

## ARTICLES OF ASSOCIATION

### Article 1: Name, domicile and financial year

1. The Association operates under the name of *ARGE Neue Medien der deutschen SHK-Industrie e.V.*
2. The Association has its registered offices in Paderborn, Germany.
3. The financial year corresponds to the calendar year.

### Article 2: Purpose of the Association

1. ARGE manages communications between its respective members and their market partners and promotes marketing and sales activities by the members.
2. In discharging its task, ARGE represents its members' interests in dealings with official, business and other bodies and establishments at national and international level, provides the competent bodies and establishments with proposals for its field of specialisation and furnishes corresponding information.
3. ARGE is authorised to undertake all such actions and measures as appear necessary and expedient in order to fulfil its task. It is also entitled to participate in companies or associations pursuing a similar or identical purpose.
4. ARGE has recourse to the services of an administrative office for the purpose of carrying out its activities (Article 10).

### Article 3: Membership

1. Any company manufacturing sanitary, heating and/or air-conditioning products which is domiciled in the European Community and which markets such products via wholesalers/craftsmen's businesses in Germany as a key focus of its operations can apply for membership of ARGE.
2. The Management Board shall decide on any exceptions by means of a three-quarters majority.
3. Upon a member company changing its legal form, the legal successor shall accede to the rights and duties of the preceding company.

## **Article 4: Application for membership**

1. The application for membership of ARGE must be submitted in writing to ARGE's administrative office. The submitted application is to be presented to the Management Board for a corresponding decision within 6 months.
2. The applicant must furnish the information beforehand which is necessary to enable a decision to be reached on the application.
3. An applicant whose application is approved by at least two-thirds of the Management Board members shall be admitted into the Association.

## **Article 5: Members' rights**

1. All members of ARGE have the same rights. They receive advice and support in all matters relating to ARGE's field of work.
2. All members have the right to submit motions to the General Meeting.
3. Legal representatives of a member company or representatives expressly allocated the appurtenant authorization can be elected to the post of Chairperson.

## **Article 6: Members' obligations**

1. Members are obliged to broadly support ARGE in discharging its tasks.
2. In order to cover the costs pertaining to ARGE's work, members are required to pay the contribution stipulated by the General Meeting (Article 9, no. 4 e).
3. Members are bound to observe the provisions of ARGE's Articles of Association; they are obliged to implement the decisions reached by ARGE in compliance with the Articles of Association and to respect the resolutions adopted by majority.
4. Members may be expected to furnish information, such as is necessary in order to promote the common interests. While refusal to provide such information shall not constitute grounds for exclusion (Article 7, no. 4), the member concerned shall forfeit the right to participate in corresponding evaluations.
5. Members are obliged to attend the General Meetings on a regular basis. In cases where a company's management is unable to attend, authorized members of staff can be delegated.

## Article 7: Termination of membership

1. Membership shall end:
  - a) through voluntary withdrawal
  - b) following dissolution of the company concerned
  - c) as a result of the institution of bankruptcy proceedings or the rejection of such proceedings for lack of funds
  - d) through exclusion.
2. Any member may withdraw from ARGE, observing a period of 6 months' notice to the end of the year. Notice of withdrawal is to be served by registered letter to the coordination office.
3. In case of the institution of bankruptcy proceedings, membership shall end on the date of such institution, which is to be notified to the administrative office by way of registered letter. Should the administrative office obtain such knowledge by other means, this shall be deemed equivalent to having been informed by the company concerned.
4. The discontinuation of production or the activity pursuant to Art. 3 may lead to exclusion of the member company concerned.
5. A member may be excluded by resolution of the Management Board, subject to a two-thirds majority of votes cast. Apart from in the cases covered by no. 4 of this provision, a member may be excluded for good cause in particular if it fails to meet its obligations despite repeated requests to this end, in case of a gross breach of the Articles of Association, in case of violation of the interests of ARGE or for any other good cause and in case of failure to pay the contributions within 6 months of their becoming due, despite repeated reminders.
6. The termination of membership shall not release the member from its outstanding obligations towards ARGE and shall not give rise to any claims against ARGE's assets.

## Article 8: Management Board/Chairperson

1. The Management Board of ARGE consists of at least six and a maximum of eight individuals. It is composed as follows:
  - Chairperson
  - Vice-Chairperson
  - at least another four and a maximum of another six board members
2. The Chairperson and the Vice-Chairperson constitute the Management Board within the meaning of Section 26 of the German Civil Code (BGB).
3. The Chairperson and the Vice-Chairperson are elected by the General Meeting from among the members of the Management Board.
4. Only owners, board members or management personnel of member companies can be elected to the post of Chairperson or Vice-Chairperson.
5. Members are admitted to ARGE by resolution of the Management Board, subject to a two-thirds majority of votes cast. Applicants whose applications are rejected are entitled to present their applications to the General Meeting.

6. The budget for the financial year is adopted by resolution of the Management Board, subject to a two-thirds majority of votes cast.
7. Both the Chairperson and the Vice-Chairperson are authorised to represent the association on their own in public. The following internal arrangement applies: The Vice-Chairperson is to become active only when the Chairperson is indisposed.
8. The Management Board is entitled to deploy the expert panels to discharge ARGE's tasks. The guidelines for the expert panels' work are issued by the Management Board.
9. The Management Board is entitled to appoint and dismiss an administrative office manager. The administrative manager's guidelines are stipulated in Article 10.
10. The Chairperson oversees ARGE's regular operations. They convene the General Meeting, at which they present the annual report. The Chairperson or the Vice-Chairperson chairs the meetings.
11. The Chairperson is to monitor compliance with these Articles of Association and the implementation of resolutions adopted by ARGE.

## Article 9: General Meeting

1. The General Meeting is constituted by the members of ARGE.
2. The General Meeting must convene at least once annually. Any member may be represented by another member company by way of written authorization.
3. The member is to decide on all issues relating to ARGE in accordance with the provisions and procedures stipulated in these Articles of Association.
4. The General Meeting performs the following tasks in particular:
  - a) Election of the Management Board (Article 8, no. 1)
  - b) Election of the Chairperson and Vice-Chairperson (Article 8, no. 2)
  - c) Selection of the auditor (Article 13, no. 2)
  - d) Acceptance of the annual report and the accounts and formal discharge of the Chairperson, the Vice-Chairperson and the office manager (Article 8, no. 8; Article 13, no. 1)
  - e) Stipulation of the members' contributions (Article 11, no. 1)
  - f) Amendment of the Articles of Association (Article 9, no. 11)
  - g) Dissolution of ARGE (Article 14)
5. A General Meeting must be convened if requested by at least one third of members.
6. Every member must receive a written invitation to the General Meeting, including the agenda, no later than two weeks prior to the set date for the meeting.
7. Any proposals which members wish to bring before the General Meeting must be submitted to the office manager or the Management Board no later than one week prior to the General Meeting.
8. Proposals which are not submitted in accordance with the stipulated deadline shall be considered only subject to the approval of the majority of the members present at the General Meeting.
9. Each member company has one vote. Resolutions are adopted by a majority of votes cast.

10. A General Meeting is quorate when more than half of all members are personally present or represented by authorised proxies.
11. Motions intending to bring about an amendment to these Articles of Association can only be submitted for resolution subject to a two-thirds majority of all members present at a duly convened General Meeting. The motion for an amendment to the Articles of Association must have appeared on the agenda prior to the General Meeting.
12. As a general principle, all elections are carried out by secret ballot. In other matters, the Chairperson shall decide on the method of voting where the majority of votes present desires a different method of voting.
13. In exceptional cases, resolutions may also be adopted by a postal ballot without convening a General Meeting, where the Management Board wishes for a postal ballot.
14. Minutes are to be drawn up of every meeting. The minutes shall be approved by the Chairperson. A copy is to be forwarded to every member. The minutes are to be completed within 14 days of the meeting and forwarded to the members.
15. All persons elected to an ARGE office work on a voluntary basis.
16. All members have a duty of discretion with regard to information which they obtain. They shall remain bound to this duty of discretion after leaving ARGE.

## **Article 10: Administrative office**

1. ARGE appoints an administrative manager to coordinate ARGE's regular business activities.
2. The administrative manager is responsible to ARGE, represented by the Management Board. Only the Chairperson or the Vice-Chairperson is entitled to issue instructions to the administrative manager.
3. The administrative office is to conduct regular business in accordance with the Management Board's resolutions, duly observing ARGE's Articles of Association.
4. All staff at the administrative office are to be obliged to maintain confidentiality towards third parties with regard to all records and documentation.
5. Documents which are expressly furnished in confidence must not be disclosed to other members of ARGE without the consent of the member concerned. The duty to maintain confidentiality shall continue to apply beyond the termination of employment of staff at the administrative office.
6. The manager shall be entitled to conclude ongoing administrative business within the approved overall budget.

## **Article 11: Members' contributions**

1. Members are obliged to pay their contributions in a single sum after receiving a written request for payment.
2. The contribution is to be paid in each case for the financial year or, in the case of exclusion, up to the end of membership.

## **Article 12: Proprietary and contractual obligations**

Proprietary and contractual obligations on the part of ARGE must be in written form and are to be signed by the Chairperson or the Vice-Chairperson after approval by the General Meeting.

## **Article 13: Rendering of accounts**

1. The Chairperson shall submit the accounts for each financial year to the General Meeting for approval and discharge of the Management Board.
2. The final accounts must be certified by the auditor (Article 9, no. 4b).

## **Article 14: Dissolution**

A resolution by the General Meeting shall be required to dissolve ARGE. Dissolution shall only be possible by a resolution carried by at least three-quarters of all members present at a duly convened General Meeting (Article 9, no. 4f). The General Meeting shall decide how ARGE's assets are to be allocated.

These Articles of Association entered into force on 28/06/1988.

This version contains the amendments to the Articles of Association adopted at the General Meetings on 20/06/1989, 22/09/1992, 20/09/1994, 09/10/1996, 29/10/1997, 02/10/2001, 02/05/2005, 19/05/2009, 11/05/2011, 24/04/2012, 15/05/2013, 10/05/2017, and 12/12/2017.

Paderborn, December 2017