishable by law or would violate a statutory, statutory or contractual duty of confidentiality;

d) The request for information concerns the personal or business circumstances of an individual member or a third party;

e) It concerns contractual agreements with members of the Executive Board or individual members of the cooperative.

### Article 30 | Minutes

(1) The decisions of the General Assembly must be recorded in the minutes for verification purposes. The minutes are to be numbered consecutively. Entry in the minutes is not a prerequisite for the resolutions to become legally effective.

(2) The minutes shall be prepared as soon as possible. The place and date on which the meeting is convened, the name of the chairman of the meeting, the type and result of the votes and the determination of the chairman of the meeting regarding the passing of the resolution shall be noted. Entry in the minutes must be signed by the chairman of the General Assembly, the secretary and the members of the Executive Board who are present.

### Article 31 | Participation rights of associations

Representatives of the auditing association may attend each General Meeting in an advisory capacity.

## REPRESENTATIVES MEETING

### Article 32 | Composition and voting rights

(1) The rights of the members concerning the affairs of the cooperative shall be exercised by representatives of the members at the Representatives Meeting if and as long as the number of members exceeds one thousand five hundred and the General Meeting has resolved this by a three-quarters majority. The provisions of the Articles of Association and the General Rules of Procedure concerning the General Meeting shall apply accordingly to the Representatives Meeting.

(2) The Representatives Meeting shall consist of the elected representatives.

(3) Each representative has one vote. A representative may not be represented by proxies.

(4) Representatives shall not be bound by instructions from their constituents.

(5) No one may exercise their right to vote if a decision is taken as to whether they are to be discharged or released from a liability, or whether the cooperative is to assert a claim against them. However, they shall be heard before the decision is made.

(6) The members of the Executive Board and the Supervisory Board shall participate in the Representatives Meeting with voting rights. They may take the floor and propose motions at any time.

(7) The Representatives Meeting shall be chaired by the Chairman of the Supervisory Board or their Deputy (chairman of the meeting). By resolution of the Representatives Meeting, chairmanship may be transferred to a member of the Executive Board or the Supervisory Board. The chairman of the meeting shall appoint a secretary and, if necessary, a vote counter.

#### Article 33 | Eligibility

(1) Only natural persons with unlimited legal capacity who are members of the cooperative and are not members of the Executive Board or Supervisory Board may be representatives. If a member of the cooperative is a legal entity or a partnership, natural persons authorised to represent them by law may be elected as representatives.

(2) A member may not be elected as a representative if they have been expelled from the cooperative.

#### Article 34 | Elections and number of representatives

(1) The election for the Representatives Meeting takes place every five years.

(2) At least fifty representatives shall be elected. One representative is elected for each fifty members. The number of members on the last day of the fiscal year preceding the election is decisive. In addition, at least five substitute representatives shall be elected, specifying the order in which they are to be replaced.

(3) A premature election for the Representatives Meeting shall take place if the number of representatives falls below the statutory minimum of fifty, taking into account subsequent substitute representatives.

#### Article 35 | Right to vote and stand for election

(1) Every member registered in the membership list when the election is announced is entitled to vote. Expelled members have not voting rights.

(2) Every member has one vote.

(3) Persons who are incompetent and persons with impaired capacity, and legal entities, shall exercise their voting rights through their statutory representative, and partnerships through an authorized partner.

(4) Members, their legal representatives or partners authorized to represent them may be represented by proxies. Several heirs of a deceased member may only exercise their voting right through a joint proxy. An authorised representative may not represent more than two members. Authorized representatives may only be members of the cooperative, spouses, parents, children or siblings of a member.

(5) Persons to whom notice of exclusion has been sent, as well as persons who offer to exercise their voting rights for business purposes, may not be authorised.

(6) Legal representatives or authorised representatives entitled to vote must provide written proof of their power of representation upon request by the voting committee.

(7) Investing members have no right to stand for election.

#### Article 36 | Election procedure

(1) The representatives and the substitute representatives shall be elected by universal, direct, equal and secret ballot.

(2) Further details on the election procedure, including the determination of the election result, are governed by the election rules issued by the Executive Board and the Supervisory Board on the basis of identical resolutions. The election rules require the approval of the General Meeting/ Representatives Meeting.

(3) If a representative resigns before the expiry of their term of office, a substitute representative shall take their place; their term of office shall expire at the latest upon expiry of the representative's term of office.

(4) A list with the names and addresses of the elected representatives and the elected substitute representatives shall be handed over to the competent auditing association and shall be available for inspection by the members on the cooperative's premises and those of its branches for at least two weeks. This must be announced in the form specified in the Articles of Association. The inspection period begins with the announcement. The notice shall state that any member may at any time request a copy of the list of representatives and substitute representatives.

#### Article 37 | Term of office; Beginning and end of representative office

(1) The representatives are elected for five years. Reelection is possible.

(2) The office of representative shall begin upon acceptance of the election, but not before the date on which at least fifty representatives have accepted the election. There is no obligation to accept election as a representative. However, the elected person must immediately state whether or not they accept election. If they do not reject election within a period of two weeks commencing upon notification of their option, they shall be deemed to have accepted election.

(3) The office of representative ends when at least fifty newly elected representatives have accepted election after a new election has been held, but at the latest at the end of the Representatives Meeting which resolves on the discharge of the Executive Board and Supervisory Board for the fifth fiscal year, not counting the fiscal year in which the representatives were elected. However, it ends prematurely if the representative leaves or is expelled from the cooperative, accepts election to the Executive Board or Supervisory Board, resigns from office, dies incapacitated or their legal capacity is impaired.

(4) The representative's office ends prematurely if it is based on the fact that the representative is authorized to legally represent a legal entity or partnership and this authorization to represent has expired. If there is a dispute about the expiry of the power of representation, the written declaration of the legal person or partnership decides that the power of representation has expired.

(5) After acceptance of the election, each representative shall receive an identity card to prove their right to represent, the validity of which shall expire upon termination of their office.

## EQUITY AND LIABILITY

### Article 38 | Shares and share capital

(1) Share capital and obligatory shares are governed by the Articles of Association.

(2) A subsidy is levied to achieve the general promotional purpose upon admission to the cooperative. This must be paid before the capital account is opened and is not repayable in any form.

It amounts to 10% of the subscription amount up to EUR 10,000, limited to a maximum of EUR 1,000, irrespective of the subscription amount.

The subsidy for the achieving the general promotional purpose is to be waived: For the spouse and the minor or learning/studying children of a member, provided that the EUR 1,000 entry fee has already been paid.

(3) The obligatory share and subsidy, if applicable, must be paid in full immediately after acceptance of admission.

(4) The payments made on the share(s), less amounts written off to cover losses, constitute a member's share capital.

(5) As long as the member has not retired, the share capital balance may not be paid out or set off by the cooperative. Outstanding contribution obligations may not be waived; the member may not set-off against such obligations.

(6) An application for instalment payments even after active participation, and thus after the payment obligation has already become due, can be granted upon application and by approval of the Executive Board.

(7) If a member is granted instalment payments for their shares subscribed and owed and is wholly or partly in arrears with an instalment for more than five working days, the respective remaining debt shall become due and payable immediately. This outstanding balance shall bear interest to the cooperative at three percentage points above the base interest rate from the due date.

(8) A waiver of payment obligations by way of settlement to avert an impending loss and the approval of a compulsory settlement in the insolvency proceedings of a member are permissible by joint resolution of the Executive Board and Supervisory Board.

(9) The assignment or pledging of share capital to third parties is prohibited and invalid vis-à-vis the cooperative. The member is not permitted to set off their share capital balance against their liabilities to the cooperative.

### Article 39 | Interest on share capital

Share capital does not bear interest.

### Article 40 | Legal reserves

The formation of reserves is governed by the Articles of Association.

### Article 41 | Retained earnings

Retained earnings may be set aside in addition to other legal reserves. The Executive Board and the Supervisory Board decide on their formation and use in a joint meeting. The General Meeting retains the right to use them to cover accumulated losses.

### Article 42 | Obligation to make additional contributions

The obligation to make additional contributions is governed by the Articles of Association.

## ACCOUNTING

### Article 43 | Fiscal year

The fiscal year is the calendar year. The first business year shall be a short fiscal year and commences upon formation of the cooperative.

### Article 44 | Financial statements and annual report

(1) The Executive Board shall prepare the annual financial statements for the past fiscal year or the short fiscal year within five months of the end of the fiscal year. The Executive Board shall submit the annual financial statements and the annual report to the Supervisory Board without delay and then to the General Meeting along with the Supervisory Board's comments for approval.

(2) The annual financial statements, the annual report and the report of the Supervisory Board shall be available for inspection by the members or otherwise made known to them at least one week prior to the General Meeting on the cooperative's business premises or at another place to be announced.

(3) The report of the Supervisory Board on the audit of the annual financial statements and the annual report shall be submitted to the ordinary General Meeting.

### Article 45 | Appropriation of net income

The General Meeting decides on the appropriation of net income in accordance with applicable law and the Articles of Association. The net income for the year attributable to the members will be credited to share capital until the share capital has been reached or share capital reduced by any annual net loss has been compensated. Contributions made during the past fiscal year allocated to share capital are to be taken into account from the first day of the calendar quarter following the payment.

### Article 46 | Covering a net loss for the year

(1) The General Meeting decides concerning how to cover a net loss for the year.

(2) Insofar as a net loss for the year is not carried forward to new account or covered by the use of other revenue reserves, it shall be covered by the statutory reserve or by the capital reserve or by reduction of the members' share capital balances or by all of these measures concurrently.

(3) If share capital balances are used to cover a net loss for the year, the share of the net loss for the year attributable to each member shall be calculated in proportion to the shares assumed by all members at the beginning of the fiscal year in which the net loss for the year arose.

## ADDITIONAL PROVISIONS

### Article 47 | Investment & Promotional Advisory Board

(1) The Executive Board and the Supervisory Board decide on the composition of the Investment & Promotional Advisory Board at a joint meeting. Advisory board members must be members of the cooperative

and have the necessary expertise and experience to match the scope and significance of their duties. Members of the Executive Board and Supervisory Board, as well as their authorized representatives and authorized agents, are excluded from serving on the Advisory Board.

(2) The composition and supplementary rule concerning the fulfilment of the rights and obligations incumbent on the Advisory Board are governed by the rules of procedure for the Advisory Board to be approved by the Executive Board and the Supervisory Board by joint resolution.

### Article 48 | Functions, rights and duties of the Investment & Promotional Advisory Board

(1) The Advisory Board evaluates the projects and investments prepared by the Executive Board with regard to their qualitative value for the funding purpose, compliance with and protection of the interests of the members and conformity with the cooperative funding mandate pursuant to the Cooperatives Act. It does not assume any responsibility for the economic success of investments, but rather represents the interests of its members in an advisory capacity.

(2) The Advisory Board meets at the request of the Executive Board, but at least once a year and reports to the General Meeting.

(3) Approval by the Advisory Board shall be given by a simple majority of its members. The requirement for the written form can be satisfied by fax and e-mail. The basis for granting approval is an examination of the projects envisaged. In this context, the following procedure must be followed and documented:

a) Acknowledgment of the projects and investments by the Advisory Board;

b) The Advisory Board takes note of the analysis of an investment project prepared by the Executive Board with regard to its economic, legal, tax and financial circumstances;

c) The Advisory Board takes note of the situation and general conditions of the investment;

(4) The Advisory Board may request management reports concerning specific project details.

(5) The members of the Advisory Board are not bound by

instructions. Decisions must be made to the best of their knowledge and belief.

(6) The Advisory Board is not entitled to intervene in the management of the cooperative (section 27 (1) GenG).

(7) In the event of disagreement between the Executive Board and the Advisory Board, the Supervisory Board shall decide, whereby both the Executive Board and the Advisory Board may demand a final decision by the General Meeting.

## Article 49 | Transparency and information duties

(1) The cooperative shall inform its members regularly and transparently. Reports on the situation of the company are to be published in the members' secure area of the website or in text form (by post or electronically) every quarter, at the latest by the fifth working day of the following quarter. Those reports shall include:

a) Business development

- Revenue
- Equity development
- Borrowing
- Investment volume

b) Membership development

- Number of members
- Number of new members
- Number of retiring members

c) Attainment of the promotional purpose

- Degree of utilization of existing offers and outlook concerning additional activities and forecasts in such business areas.

(2) Upon publication of the quarterly reports, they shall be sent by e-mail to the responsible auditing association.

(3) The Executive Board shall inform the responsible auditing association together with the fourth quarterly report of each year that applicable laws and ordinances necessary for the cooperative and its business model have been observed, for example:

- Banking Act (Kreditwesengesetz – KWG);
- Capital Investment Code (Kapitalanlagegesetzbuch – KAGB);
- Asset Management Act (Vermögensanlagegesetz – VermAnlG);
- Asset Management Sales Prospectus Regulation (Vermögensanlagen-Verkaufsprospektverordnung – VermVerkProspV);
- Financial Broker Regulation (Finanzvermittler Verordnung – FinVermV);
- Trade, Commerce, and Industry Regulation Act (Gewerbeordnung – GewO).

## Article 50 | Dispute resolution

(1) All disputes arising under the Articles of Association, both between the cooperative and the members and between the members themselves, shall be decided by an arbitration board subject to the exclusion of recourse to the ordinary courts. This also applies to disputes concerning the validity of the Articles of Association.

a) The arbitration board shall consist of three arbitrators.

b) Each party shall appoint an arbitrator, excluding any person having an employment or similar legal relationship with the party, even if the legal relationship is unrelated to the dispute. The two arbitrators appoint a chairman.

c) If, within two weeks of the appointment of the last of the two arbitrators, they do not agree on the person of the chairman, the chairman shall, at the request of one of the two arbitrators or at the request of one of the parties, be appointed by the board of a cooperative auditing association.

(2) The party requesting arbitration shall present the subject matter of the dispute to the other party in writing, naming their own arbitrator, and request them to name an arbitrator in writing to the requesting party within two weeks.

If this does not happen within this period, the board of a cooperative auditing association shall appoint the arbitrator at the request of the requesting party.

(3) If an arbitrator is removed, a new arbitrator shall be appointed within two weeks. The provisions of paragraphs 1 and 2 shall apply mutatis mutandis.

(4) Unless otherwise provided for in the arbitration agreement, the provisions of sections 1025 et seq. of the German Code of Civil Procedure (ZPO) shall apply; section 1034 shall apply in particular to the arbitration proceedings. Accordingly, before making the award, the arbitrators shall hear the parties and investigate the facts of the dispute, if they consider the investigation necessary. In all other respects, the procedure shall be determined by the arbitrators at their own discretion. Decisions on the course of the proceedings shall be made by the chairman. They determine the venue and the dates.

(5) Sections 194 et seq. Judicature Act (Gerichtsverfassungsgesetz – GVG) apply for purposes of the vote by the arbitration board and decisions based on the vote.

(6) If the award is set aside, the decision shall be taken again in accordance with the provisions of the arbitration agreement.

## Article 51 | Liquidation

After dissolution, the cooperative shall be liquidated in accordance with the Cooperatives Act and section 61 Fiscal Code (Abgabenordnung – AO).



## Article 52 | Qualification of executive body members

Executive body members are required to regularly participate in education and training opportunities in order to enhance or update their competences.

## Article 53 | Announcements

(1) Announcements by the cooperative are governed by its Articles of Association.

(2) Announcements are required to name the person who is publishing the announcement.

## Article 54 | Auditing Association

The cooperative is a member of DEGP Deutsch-Europäischer Genossenschafts- & Prüfungsverband e.V. (German-European Cooperative and Audit Association).

## Article 55 | Jurisdiction

The place of jurisdiction for all disputes between the members and the cooperative concerning the membership relationship shall be the local court or the regional court competent for the domestic business address of the cooperative.

## Article 56 | Amendments to the Articles of Association and the General Rules of Procedure

An amendment to the Articles of Association can only be adopted by the General Meeting. A majority of three-quarters of the votes cast is required. The respective amendment will only take effect once it has been entered in the register of cooperatives. The previous provisions of the Articles of Association shall apply until that point in time. Amendments to these General Rules of Procedure are adopted unanimously by the Executive Board and the Supervisory Board in a joint meeting.

Unanimously resolved at the Executive Board and Supervisory Board meeting of 21.01.2019