

Statute of the "Deutsches Zentrum Kulturgutverluste" (German Lost Art Foundation) Foundation

(Final Version)

Section 1

Name, Legal Form, Registered Office

The foundation is called the "Deutsches Zentrum Kulturgutverluste" (German Lost Art Foundation). It is a foundation with legal capacity under civil law founded by the German Federal Government, the Länder and the National Associations of Local Authorities. The foundation's registered office is in Magdeburg.

Section 2

Purpose of the Foundation

(1) The purpose of the foundation is to support art and culture, science and research with regard to lost cultural assets as well as providing corresponding support for international exchange, tolerance and the idea of facilitating understanding between peoples. The foundation is both the national and international point of contact in Germany for questions pertaining to the implementation of the "Principles of the Washington Conference With Respect to Nazi-Confiscated Art" (Washington Principles) and the "Common Statement by the Federal Government, the Länder and the National Associations of Local Authorities regarding the tracing and return of Nazi-Looted Art, especially with regard to Jewish property" (Common Statement).

(2) The main focus of the foundation's activity is to advise and support cultural and scientific institutions in the Federal Republic, the Länder and the municipalities, in particular on the handling of cultural assets which were looted in connection with persecution measures during the National Socialist period or were displaced or lost as a consequence of the Second World War. The foundation supports just and fair solutions in the cases of Nazi-looted cultural assets. In the cases of cultural assets displaced or lost due to war, the foundation advises and supports the said institutions in agreement with the respective highest federal authorities responsible on reaching solutions in accordance with international law.

(3) It brings together the tasks of Koordinierungsstelle Magdeburg and the Office for Provenance Research and further expands these positions. Details of the transfer of these tasks are to be regulated in the financing agreement between the Federal Government, the Länder and the National Associations of Local Authorities.

(4) In particular, the purpose of the foundation is realised both directly and indirectly through the following:

1. Initiation, accompaniment, strengthening and support of provenance research by public institutions at national, state and municipal level in Germany, above all within the context of claim-related project funding,
2. Advising public institutions in Germany on questions pertaining to the formation of just and fair solutions under possible consideration of restitutions and material compensation,

3. Assessing and forwarding inquiries to the competent authorities within the Federal Government, the Länder and the municipalities,
 4. Offering privately funded institutions and private persons support in their own searches for Nazi-stolen art and with questions regarding a just and fair solution, if they follow the Washington Principles and the Common Statement and if there is a public interest in supporting the individual case,
 5. Supporting national and international networking in the realisation of the foundation's purpose,
 6. Cooperating with the university-based and non-university-based research landscapes and in particular with the relevant professorships, as well as striving to develop and expand the corresponding research associations with the involvement of the institutions concerned,
 7. Collaborating with non-profit associations of provenance researchers in Germany acting in accordance with the purpose of the foundation and for which there is a public interest in supporting,
 8. Measures for further education and continued education, conferences and events,
 9. Press work and public relations work, documentation and scientific publication.
- (5) The foundation maintains multilingual, publicly accessible databases on its areas of activity.
- (6) The foundation supports the independent "Advisory Commission on the return of cultural property seized as a result of Nazi persecution, especially Jewish property" by assuming the organisational tasks. The recommendations of the Commission can be published and documented by the foundation on behalf of the Commission.
- (7) The foundation can, within the context of business management, assume tasks in the area of protecting cultural assets with the approval of all the Länder and the Federal Government.
- (8) No legal right exists to support using the foundation's funds. The services of the foundation depend on its available funds. The founders do not receive any grants from the body's funds.

Section 3

Non-Profit Altruism, Exclusivity and Directness

- (1) The foundation pursues exclusive, direct and indirect non-profit purposes in accordance with the provisions on "Tax-Privileged Purposes" of the German Fiscal Code (AO - Abgabeordnung).
- (2) The foundation acts altruistically. It does not primarily pursue its own economic purposes.
- (3) The funds of the foundation may only be used for the purposes set out in the statute. No person may benefit from expenditures that are foreign to the purpose of the foundation or from disproportionately high payments.
- (4) The foundation fulfils its tasks itself or through an aide as defined under Section 57 Paragraph 1 Sentence 2 AO (German Fiscal Code), insofar as the aide is not acting to procure funds in the manner defined under Section 58 Number 1 AO (German Fiscal Code). The foundation can maintain dedicated activities to realise the purposes of the foundation.

Section 4

Foundation Assets

- (1) The foundation possesses basic assets, the amount of which is specified in greater detail in the Act of Foundation.
- (2) In order to fulfil the purposes of the foundation, the foundation receives an annual grant from the Federal Government and the Länder in accordance with the joint financing agreement in the respectively valid version.
- (3) The foundation's assets can be increased by endowment contributions (cash amounts, rights and other items) from the founders or third parties. Third party contributions may not be tied to conditions which restrict fulfilment of the purposes of the foundation. If contributions are not specifically assigned to the assets, these are to serve the fulfilment of the purposes of the foundation exclusively and directly.

(4) Third party contributions can also be provided on condition that these are to be used to form dependent foundations or special funds that are earmarked within the context of the general assignment of tasks for the foundation (Section 58 Number 3 AO (German Fiscal Code)); this requires the approval of the Foundation Board.

(5) The foundation's assets are to be maintained in principle. A recourse to the foundation's assets is only permissible, if the purposes of the foundation cannot be realised in any other way and this does not appear to threaten the existence of the foundation and, in particular, the foundation's assets can be brought back up to their full value in the years that follow. Assets may only be sold or encumbered, if assets of an equivalent value are acquired from the proceeds. The foundation's assets may be restructured in order to retain their value or strengthen their earning power.

(6) The foundation is not authorised to raise loans.

Section 5

Use of the Foundation's Funds

(1) Earnings generated from the foundation's assets and contributions not intended to be added to them must be used to achieve the purposes of the foundation.

(2) The foundation can place the earmarked funds that do not come from contributions from the Federal Government and the Länder according to Article 5 of the financing agreement in the respectively valid version in reserve either in whole or in part, insofar as this is required in order to be able to sustainably fulfil its tax-privileged purposes in accordance with the relevant statutes, and insofar as specific goals and time-scales exist for the use of the reserve.

(3) Free reserves may be created, providing that this is permitted under the rules governing tax privileges for the promotion of public benefits. They can be added to the foundation's assets.

Section 6

Organs and Committees of the Foundation

(1) The organs of the foundation are:

1. The Foundation Board
2. The Board of Directors

(2) A Board of Trustees is to be formed as an advisory committee.

(3) The members of the foundation organs and committees, with the exception of the full-time member of the Board of Directors, act on a voluntary basis for the foundation. A claim for reimbursement of expenses and costs incurred by them can be submitted in accordance with the applicable provisions for the direct federal administration. This does not apply to representatives of the Federal Government, the Länder or the National Associations of Local Authorities.

Section 7

Foundation Board

(1) The Foundation Board consists of 15 members. These include:

1. Two representatives of the Federal Government Commissioner for Culture and the Media as well as one representative each of the Federal Foreign Office and the Federal Ministry of Finance.
2. Eight representatives of the Länder to be nominated by the Standing Conference of the Ministers of Education and Cultural Affairs of the Länder in the Federal Republic of Germany (KMK), who are to be replaced every three years by representatives of other Länder; all of the Länder are to be taken into consideration equally for the appointment.
3. One representative each of the Association of German Cities, the German Association of Towns and Municipalities and the Association of German Counties.

A substitution is possible. In the case of members according to Paragraph 1 Number 2, the substitutes are to come from the Länder that have not appointed a proper member; Paragraph 1 Number 2 applies accordingly on nomination.

(2) The Chair of the Foundation Board is taken in alternation by a representative of the German Federal Government Commissioner for Culture and the Media and a representative of the Länder every three years. The same applies for substitutions to the Chair of the Foundation Board.

(3) The Chairperson of the Board of Trustees participates in the sessions of the Foundation Board in an advisory capacity.

(4) The term of office of the members of the Foundation Board begins with the constituent Foundation Board session. As long as a right of appointment is not asserted, this seat on the Foundation Board remains empty.

(5) Each member can resign from his/her office by submitting a written declaration to the Chairperson of the Foundation Board. A member who is appointed as the holder of a public office or function loses his/her seat on the Foundation Board upon termination of this office or function. If a member of the Foundation Board leaves before his/her term of office has expired, a new member is to be appointed immediately for the remainder of the period in office.

Section 8

Tasks of the Foundation Board

(1) The Foundation Board is responsible for decisions on all matters of fundamental or special significance to the foundation and its development. It supervises the foundation from the perspectives of legality, expediency and economic viability. Its tasks include in particular:

1. Deciding on the budget (including the establishment plan),
2. Determining guidelines and funding guidelines for the work of the foundation,
3. Determining the focal points of the foundation's work,
4. Appointing and dismissing the Board of Directors and the Board of Trustees,
5. Establishing and appointing professional advisory committees,
6. Monitoring the conscientious and economical administration of the foundation's assets and other assets,
7. Receiving the annual financial statement, selecting an auditor and discharging the Board of Directors,
8. Approving the annual report on the activities of the foundation,
9. Personnel decisions unless reserved by the Board of Directors. Specified in greater detail in the rules of procedure,
10. Deciding on the acceptance of donations, inheritances and additional contributions as well as the acquisition and sale of assets of considerable importance,
11. Concluding legal transactions that are of considerable importance due to the subject matter of the contract, the contract duration or other circumstances.

(2) The Foundation Board is to provide the Board of Directors with the rules of procedure subject to a majority of at least 12 member votes. It can issue instructions to the Board of Directors and supervises the management of the foundation. It can demand information and reports as well as submission of the files and books by the Board of Directors at any time.

Section 9

Resolutions by the Foundation Board

(1) The members according to Section 7 Paragraph 1 Number 1 each have two votes, the members according to Section 7 Paragraph 1 Numbers 2 and 3 each have one vote respectively. Resolutions are

passed with a majority of at least 12 member votes unless otherwise regulated in the statutes. In the case of a tied vote, the chairperson has the deciding vote.

Decisions on budgetary matters and personnel matters require the approval of all representatives in accordance with Section 7 Paragraph 1 Numbers 1 and 2.

(2) As a rule, the Foundation Board decides in sessions convened by the Board of Directors on behalf of the chairperson as required, though as a rule twice per year. At the request of at least one third of the members, a session must be convened.

(3) The invitation to a Foundation Board session is issued in writing or in text form stating the agenda, whereby there must be at least 14 days between the day on which the invitation is sent and the day of the session (neither of which are included). The form and time limit of the invitation may be waived upon approval by at least 12 members of the Foundation Board. The Foundation Board is quorate, if the invitations to the session have been issued properly, the members present hold at least 12 votes and at least six representatives of the Länder are present.

(4) At the Foundation Board sessions, the members of the Board of Directors participate with the right to speak unless otherwise decided by the Foundation Board in individual cases. The Board of Directors is entitled to propose motions. The Foundation Board can invite guests to its sessions. The session is led by the Chairperson of the Foundation Board, or, in case he or she is unable to attend, by his or her representative.

(5) A resolution may be made in writing or in text form by circulation procedure, if all members of the Foundation Board agree to this procedure in writing or in text form.

(6) Further regulations on the course of business of the Foundation Board can be defined in a procedural rule that is adopted by the Foundation Board with a majority of 12 votes from the members.

(7) Minutes are to be kept of the Foundation Board sessions. Resolutions are to be recorded verbatim. Information is to be provided on resolutions made by circulation procedure in the respective next session and the resolutions are to be included in the minutes. The Foundation Board members and their representatives as well as the Chairperson of the Board of Trustees receive copies of the session minutes.

Section 10

Board of Directors

(1) The Board of Directors consists of up to two members. One member of the Board of Directors is to take up office on a full-time basis. If a second member of the Board of Directors is appointed, he or she may only act in a voluntary capacity. The voluntary member of the Board of Directors can receive appropriate compensation for expenses incurred according to a resolution by the Foundation Board. The Board of Directors is assigned by the Foundation Board with a majority of 16 votes for a period of five years and is appointed by the Chairperson of the Foundation Board. The members of the Board of Directors cannot be members of the Foundation Board or the Board of Trustees at the same time. Re-appointment is permitted. In the case of the premature departure of members of the Board of Directors, their successors are only to be appointed for the remaining term of office. The members of the Board of Directors are to continue in their office until the office is assumed by their successors. In the case of the premature dismissal by the Foundation Board of a member of the Board of Directors, the member of the Board of Directors is to withdraw from office with immediate effect. Until the successor has taken office, the office can be filled in an acting capacity by a member of the foundation's staff upon nomination by the Foundation Board.

(2) The distribution of responsibilities within the Board of Directors as well as representation of the members of the Board of Directors is regulated by the Foundation Board in a procedural rule. The full-time member of the Board of Directors manages the day-to-day business of the foundation, without

prejudice to the rights of the other organs. In case of doubt, the chairperson of the Foundation Board is to decide. The full-time member of the Board of Directors represents the foundation judicially and extra-judicially.

(3) The foundation is represented to the Board of Directors by the Chairperson of the Foundation Board.

(4) The Foundation Board can dismiss a member of the Board of Directors on important grounds. To do so requires a resolution with a majority of 16 votes by the Foundation Board.

(5) The Board of Directors convenes the sessions of the foundation committees in agreement with the respective chairperson, prepares these, participates in these without the right to vote and implements their decisions.

(6) The Board of Directors draws up the business plan and medium-term financial planning and prepares the annual financial statement and the annual report.

Section 11

Board of Trustees

(1) The Board of Trustees consists of at least nine and at most eleven recognised persons, in particular also from abroad. They are assigned by the Foundation Board.

(2) The members of the Board of Trustees are appointed for a term of five years. Re-appointment is permitted. Section 7 Paragraph 4 Sentence 1 and Paragraph 5 apply accordingly. Members of the Board of Trustees can be dismissed on important grounds by the Foundation Board.

(3) The Board of Trustees appoints a chairperson and a deputy chairperson respectively from among its members for the duration of its term of office. Re-election is permitted.

(4) This is to be specified in greater detail in a procedural rule to be decided by the Foundation Board.

Section 12

Rights and Obligations of the Board of Trustees

(1) The Board of Trustees advises and supports the Foundation Board and the Board of Directors in their activities. It discusses the substantive focuses of the activities of the foundation and provides recommendations on these.

(2) The Board of Trustees meets at least once per year for an ordinary session. An extraordinary session is to be convened, if at least one third of the members or the Foundation Board demands this. The members of the Foundation Board can and the Board of Directors should participate in the meetings of the Board of Trustees in an advisory capacity.

(3) Section 9 Paragraph 3 Sentence 1 and Paragraph 4 apply accordingly for convening the Board of Trustees. The Board of Trustees is quorate, if invitations to the session have been issued properly and at least half of the members are present.

Section 13

Cooperating with Other Cultural and Scientific Institutions

The foundation fulfils its tasks in close cooperation with other cultural and scientific institutions both in Germany and abroad.

Section 14

Budget, Auditing of Accounts

(1) The provisions of the Federal Budget Code (BHO) and the Collective Wage Agreement for Public Service Employees on the Federal Level (TVöD, Bereich Bund) apply accordingly for the drafting and execution of the business plan.

(2) The fiscal year of the foundation is the calendar year. Within the first five months of each year, the Board of Directors is to prepare an annual financial statement for the previous calendar year. The statement can be audited annually by an accountant or an accounting firm commissioned by the Foundation Board. They are to perform the audit as instructed, which is then to be approved by the Foundation Board in agreement with the Bundesrechnungshof (Germany's Supreme Audit Institution).

(3) The budgetary and financial management of the foundation is subject to audit by the Bundesrechnungshof in accordance with Section 104 Paragraph 1 Number 4 BHO (Federal Budget Code). The rights of the audit offices for the various Länder according to the pertinent regulations under the respective LHO (State Budgetary Codes) remain unaffected.

Section 15

Statute Amendment

(1) The Foundation Board can resolve to make changes to the statute, if they do not affect the purpose of the foundation and do not substantially change the original form of the foundation or if they facilitate fulfilment of the purpose of the foundation.

(2) Resolutions on changes according to Paragraph 1 require the approval of all representatives of the Federal Government and the Länder. A resolution by circulation procedure is not possible.

(3) Resolutions on changes to the statute require the permission of the foundation authorities. The competent fiscal authority is to be notified with a position statement.

Section 16

Purpose Expansion, Change of Purpose, Consolidation and Dissolution

(1) The Foundation Board can give the foundation a further purpose, if the assets or earnings of the foundation are only partially required to realise the purpose of the foundation and the new purpose is related to the original purpose, the lasting and sustainable realisation of which does not appear to pose a threat to the original purpose.

(2) The Foundation Board can resolve to change the purpose of the foundation, to consolidate the foundation with another foundation or to dissolve the foundation, if the purpose of the foundation becomes impossible or if the relationships have changed since the establishment of the foundation to such an extent that the lasting and sustainable fulfilment of the purpose of the foundation no longer appears to be purposeful. The resolutions may not impair the tax privileges granted to the foundation.

(3) Resolutions according to Paragraphs 1 and 2 require the approval of all representatives of the Federal Government and the Länder. A resolution by circulation procedure is not possible.

(4) Resolutions on purpose expansion, purpose change, consolidation or dissolution only become effective after they have been approved by the foundation authority. The competent fiscal authority is to be notified with a position statement.

Section 17

Foundation Authority

(1) The foundation is subject to state supervision according to the standards of the respective applicable laws on foundations in the State of Saxony-Anhalt.

(2) Changes to the composition of the foundation organs, as well as the budget, the annual financial statement and the activity report, are to be submitted to the foundation authority without request.

Section 18

Vesting Rights

In the case of the dissolution or discontinuation of the foundation or if the non-profit purpose no longer exists, the assets of the foundation go to the German Federal Cultural Foundation and the Cultural Foundation of the German Länder in equal shares, conditional upon their being used directly and exclusively for the benefit of altruistic, non-profit, cultural purposes, which come as close as possible to the former purpose of the foundation.

Section 19

Entry into Force

The statute enters into force upon announcement of the certificate of registration.