

# Constitution

## **§ 1 Name, Legal form, Registered Office, Financial Year**

1. The Foundation carries the name

### **Hermann Hauser Guitar Foundation**

2. It is a public foundation having legal capacity by civil law.
3. The registered office is in Munich, Germany.
4. The financial year is the calendar year.

## **§ 2 Mission of the Foundation**

1. The intention of the Foundation is to broadly support and promote science and culture in the scope of guitar music and lute music. The Foundation operates on an international scale.
2. In particular, the Foundation achieves its aims by
  - 2.1 exploring and presenting the historical basics of music development and instrument manufacturing, including the setup of an instrument collection available to the public,
  - 2.2 arranging competitions in the range of composition and interpretation,
  - 2.3 cooperating with and being involved in universities that operate in the field of guitaristic and setting up and running educational institutions for playing the guitar and the lute, if the financial capacity allows for it respectively
  - 2.4 giving financial support to young talents who are in need according to § 53 Nr. 2 AO,
  - 2.5 establishing an expert group for the wording of educational standards and for evaluating education quality, advising external educational institutions how to implement the standards.
3. With these missions, the Foundation directly and exclusively aims at non-profit purposes in terms of the section “tax-deductible purposes” of the Tax Code.

### **§ 3 Restrictions**

1. The Foundation operates selflessly. It does not primarily pursue commercial purposes. It must not aid and abet neither legal nor natural persons by expenses alien to the purpose of the Foundation or by unreasonably high aid, donation or allowance.
2. There is no legal claim on granting Foundation benefits. Benefits may be canceled at any time.

### **§ 4 Assets**

1. At the time of registration, Foundation assets consist of liquid funds amounting to 50.000,00 €. Foundation assets are increased by donations of founders or other parties, if that's what the donations are intended for.
2. Foundation assets have to be durably preserved in their undiminished amount.

### **§ 5 Foundation Funds**

1. The Foundation conforms to its mission by means of
  - investment income from the Foundation assets,
  - donations, as far as the donator did not intend them for fortification of the Foundation assets.
2. All capital may only be used for purposes in line with the constitution.
3. For maintaining its capabilities, the Foundation is to accumulate reserves. However, these reserves must not imperil tax privileges. Free reserves in terms of § 58 Nr. 7 a AO may in parts or entirely be converted into Foundation assets.
4. The Foundation may also make financial or substantial grants to other tax-deductible corporate bodies, institutions and foundations or adequate public authorities, if they promote missions according to § 2.2.

### **§ 6 Foundation Body**

1. The Foundation body comprises the board of directors and the foundation board.
2. Provided that appropriate resources are available, the board of directors may appoint an executive manager.

3. Members of the board of directors and of the foundation board operate honorarily. They can only claim compensation for their necessary expenses. The foundation board may decide on an adequate lump sum for material expenses and expenditure of time of the members of the board of directors.
4. Working within and for the Foundation, members of the board of directors and of the foundation board only have to take the responsibility for intent and gross negligence.

## **§ 7 Composition of the Board Of Directors**

1. The board of directors consists of two to three persons.
2. The first board of directors is appointed by the founders for a period of two years.
3. After this, the members of the board of directors are appointed by the foundation board for a minimum period of two years and a maximum period of four years. Members resigning from the board of directors stay in office until the successor is appointed.
4. The foundation board appoints the chairman and the deputy chairman of the board of directors.

## **§ 8 Responsibility of the Board of Directors, Foundation Procurement**

1. The board of directors operates according to the requirements of law and constitution. The board of directors is committed to faithful and economical administration of Foundation assets and other resources.
2. Holding the position of a legal agent, the board of directors acts for the Foundation both judicially and extrajudicially. Unless equipped by the foundation board with the competence to represent the Foundation on his or her own, each member of the board of directors is only authorized to represent the Foundation conjointly with another member of the board of directors.
3. The following actions taken by the board of directors have to be approved by the foundation board:
  - Making grants beyond the plans determined by the foundation board,
  - Appointment and payment of an executive manager,
  - Compensation payments for members of the board of directors.
4. Within the first six months of a financial year, the board of directors has to create a financial statement regarding the expired financial year, including a statement of assets and liabilities, and a report on the performance of the Foundation purpose.

## **§ 9 Decision-Making of the Board of Directors**

1. The board of directors convenes as often as required by conformance to its duties and responsibilities, or if one of its members requests a convening in written form, exposing the reasons and the purpose. However, the board of directors convenes at least once a year.
2. As to the course of business of the board of directors, the terms of § 12 of this constitution will be applied accordingly. In conformance with the arrangements in § 12.2, at the first convocation a board of directors consisting of two persons only constitute a quorum, if both members are present.

## **§ 10 Foundation Board**

1. The foundation board consists of at least seven, but not exceeding 20 persons.
2. The first foundation board will be appointed by the founders.

The founders are appointed members of the foundation board for life, the remaining members are appointed for two years at a time.

3. Future members of the foundation board and their chairman and deputy chairman will be appointed by the founder Klaus Wolfgang Wildner (right of appointment).
4. After the founders' resigning from the foundation board, the following persons will succeed the founders, retaining the right of being a member of the foundation board for life:

Kathrin Hauser, born March 21 1982,  
Clemens-Seidl-Str. 5-7, D-94419 Reisbach/Vils, Germany

and

Franziska Hauser, born July 30 1987,  
Clemens-Seidl-Str. 5-7, D-94419 Reisbach/Vils, Germany

will succeed Mr. Hermann Hauser and

Julia Wildner, born May 7 1986,  
Hillernstr. 1, D-81241 München, Germany

Tobias Wildner, born November 22 1983,  
Kunstmannstraße 4, D-80997 München, Germany

will succeed Mr. Klaus Wolfgang Wildner.

The persons mentioned above join the foundation board as a member in the given order. After the first person's resigning, the person mentioned next will join the foundation board as member. If the succeeding persons are already members of the foundation board, they gain the right of appointment after the founders' resigning from the foundation board. In gaining the right of being a member of the foundation board for life, the persons intended to succeed the founder Klaus Wolfgang Wildner also gain the right of appointment from the founder Klaus Wolfgang Wildner.

The founders, Mr. Hermann Hauser and Mr. Klaus Wolfgang Wildner reserve their right to amend or change the appointment of their successors in the way of a testamentary disposition. At this, the order of the persons may be changed, too.

If a person succeeding the founder Klaus Wolfgang Wildner or other person is not able or not willing to accept the office of the chairman or deputy chairman of the foundation board or ordinary member of the foundation board, or if there is no succeeding person for the founder Klaus Wolfgang Wildner due to exhaustion of the list of succession for a given person, and if he did not make arrangements for a dissenting regulation, the right of appointment will be transferred to the foundation board, which appoints members of the foundation board by majority vote.

As to the appointment of members of the foundation board by the foundation board, the following basic principles are to be considered:

- for each founder of the foundation board, one member of the foundation board has to be chosen from the descendants of the founder.

- members of the foundation board must neither be representatives of nor hold a share of more than 25% in institutions or organizations possibly competing with the Foundation or companies associated with the Foundation. This way, Foundation business activity is to be kept free of alien interests.

5. If the foundation board consists of less than seven members and if a lacking member is not replaced by the owner of the right of appointment within a period of three months, the lacking members will be appointed by available members of the foundation board by majority vote.

## **§ 11 Competence of the Foundation Board**

1. The foundation board decides on all basic affairs and supervises the board of directors.

Especially it decides on:

- a) the guidelines of administration of the Foundation and the making of grants,
  - b) the budget estimate, the financial statement and the capital account,
  - c) legal transactions that are subject to approval by the Foundation supervision,
  - d) modifying the constitution and applications for change of corporate form, termination or annulment of the Foundation,
  - e) Appointment of the members of the board of directors.
2. As for legal transactions with the chairman or individual members of the board of directors, the chairman of the foundation board represents the Foundation.

## **§ 12 Course of Business of the Foundation Board**

1. Meetings of the foundation board are summoned by its chairman or deputy chairman as the need arises. However, meetings are to be summoned at least once a year, declaring the agenda and adhering to a time limit of two weeks. Furthermore, meetings are to be summoned if at least two members of the foundation board request to do so.
2. The foundation board constitutes a quorum, if the meeting was summoned according to the rules and at least half of the members, chairman or his deputy being among them, are present. If all members of the foundation board are present and none of them disagrees, decisions can be made even if the formalities of the summoning were not adhered to.

If the foundation board does not constitute a quorum, another meeting of the foundation board is to be summoned, according to the formalities and time limits mentioned above. This meeting on the basis of the new summoning constitutes a quorum on all accounts. This has to be pointed out on the second summoning.

3. The foundation board can make decisions in written form, by email, by telegraph, by telephone or otherwise, if none of the members disagrees. However, this does not apply to decisions according to § 14 of this constitution.

4. The foundation board makes decisions by majority of cast votes, if not defined otherwise in this constitution. At a parity of votes, the vote of the chairman, or the vote of his deputy if the chairman did not vote or abstained from voting, turns the balance.
5. As for meetings and making decisions, members of the foundation board may act for other members of the foundation board, if they are given authority to do so and if the majority of votes is performed directly .
6. For its meetings, the foundation board may call in members of the board of directors, advisors, experts, sponsors and other parties at its own discretion.
7. Decisions of the foundation board are to be put into writing and to be sent to the members of the Foundation body and to the supervisory authority in charge of the Foundation.

### **§ 13 Curatorship**

1. The Foundation has a curatorship. Natural persons who are qualified and willing to promote the Foundation in various ways, are appointed to the curatorship on request by decision of the foundation board.
2. The members of the curatorship are appointed for a period of five years. Repeated appointment is possible.
3. The chairman of the foundation board, in the case of prevention his deputy, may summon a meeting of the members of the curatorship on demand in individual cases, in order to discuss current topics.
4. The number of members of the curatorship is not limited.

### **§ 14 Modifying the Constitution, Change of Corporate Form, Termination and Annulment**

1. Modifications to the constitution are permitted, as far as they appear necessary to adopt to altered circumstances. They may not imperil or annul tax advantages of the Foundation. If modifications may affect tax advantages of the Foundation, they have to be submitted to the competent tax authorities for comment.
2. Decisions on modifications to the constitution, change of corporate form or termination of the foundation require to be approved by two thirds of the members of the foundation board. They are permitted only with the approval of the founders Hermann Hauser and Klaus Wolfgang Wildner. After the founders´ resigning from the foundation board, they are permitted only with the approval of the chairman of the foundation board. Change of corporate form and annulment comply with legal regulations.

3. Decisions according to § 13.1 and § 13.2 will only take effect after being licensed by the Government of Upper Bavaria.

#### **§ 15 Assets Accruing**

In the case of termination or annulment of the Foundation, the remaining assets accrue to the city of Munich. The city of Munich has to apply the remaining assets directly and exclusively for non-profit aims, taking into account the purpose of the Foundation.

#### **§ 16 Supervisory Authority**

The Government of Upper Bavaria is the supervisory authority in charge of the Foundation.

#### **§ 17 Commencement**

The constitution of the Foundation comes into effect as soon as the Foundation is licensed by the Government of Upper Bavaria.

Munich, February 16, 2005

Hermann Hauser

Klaus Wolfgang Wildner