

**Statutes of VolkswagenStiftung ["VolkswagenFoundation"]
in the wording of 23 November 2018**

[Wording of the Foundation Statutes in force since 10 December 2018, published in the Official Gazette of the Federal State of Lower Saxony No 6/2019 (Niedersächsisches Ministerialblatt), pages 336 f.]

Section 1 Name, Registered Office

The name of the foundation is VolkswagenStiftung ["VolkswagenFoundation"]. It is an incorporated foundation under civil law and has its registered office in Hanover, Germany.

Section 2 Purpose of the Foundation

The purpose of the Foundation is to promote the advancement of the sciences [remark by the transl.: including the humanities and social sciences] and technology in research and higher education.

Section 3 Non-Profit Status

The Foundation shall pursue directly and exclusively non-profit objectives as defined by the section of the German Tax Code [German AO/"Abgabenordnung"] headed "Tax-Privileged Purposes". It shall act altruistically and shall not primarily pursue objectives for its own commercial interests. It may use its financial means only for the purposes set out in the Foundation's statutes. No individual may benefit from any disproportionately high remuneration or from an expense which is not consistent with the Foundation's purposes.

Section 4 Foundation Assets

(1) At the time of its establishment the Foundation's assets consist of:

- a) the claim against the Federal Republic of Germany to transfer the proceeds resulting from the sale of 60% of the share capital of Volkswagen Aktiengesellschaft [public Ltd.],
- b) the claim on the counter-value of the annual profits accruing to the Federal Republic of Germany and the German Federal State ("Land") of Lower Saxony of 20 % each of the share capital of Volkswagen Aktiengesellschaft existing at the time the Foundation was established. In the event of these shares being sold, the Federal Republic of Germany as well as the Federal State of Lower Saxony shall be entitled to redeem their obligations of paying the annual dividend by paying to the Foundation the profit resulting from the sale of the shares,
- c) the claim against the Federal Republic of Germany on the counter-value of the profits which will be realized by the Federal Republic of Germany from the shares to be sold according to the conditions set forth above under a, following the conversion of Volkswagenwerk GmbH (private Ltd.) into a public Ltd.

(2) The assets accruing pursuant to subsection 1 a and subsection 1 b sentence 2 shall be invested profitably. The amount referred to under subsection 1 a shall be loaned to the Federal Republic of Germany by the Foundation for the duration of 20 years. The loan shall bear interest at the rate of 5% per annum for the first three years of the term. After each subsequent three-year period thereafter, the rate of interest shall be determined by the rate of interest paid by the Federal Government in the preceding year for bonds traded on the

stock exchange which have a maturity of at least five years. Should it prove impossible to determine the market interest rate in this way, then the president of the German Central Bank shall determine the rate which will then be binding.

- (3) Free reserves may be set aside within the scope of the German tax regulations. They shall be deemed part of the Foundation's assets as defined under section 6 subsection 1 sentence 1 of the regulations governing foundations of the Federal State of Lower Saxony (Niedersächsisches Stiftungsgesetz). The same shall apply to donations received by the Foundation.
- (4) In order to realize its objectives, the Foundation shall use the income earned from the investment of its funds including the profits referred to hereinabove under subsection 1 b sentence 1 and subsection 1 c as well as any other additional grants. The administrative costs shall be covered out of these funds in advance.

Section 5 Board of Trustees

- (1) The Board of Trustees shall act as the decision-making body of the Foundation.
- (2) The Board of Trustees consists of 14 members, seven of which shall be appointed by the German Federal Government and seven by the Government of Lower Saxony. In the event of a member of the Board of Trustees resigning, a new member shall be appointed for the remaining term of office.
- (3) Members of the Board of Trustees shall be appointed for a term of five years; for members of the first appointed Board of Trustees, this term may be extended to seven and a half years. Any member may subsequently be reappointed only once. Members of the Board of Trustees shall receive a flat-rate remuneration to cover expenses for their time and effort incurred in the course of their duties.
- (4) The chairperson of the Board of Trustees shall be appointed by the State Ministry of Lower Saxony, the vice-chairperson shall be appointed by the Federal Government. A second vice-chairperson shall be elected by the Board of Trustees from amongst its members.
- (5) A majority of two thirds of the votes cast shall be needed for the Board of Trustees to pass a resolution. Any amendment to the statutes of the Foundation shall require a majority of two thirds of the statutory number of members. The Board of Trustees shall be deemed to be quorate if eight of its members, including the chairperson or one of the vice-chairpersons, are present.
- (6) The meetings of the Board of Trustees shall be convened by the chairperson. Minutes shall be kept of each meeting, and they shall be signed by the chairperson and the person taking the minutes.
- (7) The Board of Trustees shall determine its own rules of procedure.

Section 6 Representation of the Foundation

The Foundation shall be represented in court and out of court by the Board of Trustees, which in turn shall be represented jointly by its chairperson and one of its vice chairpersons or jointly by its two vice chairpersons. The Board of Trustees shall only be represented by the two vice chairpersons in the event that the chairperson is prevented from attending to his/her duties.

Section 7 Functions and Tasks of the Board of Trustees

The Board of Trustees shall assume the administrative functions of the Foundation. It is, inter alia, incumbent upon the Board to

- a) pass resolutions regarding the allocation of grants,
- b) draw up an annual budgetary plan,
- c) prepare the annual financial statements,
- d) compile and publish the annual report about the Foundation's activities. ✓

Section 8 Allocation of Funds

(1) Funds shall be allocated in the form of grants earmarked for specific projects carried out by eligible scientific institutions. The Foundation shall ensure that such funds are made available solely as supplementary financial support; this shall also apply to the supplementary funding of running personnel and project-related expenses. However, such financial support shall be granted only in exceptional cases for periods exceeding 5 years. Within the context of its funding activities the Foundation may also carry out events and projects of its own.

(2) The counter-value of the annual 20% dividend on the share capital of Volkswagen Aktiengesellschaft paid to the Foundation by the Federal State of Lower Saxony, together with 10% of the remaining available funds resulting as revenue from the investment of accrued financial assets as defined under above section 4 subsection 1 a and subsection 1 b sentence 2 or alternatively as profits as defined under section 4 subsection 1 b sentence 1 and subsection 1 c, shall be allocated a priori to the State of Lower Saxony in accordance with the State Ministry of Lower Saxony's recommendations and after the deduction of pro-rata administrative expenses for the support and advancement of projects as listed in section 1 hereinabove.

Section 9 Proof of Utilization

With respect to the allocation of funds, the Board of Trustees shall lay down provisions regarding proof of utilization of awarded funds by the recipient as well as the subsequent verification of the supplied proof. The Foundation shall reserve the right to check the appropriate use of the funds by the recipient or to appoint auditors for that purpose.

Section 10 Annual Financial Statements, Auditing

(1) The financial year of the Foundation shall be the calendar year. Within the first 5 months of each year the Board of Trustees shall issue financial statements for the previous calendar year. The financial statements including the proofs of utilization shall be audited annually by an auditor or an audit company appointed by the Board of Trustees. Such audits shall be subject to guidelines to be defined upon consultation and agreement with the official audit institutes listed below.

(2) The Foundation is subject to audit by the State Audit Institution of Lower Saxony and the German Supreme Audit Institution.

Section 11 Amendments to the Statutes of the Foundation

Any amendment to the statutes shall require the consent of the founders. The purpose set forth in Section 2 of the Statutes may not be changed in its essence. Amendments to Section 3 of the Statutes are only permissible to the extent that they serve to maintain the non-profit status.

Section 12 Termination, Reversion

In the event of the Foundation being dissolved or liquidated or its tax-privileged purposes ceasing to apply, the Foundation's assets shall be distributed in equal parts to the Federal Republic of Germany and the Federal State of Lower Saxony, both being obligated to use such assets directly and exclusively for non-profit purposes according to the Foundation's purpose.