



## KOREAN-GERMAN CHAMBER OF COMMERCE AND INDUSTRY

### Articles of Association

#### I. LEGAL BASIS

##### Article 1. Name and Office

(1) The Korean-German Chamber of Commerce and Industry (hereafter referred to as the “KGCCI”) is an association formed under Korean Law. Its Korean name is 한독상공회의소 (Han-dok-Sang-Gong-Hoi-Eui-So).

(2) The KGCCI shall operate by and be governed by these Articles of Association and by the Laws of the Republic of Korea. The Korean version of these Articles of Association shall prevail over the German and English versions.

(3) The Chamber has its registered office in Seoul, Republic of Korea. Branches may be established.

(4) The governing bodies of the Chamber are the General Meeting, the Board of Directors and the Chairpersons. The Board of Directors can appoint an Advisory Board and/or Committees.

(5) The Chamber shall be a member of the German Chambers of Commerce Worldwide Network (*Auslandshandelskammer*, AHK) recognized by the Association of German Chambers of Commerce and Industry (hereinafter: “DIHK”), Berlin, Germany.

##### Article 2. Purpose and Tasks

(1) The Chamber has the task to promote economic and commercial relations between the Federal Republic of Germany and the Republic of Korea, and to represent the interests of German business and industry in the Republic of Korea and the interests of the Korean business and industry in the Federal Republic of Germany. These tasks and interests may also include professional education and training, trade fairs and conventions, environmental issues as well as the promotion of tourism.

(2) To this end the Chamber shall undertake tasks to accomplish the purpose named in Art. 2 (1) including, but not limited to, the following:

1. provide information and advice and in particular advisory opinions, market studies and reports;
2. act as an agent for the cultivation and further development of business links between firms of the two countries;
3. facilitate and initiate contacts between interested business circles of both countries;

4. represent the economic interests of German and Korean business in dealings with government departments, public authorities and other organizations in both countries;
  5. collect and distribute information on the economic situation in Germany and Korea and reports on industrial and commercial developments in the form of circulars, annual reports, newsheets, etc.;
  6. organize press conferences, information seminars, symposia and discussions and participate in such events provided that they are compatible with the purpose of these Articles of Association;
  7. provide information on and services related to markets, sales, procurement and investment possibilities in both countries;
  8. mediate in any bilateral disputes;
  9. be active in any other lawful activity that serves the purpose of these Articles of Association.
- (3) The Chamber will carry out its activities in close and trusting cooperation with DIHK and organizations and authorities of both countries concerned with the work of Chambers.
- (4) The Chamber may establish subsidiaries to engage in activities within the scope of these Articles of Association.
- (5) The Chamber will not engage in any activity of a political or ideological nature. It will not engage in any commercial activity beyond its sphere of purpose.

### **Article 3. Funds and Assets**

- (1) The Chamber is a non-profit organization. Its activities and services are not aimed at generating a profit. The revenues from its activities shall be used primarily to cover the costs of the Chamber and to accomplish the purpose and tasks of the Chamber in accordance with these Articles of Association. The funds and assets of the Chamber may only be used in a manner consistent with the tasks and activities of the Chamber as set out in these Articles of Association. The Chamber must adhere to the principles of prudent and economic use of its resources.
- (2) The Chamber may engage in activities on behalf of members and of non-members. Members may be granted a discount.
- (3) The funds received by the Chamber to carry out its tasks may comprise
- Membership contributions, - Fees for services, - Gratuitous grants, - Interests and returns on the Chamber's invested assets, - Other grants and subsidies.

To the extent that the Chamber receives grants from government agencies in the Federal Republic of Germany, its services performed under this grant for companies domiciled in the Federal Republic of

Germany and the Republic of Korea shall be provided free of charge or at reduced fees. Details shall be regulated in the agreement underlying such a grant.

(4) The Chamber operates under an annual budget; to this end it is required to maintain books and records based on account keeping practices in accordance with Korean law and to prepare accounting vouchers.

(5) The Board of Directors has powers of disposal over the Chamber's assets and delegates specific authorities to the President and CEO. To the extent that the Chamber receives grants or subsidies earmarked for specific purposes, it may only dispose of such funds in connection with these purposes. The individual members do not have any rights to the assets.

(6) Any assets that may still be on hand at the dissolution of the Chamber pursuant to Article 26 that are not earmarked for a specific purpose shall, upon recommendation of DIHK, be transferred by resolution of the Extraordinary General Meeting to an institution with the same or similar tasks, or to another institution with the mission to promote Korean-German economic and commercial relations. Any repayment obligations under grant agreements entered into by the Chamber shall take priority over other uses of the Chamber's assets.

#### **Article 4. Liability**

(1) Any liability of the Chamber is limited exclusively to the Chamber's assets. Any personal liability on the part of the individual members of the Board of Directors or Members of the Chamber is excluded.

(2) Insofar as the Chamber is entrusted with third party funds, they shall be accounted for in a separate cash ledger. Such funds must be deposited in separate bank accounts.

(3) The liability of the Members of the Board of Directors vis-à-vis the Chamber is limited to intent and gross negligence.

## **II. MEMBERSHIP**

#### **Article 5. Types of Membership**

(1) The chamber consists of

- corporate members
- associate members (e.g. governmental and semi-governmental institutions, foundations, universities, associations, societies, unions)
- individual members (natural persons only)
- honorary members (natural persons only)

(2) Corporate members may be legal entities or organizations under private or public law with residence in Germany, Korea or any other country and interest in German-Korean economic relations.

(3) Natural persons who have rendered special services to the Korean-German economic and commercial relations or the other purposes of the Chamber may, upon proposal of the Board of Directors, be made honorary members by a two-thirds majority of the members of the Chamber present or represented.

(4) Associate, individual, and honorary members have no active and no passive voting right according to Articles 8 and 13 of these Articles of Association.

#### **Article 6. Commencement of Membership**

(1) Membership becomes effective upon receipt, by the applicant, of the notice of admission. No applicant has a right to be admitted. Employees of the Chamber are not eligible to become members.

(2) Admission is granted on the basis of a written application. By virtue of the application, the applicant accepts the Articles of Association of the Chamber in the event of admission.

(3) The Board of Directors decides on admissions by a simple majority vote. It may delegate this decision to the President and CEO. The applicant is to be notified of the result in writing. There is no obligation to disclose any reasons for the decision.

#### **Article 7. Cessation of Membership**

(1) Membership ceases if the member dies or otherwise ceases to exist, leaves or is excluded from the Chamber.

(2) A member may only leave with effect from the end of the respective financial year and must submit a declaration to leave the Chamber in writing at least three months before the end of the financial year.

(3) A declaration to leave the Chamber has no effect on the rights and obligations associated with membership until the end of the financial year.

(4) The Board of Directors may waive the observance of the three-month period in exceptional circumstances.

(5) The Board of Directors may exclude a member of the Chamber with a two-thirds majority on important reasons. Important reasons shall include, but not be limited to:

- any action violating the interests and the purposes of the Articles of Association of the Chamber
- dishonorable conduct.



(6) Exclusion does not entitle the member concerned to any repayment of membership fees for the current budget year, nor does it establish any claim on the Chamber's assets.

#### **Article 8. Rights of Members**

(1) All members have the right to participate in General Meetings and to table motions subject to the provisions in these Articles of Association.

(2) Corporate members who have paid the current annual membership fee in full shall have active and passive rights to vote in any General Meeting.

(3) Corporate members shall have one vote, which must be exercised through a representative of their organization, whom they have authorized to do so in writing.

(4) The right to vote may be transferred to another corporate member by means of a written authorization, and the transferring member shall clearly specify the identity of the corporate member to whom the right to vote is transferred. All authorizations must be received by the Chamber no later than 7 calendar days before the General Meeting. No more than four votes may be transferred to any one member.

(5) The members are entitled to services from the Chamber in all matters that fall within the scope of the Chamber's purpose. The services of the Chamber are generally provided to them at preferential rates.

#### **Article 9. Obligations of Members**

(1) The members shall assist the Chamber to achieve its objectives and adhere to the Articles of Association.

(2) The members are required to pay an annual membership fee, as set in accordance with Art. 15 (2)  
2. Honorary members are exempt from membership fees.

(3) The annual membership fee is due and payable at the start of the financial year. If membership commences in the second half of the year, the annual membership fee may be levied on a pro-rated basis of 6 months.

### **III. GENERAL MEETING**

#### **Article 10. Function of the General Meeting**

The General Meeting is the principal governing body of the Chamber.

### **Article 11. Ordinary General Meetings**

(1) The Ordinary General Meeting is held annually in Seoul, Republic of Korea, not later than six months from the end of the Chamber's financial year.

(2) Apart from its statutory functions, the Ordinary General Meeting:

1. accepts the reports by the President and CEO, the Board of Directors, the Treasurer and the External Auditor;

2. elects the two Chairpersons, one with Korean nationality and the other with German nationality, the two Vice-Chairpersons, one with Korean nationality and the other with German nationality, and the Treasurer for a term of two years, which will automatically extend to or expire on the date of the Ordinary General Meeting which is held in the year that the two-year term expires; re-election is possible once; accordingly, the number of years in office will be limited to a total of four consecutive years;

3. elects the members of the Board for a term of two years, which will automatically extend to or expire on the date of the Ordinary General Meeting which is held in the year that the two-year term expires; re-election is possible twice; accordingly, the number of years as member of the Board of Directors will be limited to a total of six consecutive years (including terms as Chairpersons, Vice-President, and Treasurer);

4. elects the External Auditor who must not be member of the Board of Directors;

5. decides on motions, with the exception of those concerning membership applications;

6. decides on appointments of honorary members;

7. decides on changes and amendments of the Articles of Association;

8. may in exceptional circumstances elect an arbitration panel as provided for in Article 24 of these Articles of Association.

### **Article 12. Extraordinary General Meetings**

(1) Extraordinary General Meetings must be convened:

1. if the Board of Directors so decides, or

2. if at least one-tenth of the corporate members submit a written application to the Board stating the agenda topics and specific reasons for holding an Extraordinary General Meeting.

(2) Apart from its statutory functions, an Extraordinary General Meeting so convened may resolve on

any proposed amendments to the Articles of Association, on a motion for the dissolution of the Chamber, early dismissal of any Board member (save for the ex officio President and CEO) in case of justifiable reasons, and on any other motions submitted to it.

### **Article 13. Procedure**

(1) General meetings are convened by the Board of Directors. Invitations are sent by ordinary mail or in the form of Chamber circulars. They must contain the agenda and be mailed at least four weeks prior to the proposed Ordinary General Meeting and two weeks prior to the proposed Extraordinary General Meeting, respectively.

(2) The General Meeting will be opened by the Korean Chairperson; or if unavailable, the German Chairperson. If the German Chairperson is also unavailable, one of the Vice-Chairpersons will open the General Meeting. The Korean and German Chairperson will alternately chair the General meeting, and if both or the former are unavailable, one of the Vice-Chairpersons will chair the General Meeting.

(3) Only resolutions concerned with items on the agenda may be put to a vote. Matters not on the agenda may be included as particularly urgent items with a majority of three quarters of the voting members present or represented.

(4) The General Meeting will form a quorum if at least ten percent of the voting members are present or represented. If a General Meeting does not form a quorum another General Meeting with the same agenda must be held within three weeks; that meeting will form a quorum irrespective of the number of voting members present or represented. The fact that the quorum requirement no longer applies must be indicated in the invitation.

(5) Decisions will be taken with a simple majority of voting members present or represented unless these Articles of Association provide otherwise. In case of a split vote the motion shall be deemed rejected.

(6) The members' meeting may vote to have a secret ballot. If the secret ballot vote is split the ballot must be repeated. If the vote is split again the motion shall be deemed rejected.

(7) The members at the General Meeting shall transfer the rights and obligations to the Board of Directors of drafting regulations setting forth the separate election procedure to ensure a fair and objective voting procedure.

(8) Minutes of the General Meeting will be prepared by the President and CEO, recording the results of the votes, and will be signed by the chairing person of the General Meeting and the President and CEO.

## **IV. BOARD OF DIRECTORS**

### **Article 14. Composition**

(1) The Board of Directors will consist of the two Co-Chairpersons, one with Korean citizenship and the other with German citizenship, two Vice-Chairpersons, also one with Korean citizenship and the other with German citizenship, the Treasurer, the President and CEO and up to fifteen other members of the Board of Directors. The composition of the Board of Directors shall reflect the Korean-German nature and purpose of the Chamber, and at the same time the increasing diversity of the nationality of the representatives of the member companies. The Board - with the exception of the President and CEO - shall consist of up to ten directors with German citizenship ("German Directors") and up to ten directors with Korean citizenship ("Korean Directors"). No more than one person from any one corporate member may serve on the Board of Directors. The President and CEO will be an ex officio member of the Board.

A maximum of six candidates with citizenship of a country other than Korea or Germany may be elected as members of the Board of the Directors, provided that each candidate is the representative of a corporate member as defined in Article 5 (2). Such candidates have to decide whether to run as Korean or German Director.

(2) Board meetings will be chaired by the Chairpersons or, if neither is available, by one of the Vice-Chairpersons. The Korean and German Chairperson shall alternately convene and chair the Board meetings.

(3) The members of the Board of Directors - with the exception of the President and CEO - serve in an honorary capacity. They undertake their office in a personal capacity; proxies will not be recognized. This does not apply to the President and CEO.

(4) Any corporate member of the Chamber may propose eligible candidates for election to the Board of Directors in writing to the President and CEO, provided that the current annual membership fee has been paid in full. All proposals must be received by the Chamber at least 7 calendar days before the General Meeting. Only if there is a shortage of proposed candidates for the open Board of Director positions, can candidate proposals be made - with consent of the proposed candidate - during the General Meeting.

(5) If an elected member of the Board of Directors leaves before the member's term in office expires, the Board of Directors may appoint a full member of the same nationality as a Board member until the next Ordinary General Meeting.

(6) If the eligibility of an elected Board of Director ceases before the member's term in office expires (e.g. termination of company membership / departure from member company), the Board of Directors

may appoint a full member of the same nationality as a Board member until the next Ordinary General Meeting.

(7) In the event that both of the Chairpersons become unavailable, the German Vice Chairperson will serve as his or her deputy, but will do so no longer than until the next Ordinary General Meeting.

#### **Article 15. Functions of the Board of Directors**

(1) The Board furthers the aims of the Chamber, ensures that it serves its purpose, decides on policies for the management of the Chamber and looks after the interests of its members. It must act in accordance with the resolutions of members' meetings and the subsidy agreement with the German Federal Ministry of Economics and Technology (hereinafter: "BMW") / DIHK.

(2) Apart from its statutory functions, the Board

1. reports to the General Meeting
2. determines the membership fees based on proposals from the President and CEO;
3. decides on the admission or exclusion of members;
4. reviews the External Auditor's report for the previous business year;
5. reviews the budget report of the Chamber for the financial year;
6. reviews audit reports by BMW / DIHK;
7. resolves changes to the organizational structure as proposed by the President and CEO;
8. selects the President and CEO on the basis of DIHK's proposal and appoints the President and CEO. Early termination is only possible with the consent of DIHK.
9. exercises powers of disposal over the assets of the Chamber in accordance with Article 3 of the Articles of Association and delegates specific authorities to the President and CEO;
10. will be competent for all matters not expressly reserved to the General Meeting, the Chairpersons and the President and CEO by law or by these Articles of Association.
11. Should the position of the President and CEO become vacant for exceptional reasons, then the Board appoints a Deputy President and CEO as President and CEO ad interim. In case no deputy is available the Board of Directors will appoint a Deputy President and CEO in consultation with DIHK.

#### **Article 16. Meetings of the Board of Directors, Resolutions, Minutes**

(1) Meetings of the Board of Directors will be convened by one of the Chairpersons in consultation

with the President and CEO. The German Chairperson shall serve on the Chamber's Finance Committee, while the Korean Chairperson shall serve as liaison and promoter towards the Korean Government and organizations. The Chairpersons shall alternately convene and chair the Board meetings. Meetings of the Board of Directors shall be held at regular intervals at least three times a year. Written invitations to the meetings should be sent out not later than two weeks prior to the date of the meeting, together with the agenda. In urgent cases invitations may be made verbally without any need to observe a time limit. The constituent meeting of the Board of Directors should take place within two weeks after the Ordinary General Meeting.

**(2)** The Board will form a quorum if at least fifty percent of the Board members are present. Decisions will be taken by a simple majority unless these Articles of Association provide otherwise. In case of a split vote the chairing person has a casting vote. In urgent cases members of the Board of Directors may cast their votes by signature.

**(3)** The President and CEO or any Deputy President and CEO shall take minutes of the meetings of the Board of Directors, alternatively a Board member may take the minutes; they shall be signed by the person recording the minutes and the person chairing the meeting. These minutes shall be sent to the Board of Directors and be approved by the Board of Directors at the following meeting but no later than at the next following meeting.

**(4)** Any Board member having a conflict of interest shall be excluded from related deliberations, shall not form part of the requisite quorum and shall not take part in any related vote by the Board of Directors. The existence of a conflict of interest of a Board member shall be decided by the Board of Directors with simple majority. The preceding sentence of this paragraph 4 shall apply to the decision to be made by the Board of Directors on the existence of a conflict of interest of the concerned Board member.

#### **Article 17. Treasurer**

The Treasurer supervises the financial practices of the Chamber, monitors the book-keeping and provides advice during the preparation of the financial statements. The Treasurer will review the Chamber's books annually, be involved by the President and CEO in selecting the External Auditor to be appointed by the General Meeting and the issuance of the Engagement Letter for the annual audit.

#### **Article 18. Finance Committee**

**(1)** The Treasurer, the German Chairperson and the President and CEO form the Finance Committee.

**(2)** The Finance Committee will be convened by the President and CEO to prepare the annual budget and to report on results of internal or external audits.

**(3)** The Finance Committee will report on the subsidy agreement with BMWi / DIHK to the Board of

Directors.

### **Article 19. President and CEO**

(1) According to Article 15 (2.8) the President and CEO is selected by the Board of Directors on the basis of DIHK's proposal and appointed by the Board of Directors. If not otherwise agreed between the Board of Directors and DIHK, the President and CEO will be employed by the "IHK-Verband zur Förderung der Außenwirtschaft durch das AHK-Netz" (hereinafter: "IHK-Verband"). In this case, a service agreement between KGCCI and the IHK-Verband will be concluded.

(2) The President and CEO is responsible for running all ongoing business activities of the Chamber within the framework of these Articles of Association, the resolutions and policies of the Board of Directors and the agreements with DIHK; this shall include the registration of any changes as well as the implementation of all steps related to the same.

(3) The President and CEO shall appoint his or her Deputies after consulting the Board of Directors.

(4) The President and CEO advises the Board on all resolutions that are not consistent with the tasks of the Chamber according to these Articles of Association, with the agreements with DIHK, or are not covered by the Chamber's approved budget.

(5) The powers vested in the President and CEO shall be internally limited with respect to the Board of Directors. The President and CEO shall be required to obtain authorizations from the Board of Directors for all reserved matters, as set forth in the following, except in the day to day businesses.

1. any capital expenditure or acquisition or sale of any assets (including without limitation, the acquisition or sale of fixed assets or machinery) or any equity, partnership or other interest in any other individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint stock company, trust, unincorporated organization, any other legal entity, government or any agency or political subdivisions thereof (including through a merger, amalgamation, share exchange or consolidation, *provided* HOWEVER, that such transaction exceeds 250 million Korean Won;

2. any sale, lease, exchange or other disposal of any assets of the Company, in a single transaction or a series of related transactions, *provided* HOWEVER that such transaction or a series of such transactions exceeds 250 million Korean Won;

3. any borrowings or loans by the Company, whether in a single transaction or series of related transactions, except in connection with any employment agreement;

4. execution of any contract, excluding any employment agreement, which cannot be terminated within 5 years;

5. execution of any lease agreement for real estate to which the Chamber is a party;
6. any sale or purchase of real estate by the Chamber; or
7. any other transaction or activity of similar importance which is not day to day business.

#### **Article 20. Advisory Board, Committees**

(1) Based on a resolution of the Board of Directors, a joint approval by the German and Korean Chairpersons shall be required to appoint members of the Chamber to an Advisory Board so as to assist the Board of Directors. An Advisory Board serves in an advisory capacity; it is convened and chaired by the German or Korean Chairperson of the Chamber on an alternating basis or by one of the Vice Chairpersons, if neither of the Chairpersons is available.

(2) Special Committees may be formed by resolution of the Board of Directors in order to handle specific tasks. The German Chairperson shall designate a chair for such a Committee, who will report to the Board of Directors about the work of the Committee.

#### **Article 21. Authorized Representative for the Chamber**

The President and CEO represents the Chamber, both in court and out of court. The Chairpersons delegate specific authorities to the President and CEO.

### **V. ACCOUNTING**

#### **Article 22. The Financial Year**

The financial year is the calendar year.

#### **Article 23. External Auditors**

(1) The External Auditor is required to audit the books and the annual financial statements of the Chamber according to Korean Standards on Auditing.

(2) The External Auditor is elected by the General Meeting for a period of one year and must be a registered auditor in Korea. The General Meeting can elect the same External Auditor for a maximum period of five consecutive years.

(3) The External Auditor must prepare a written report on the audit of the annual financial statements. The audit findings shall be disclosed and explained to the members of the Chamber at the Ordinary General Meeting.

### **VI. ARBITRATION**

#### **Article 24. Arbitration Panel**



Disputes within the Chamber or arising from and in connection with these Articles of Association, especially disputes arising from membership in the Chamber, may be mediated by an Arbitration Panel composed of three arbitrators. The members of the Arbitration Panel shall be arbitrators elected by the General Meeting from among its members to serve on the Panel in accordance with Article 11 (2) 9. of these Articles of Association. The Arbitration Panel shall adopt the Rules of Procedure for itself.

## **VII. CHANGES AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

### **Article 25.**

(1) The Articles of Association may be changed by resolution of any General Meeting on the basis of a proposal from the Board of Directors or by a written motion of at least one-tenth of the corporate members. Proposed resolutions to change or amend the Articles of Association must be announced in the meeting agenda. A resolution to change or amend the Articles of Association requires a majority of two-thirds of the voting members present or represented.

(2) Changes or amendments to the Articles of Association will be made in consultation with DIHK.

## **VIII. DISSOLUTION OF THE CHAMBER**

### **Article 26.**

(1) The Chamber can only be dissolved by resolution of an Extraordinary General Meeting that is called exclusively for this purpose. The motion to dissolve may be proposed by the Board of Directors or by at least one-third of the corporate members. In the latter case, the motion must be submitted in writing to the Board, which is required to convene an Extraordinary General Meeting within four weeks from the receipt of the motion.

(2) In a departure from Article 13 (4) an Extraordinary General Meeting called to decide on the dissolution of the Chamber shall have a quorum if at least half of all voting members are present or represented. The provisions in the Articles of Association for an Alternate General Meeting shall apply accordingly.

(3) A dissolution can only be decided by three-fourths of the votes of the Corporate members of the Chamber that are present or represented. The disposal of the assets shall be decided by this General Meeting by a simple majority of votes. The decision must adhere to the provisions in the subsidy agreement between DIHK and the Chamber.

(4) The invitation to attend the Extraordinary General Meeting to vote on the dissolution of the Chamber must make specific reference to the purpose of this General Meeting. The deadline for the invitation is three weeks prior to the meeting and is met by the mailing of the invitation.

## **IX. ENTRY INTO FORCE OF THESE ARTICLES OF ASSOCIATION**

### **Article 27.**

These Articles of Association were adopted by the General Meeting on March 29, 2017 and entered into force on the same date. The previous Articles of Association were automatically repealed on the date that these Articles of Association entered into force.

Any rights and obligations that were established on the basis of the previous Articles of Association on the date that this Articles of Association entered into force remain unaffected.