

Prespa Ohrid Nature Trust
(PONT or the “Foundation”)

By-laws (Geschäftsordnung) for the Management Board

Adopted by the Supervisory Board,
December 2015

§ 1 Amendments of the By-Laws

As provided in §§ 11 para. (3) a) (ii), 12 para. (5) of the Foundation’s charter (the “Charter”), these by-laws were originally adopted by Qualified Majority resolution of the Supervisory Board. The Supervisory Board may amend and add to these by-laws at any time by resolution as provided in the Charter.

§ 2 Executive Director and Deputy Executive Director

- (1) The Supervisory Board can assign the role of an Executive Director and a deputy Executive Director to any member of the Management Board at any time. If there is only one Management Board member, he/she shall be the Executive Director.
- (2) The Executive Director shall be responsible for the coordination of all activities of the Management Board, e.g. convening of the meetings of the Management Board and preparation and implementation of circular voting procedures of the Management Board.
- (3) The Executive Director may at any time request information from the members of the Management Board, e.g. regarding issues within their respective areas of responsibility, if any, and may specify that he/she must be kept informed from the outset about certain types of matters.
- (4) The Executive Director shall represent the Management Board and the Foundation in external relations, in particular towards donors, other foundations and not-for-profit companies, NGOs or governmental, scientific or academic institutions, bodies or agencies, economic organizations and media. This responsibility can be delegated by the Executive Director or, when the latter is unavailable, by the Supervisory Board to the deputy Executive Director or any other member of the Management Board for certain types of matters or on a case-by-case basis.
- (5) The Executive Director shall have responsibility for leading the Management Board in its cooperation and communication with the Supervisory Board and its members. He/she shall inform the president of the Supervisory Board on a regular basis regarding the state of business and the situation of the Foundation. He/she must report to the president of the Supervisory Board without delay if there are important reasons for doing so or if there are business issues that may have a significant impact on the situation of the Foundation.

- (6) The deputy Executive Director has the rights and duties of the Executive Director when the latter is unable to do so or when he/she has been assigned by the Executive Director to undertake his/her tasks as Executive Director.

§ 3 Management Board Responsibilities

- (1) The scope of work of the Management Board is divided into different areas of responsibility, these being:
 - Development of the Foundation's strategy for proposal to, or consent by, the Supervisory Board
 - Grant Making
 - Budgeting and Financial Administration
 - Fundraising
 - Investment
 - General Administration
- (2) The Supervisory Board may determine any further areas of responsibility or amendments to the areas of responsibility set forth in para. (1).

§ 4 Grant Making

- (1) The Management Board will develop and propose to the Supervisory Board (taking into account its advice and directions) a set of guidelines, setting forth information on procedures relating to the grant-making activity of the Foundation as is deemed necessary and appropriate by the Supervisory Board ("Grant Guidelines"). Such guidelines may include, for example, requirements on eligibility of grantees, grant application procedures, co-financing requirements, grant reporting and audit requirements, Supervisory Board approval procedures, and the like. Grants issued from time to time by the Foundation must comply with the Grant Guidelines unless otherwise approved by the Supervisory Board.
- (2) The Supervisory Board determines the binding version of the Grant Guidelines proposed by the Management Board and adopts the Grant Guidelines. The binding version of the Grant Guidelines shall be attached to these by-laws as an Annex.
- (3) The current Focus Area of the Foundation is the Wider Prespa Area, as defined in the charter. The Management Board will strictly limit grant-making activity of the Foundation to the Focus Area determined by the Supervisory Board and included from time in these Management Board by-laws.

§ 5 Basic Financial and Operating Principles

- (1) Taking into account instructions from the Supervisory Board, the Management Board shall develop and propose to the Supervisory Board an Operations Manual regulating the detailed administrative procedures of the Foundation, including such matters as sources of

the foundation's budget, financial management (including administration of its assets, budgeting and administrative expenses) accounting, banking and bank accounts, financial statements and reporting, auditing, human resources, information technology and the like. The Operations Manual may also contain a Fundraising Policy/Strategy, or if the Supervisory Board shall so instruct, the Management Board shall develop the Foundation's fundraising Policy/Strategy separately from these by-laws.

- (2) The Supervisory Board determines the binding version of the Operations Manual and any Fundraising Policy/Strategy proposed by the Management Board and adopts the Operations Manual and any Fundraising Policy/Strategy. The binding version of the Operations Manual and any Fundraising Policy/Strategy shall be attached to these by-laws as an Annex.

§ 6 Investment Objectives, Investment and Spending Policies

- (1) The Foundation shall, through a competitive bidding process (beauty contest) and with the approval of the Supervisory Board, engage an experienced investment advisor to advise and assist the Foundation in connection with its investments and the further engagement of investment managers.
- (2) The Supervisory Board, with the assistance of the Management Board and other advisors as requested, shall develop and adopt an investment policy governing the investment of the Foundation's assets (the "Investment Policy"). All investments will be made in accordance with the Investment Policy. The Investment Policy will be implemented in accordance with the Foundation's two main investment objectives (preserving capital and earning a net total annual return, including both income and capital appreciation, to be specified in the Investment Policy). It will provide for reasonable measures to control risk. The Investment Policy will use an investment strategy based on diversification of investments and include limitations on the percentage of the Foundation's assets that can be invested in particular asset classes (such as stocks, bonds, real estate, etc.), countries or geographical regions, currencies or industries or companies. The investment strategy will be evaluated regularly by the investment advisor under the supervision of the Management Board to ensure that the risks assumed are prudent and are designed to maximize consistent long-term returns on investment. The Investment Policy shall be attached to these by-laws as an Annex.
- (3) The Foundation will adopt a spending policy. Initially, the policy will take account of the availability of sinking funds, current use donations and other revenue sources as well as income and gain. It may also take into account the possibility under German tax law to add to reserves from income. As the Foundation matures, it will seek to ensure that spending can be steady based on longer term investment returns rather than annual returns.

§ 7 Meetings and Resolutions

- (1) The Management Board shall be convened for meetings by the Executive Director upon one (1) week's prior notice. The Management Board shall also convene at the request of any other member of the Management Board. If any such request is not complied with within a period of one (1) week, the requesting member (or members) of the Management Board can themselves convene a meeting of the Management Board.
- (2) The notification of a meeting shall be distributed by the convening member of the Management Board no later than one week prior to the meeting and must include the agenda and any proposed resolutions in connection with the items on the agenda. The notification of a meeting has to be sent to all members of the Management Board in writing (i.e. by signed letter or fax copy or electronically scanned copy of a signed letter), electronically by e-mail (with or without attached word-, pdf- or tif-files or other files that are accessible to all members of the Management Board) or other electronic means in textual form, or by any combination of any two or more of the foregoing. Any member of the Management Board may request additions to the agenda. Such a request must be made at least five days before the meeting unless the degree of urgency justifies shorter notice. The members of the Management Board may unanimously waive any statutory provisions or provisions of the Charter or of these by-laws for the convening of a meeting and/or passing of a resolution of the Management Board (e.g. regarding the notification-period, the form of notification or the requirement to submit the agenda and any proposed resolutions).
- (3) The Executive Director shall chair all meetings. He/she shall determine the order in which agenda items are discussed, and the method and order of voting.
- (4) The Executive Director may determine whether persons who are not members of the Management Board can be admitted to a meeting to take part in the deliberations.
- (5) The Management Board is required to pass a resolution in all matters regarding the management of the Foundation or any other matters for which a resolution by the Management Board is prescribed by law, the Charter or these by-laws.
- (6) The Management Board shall have a quorum if at least two thirds of its members take part in a decision. Members of the Management Board who are connected to a meeting by telephone or video conference shall be deemed to be present. Absent members of the Management Board may cast their votes by the means of communication described in para. (8) below. Absent members of the Management Board shall be informed without delay of resolutions passed in their absence. Except in urgent cases, discussions and resolutions on matters regarding the area of responsibility of an absent member of the Management Board shall only take place with his/her consent.

- (7) Resolutions of the Management Board shall require a simple majority of the votes cast, provided that the resolution shall not be valid unless the Executive Director is in the majority.
- (8) As a rule, resolutions of the Management Board are passed in physical meetings of the present members of the Management Board. If so instructed by the Executive Director, resolutions may also be passed (i) in virtual meetings using such means of communication that enable all participants of the meeting to speak to each other and hear each other (e.g. telephone conference calls or audio/video conferences), (ii) in combined physical and virtual meetings of the Management Board in a way that enables all participants of the meeting to speak to each other and hear each other or (iii) outside of physical, virtual or combined physical-virtual meetings by circular voting procedures, whether in writing (i.e. by signed letter or fax copy or electronically scanned copy of a signed letter), electronically by e-mail or other electronic means in textual form, respectively, by telephone, or by any combination of any two or more of the foregoing. Resolutions of the Management Board may also be passed on any other occasion and by any other voting procedures as all incumbent members of the Management Board may otherwise consent to on a case-by-case basis.
- (9) Minutes shall be taken for every meeting of the Management Board. The minutes shall include the location and date of the meeting, the persons attending, the agenda, and the wording of the resolutions passed. The minutes shall be signed by the keeper of minutes, who is named by the Executive Director, and sent to all members of the Management Board. Resolutions of the Management Board passed by circular voting procedures in accordance with para. (8) (iii) or on another occasion by another voting procedure pursuant to para. (8) last sentence shall be recorded in minutes. In each of the aforementioned cases, the minutes shall be submitted without delay to all members of the Management Board for completion and approval. The minutes shall be deemed approved in each case if (i) they have been delivered to each incumbent member of the Management Board and (ii) thereafter either (x) they have been approved by resolution of the Management Board without any "no" vote or (y) there is no objection made against their content, within one month of their delivery, to the Executive Director or to the member of the Management Board who has distributed the minutes, except where the Management Board has taken a prior resolution on the approval of the minutes. For the avoidance of doubt, minutes do not constitute a requirement to the validity of any resolution taken.
- (10) If the Executive Director is unable to carry out his/her duties, regarding the duties for which he/she is responsible in accordance with this § 7 the following shall apply, subject to any other determination by the Supervisory Board:
 - (i) Such duties shall be carried out by the deputy Executive Director or, if a deputy Executive Director has not been appointed by the Supervisory Board, by the member

of the Management Board appointed by the Executive Director to carry out the tasks involved.

- (ii) If the Executive Director has not appointed any other Management Board member as his/her deputy, or if the appointed Management Board member – or the deputy Executive Director – is also unable to carry out the duties concerned, the duties shall be performed by the Management Board member with the most years of service on the Management Board.

§ 8 Consent by the Supervisory Board

- (1) The following types of matters require the prior consent by the Supervisory Board acting by simple majority unless otherwise contemplated in the charter:
 - a) development or amendment of the Foundation's strategy;
 - b) establishment of one or more offices according to § 1 para. (4) a) of the Charter;
 - c) subscription to or acquisition of participations (whether controlling or not) in one or more companies according to § 1 para. (4) b) of the Charter;
 - d) use of endowment according to § 4 para. (4) of the Charter;
 - e) acceptance of additional contributions to the endowment and transferring mergers (*Zulegungen*) according to § 4 para. (2) a) and b) of the Charter;
 - f) determination of additional signers by the Management Board according to § 8 para. (2) of the Charter;
 - g) approval of the annual budget (§ 9 para. (2) of the Charter);
 - h) approval/establishment of the annual accounts including an overview of its assets as well as a report on the performance of the Foundation's purpose (§ 9 para. (3) of the Charter);
 - i) any further matters or measures listed in § 11 para. (3) or in § 14 (Amendments to the charter, spin-offs, transferring / joint mergers and termination of Foundation) of the Charter which require a decision or a resolution of the Management Board;
 - j) acquisitions, encumbrances or dispositions of real property or rights equivalent to real property;
 - k) borrowing money or granting security for any such borrowing;
 - l) providing guarantees, assuming similar liabilities in favor of a third party;

- m) encumbering or disposing of shares or other participations in companies or partnerships (other than assets held as part of the Foundation's investment portfolio, which shall be subject to the procedures of the Investment Policy);
 - n) any other financial measures, including investments in fixed assets, when the (individual) value of these measures equals or exceeds the amounts specified in the Operations Manual unless, in the aggregate, such measures do not exceed the annual non-grant (administrative/operational) budget by more than 5 percent for a given year;
 - o) any transaction or measure outside the Foundation's ordinary course of business;
 - p) any other matters specified in the charter as requiring Supervisory Board action;
 - q) any other matters as determined by the Supervisory Board from time to time.
- (2) The assumption of a legally binding obligation of the Foundation to take any of the measures listed in para. (1) also requires the prior consent by the Supervisory Board.
- (3) The Supervisory Board may also grant the Management Board revocable consent for certain types of matters in advance.

§ 9 Management Board Reports to the Supervisory Board

- (1) The Management Board must present to the Supervisory Board once a year annual accounts including an overview of the Foundation's assets as well as a report on the performance of the Foundation's purpose (§ 9 para. (3) of the Charter). The annual accounts including the overview and the report shall be presented by May 31 of the year following the financial year to which the annual accounts refer.
- (2) In addition, the Management Board shall present in each year semi-annually reports to the Supervisory Board within two months after the end of each semi-annual period (by August 31 for the period ending June 30 and by February 28 for the period ending December 31) outlining the Foundation's economic situation, in particular regarding funding by the Foundation and contributions received during the current financial year.

§ 10 Duty of Confidentiality, Transparency

- (1) During their respective term as a board member and at any time thereafter, the members of the Management Board owe a duty to the Foundation that they, subject to paragraphs (2) and (3) below,
- shall not to disclose any Proprietary Information (as defined below) to any third party and shall not allow any third party to access any Proprietary Information (as defined below) or to gain knowledge of Proprietary Information, and

- shall not to use Proprietary Information (as defined below) for their own respective benefit or for the benefit of a third party.

The term "Proprietary Information" shall mean any and all information that a member of the Management Board has learnt in the course of his/her activities on behalf of, or relating to, the Foundation or its bodies about

- the discussions made within any of its bodies (including, without limitation, positions discussed at meetings of its bodies or the voting by individual members of its bodies),
- the resolutions taken or not taken within any of its bodies, except to the extent that the result of such resolutions are not intended for communication to third parties, or
- the Foundation including, without limitation, its affairs and relationships.

(2) The confidentiality obligations of a member of the Management Board shall exclude Proprietary Information if and to the extent that:

- (a) it was already in the public domain when the Management Board member obtained knowledge of it;
- (b) through no action of the respective Management Board member, it has become available in the public domain after the Management Board member obtained knowledge of it;
- (c) the Management Board member (i) verifiably already had prior knowledge thereof obtained outside the course of his/her activities on behalf of, or relating to, the Foundation or its bodies and (ii) has a legitimate interest in continuing to use such Proprietary Information in a role outside the Foundation;
- (d) the Management Board member lawfully obtained knowledge thereof (i) independently from the course of his/her activities on behalf of, or relating to, the Foundation or its bodies and (ii) from a source other than the Foundation or its bodies;
- (e) the respective member of the Management Board owes a legal obligation under statutory law or pursuant to a decision of a court or an administrative order by a governmental authority to disclose the Proprietary Information; or
- (f) the respective member of the Management Board uses the Proprietary Information in any legitimate way in defending himself/herself before court, or in a dispute outside court, against any allegation by the Foundation that such member breached its obligations towards the Foundation.
- (g) the respective member of the Management Board uses the Proprietary Information in any legitimate way in informing a donor about the affairs of the Foundation or a grantee about matters relevant to it as a grantee or to a particular grant.

- (3) The Supervisory Board may resolve at any time
 - (a) by simple majority of the votes (§ 12 para. (4) of the Charter) that the Foundation may disclose certain Proprietary Information for a certain purpose and/or to certain addressees,
 - (b) by Qualified Majority (§ 12 para. (5) of the Charter) that a member of the Management Board be released from his/her duty of confidentiality under this § 10 with respect to certain Proprietary Information and/or for a certain purpose.
- (4) Foundation documents that members of the Management Board have received from the Foundation in the course of performing activities on behalf of the Foundation as members of the Management Board are to be returned to the Management Board upon the Management Board's or the Supervisory Board's request.
- (5) Subject to the confidentiality obligations set forth above, the Management Board's decision-making processes and the communication of the results of its resolutions shall be based on the principle of transparency.

§ 11 Conflicts of Interest

- (1) A potential "conflict of interest" shall be deemed to exist whenever a Management Board member of the Foundation, directly or indirectly, is in a position to approve or influence decisions or actions of the Foundation from which such Management Board member would derive an individual economic benefit, or is affiliated with someone who would derive an economic benefit.

A Management Board member shall be deemed to be "affiliated" with an entity if such Management Board member:

- a) serves as a member of a governing body of the entity,
 - b) serves as an officer or employee of the entity;
 - c) has a material economic relationship with the entity; or
 - d) if the person's spouse, parent, sibling, child, or member of the immediate household, holds such a position or has such a relationship.
- (2) Each Management Board member shall disclose to the Supervisory Board any relevant interest which may pose conflict of interest concerns. Disclosure shall include the existence of any economic, financial or other interest in, or affiliation with, any corporation, organization or partnership that provides professional or other services to the Foundation. When any matter comes before the Supervisory Board or any committee of the Supervisory Board in which a Management Board member has such an interest, such interest shall be disclosed to the Supervisory Board immediately. Whenever a Management

Board member is unsure as to whether a conflict of interest or any affiliation exists, such Management Board member shall disclose the relevant facts to the Supervisory Board, and shall abide by the decision of the Supervisory Board as to the existence of a conflict of interest or an affiliation.

- (3) No Management Board member shall vote on, or participate in the decision-making process of, any matter in which such Management Board member has an interest (as defined above) subject to a resolution of the Management Board that allows such member to vote and/or to participate. No individual or entity with which a Management Board member is affiliated shall receive any special consideration by the Supervisory Board, and no Management Board member shall attempt to influence Supervisory Board members regarding matters before the Supervisory Board in which they are interested, without first disclosing that interest to the full Supervisory Board. If any contract or grant is presented to the Supervisory Board in which a Management Board member has an interest, or is affiliated with a contract party, a committee composed of non-interested Supervisory Board members shall be formed to review, and approve or reject such contract or grant.
- (4) All Management Board members shall be subject to such additional policies on conflict of interest, as the Supervisory Board from time to time may adopt.

Annexes to the Management Board By-laws

Annex A – Grant Guidelines [to be adopted by July 1, 2016]

Annex B – Operations Manual [to be adopted by July 1, 2016; PONT will preliminarily operate under the signature policy attached]

Annex C – Investment Policy [to be adopted by July 1, 2016]; PONT will preliminarily hold its assets in current bank accounts at banks approved by the Supervisory Board (or the Investment Committee), in term bank deposits or CDs at such banks, or in AA or better rated short-term (maturity three years or less) bonds of European Union issuers.

Signature Policy of PONT

(as adopted and effective as of December 2, 2015)

[copy signature policy here]