

Foundation Charter Caucasus Protected Areas Fund (“CPAF”) in Frankfurt am Main¹

Preamble

The Caucasus ecoregion encompasses the entire territories of Georgia, Azerbaijan and Armenia (hereinafter referred to as the “three core countries”) as well as smaller parts of neighboring countries. The governments of Georgia, Azerbaijan and Armenia are committed to protecting the biodiversity of the Caucasus ecoregion— e.g., by signing the Convention on Biological Diversity and recognizing strategies for the protection of biological diversity. They have agreed to establish and promote a foundation for the conservation, advancement and defense of the globally unique diversity of species found in the Caucasus region.

Kreditanstalt für Wiederaufbau (KfW), the German credit export agency charged by the federal department of economic cooperation and development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung or BMZ), as well as Conservation International (CI) and WWF Deutschland (WWF) have initiated the establishment of the foundation Caucasus Protected Areas Fund (CPAF) to assist the Caucasus countries with their efforts to preserve the unique biodiversity of the most significant nature reserves and wildlife sanctuaries found in the Caucasus ecoregion.

§ 1

Name, legal form registered offices

- (1) The foundation’s name is Caucasus Protected Areas Fund (“CPAF”).
- (2) It is a private-law foundation with full legal capacity.
- (3) Its registered offices are situated in Frankfurt am Main.

§ 2

Purpose of foundation

- (1) The foundation is intended to promote environmental protection with a focus on the lasting conservation, advancement and defense

¹ As Amended in April 2010. Convenience English translation (original document is German language version)

of the globally unique diversity of nature and species found in the Caucasus region—especially in the three core countries.

(2) The foundation meets its purpose, for instance, by:

- providing financial support for the management and, in some cases, for the development of nature protection areas within the Caucasus ecoregion (primarily in the three core countries), including national parks, nature reserves and wildlife sanctuaries;
- promoting activities designed to conserve and sustainably develop nature, landscape and natural resources in the Caucasus ecoregion (primarily in the three core countries);
- collaborating with state offices and other institutions on questions of conservation management for concerns of the Caucasus ecoregion (primarily in the three core countries) worthy of protection;
- providing financial support to institutions, corporations or agencies whose activities promote the foundation's purpose; and
- raising funds to realize the purpose of the foundation.

§ 3

Not for profit

(1) The foundation exclusively promotes non-profit causes and charities within the meaning of the section entitled "Steuerbegünstigte Zwecke" (tax-exempt causes) of the German tax code (AO).

(2) The foundation's activities are not motivated by self-interest and do not primarily serve the purpose of self-preservation.

(3) The foundation's funds may be used only for the purposes intended hereunder, which are primarily realized abroad.

(4) No individual shall be aided and abetted by way of excessive compensation or expenditures alien to the foundation's purpose.

(5) The foundation discharges its tasks by itself or with the assistance of domestic or foreign personnel within the meaning of § 57 para. 1 p. 2 AO. It may also advance its purpose pursuant to § 58 no. 2 AO by providing available foundation funds in part to another domestic not-for-profit corporation or other comparable institutions abroad.

(6) In order to meet its purpose, the foundation may maintain special-purpose vehicles (SPVs) as well as manage foundations and other special purpose assets (endowment).

§ 4

Endowment

(1) The foundation's initial endowment is provided by the foundation act.

(2) In managing its assets, the foundation uses its discretion to the extent permitted by applicable law and not-for-profit regulations, the charter and the investment guidelines set forth in the bylaws.

Generally, the due diligence of a prudent businessman is applied.

(3) The value of the endowment shall be preserved permanently and on an undiminished basis. To preserve its value or to strengthen its earning power it may be redeployed. Profits realized through the redeployment of capital may be used, in the free discretion of the Board and consistent with a steady, market-oriented development of the foundation's funding, in whole or in part to further the purposes of the foundation.

(4) The endowment may be used in an adequate amount not to exceed 10 % if required for the realization of the foundation's purpose, such purpose cannot be met otherwise, the foundation's existence does not seem at risk and, especially, the endowment may be replenished over the next six years.

(5) All donations specifically designated for this purpose accrue to the endowment ("bequests"). Bequests specifically designated for consumption by the donor ("sinking funds") are not subject to the principle of asset preservation pursuant to Paragraph 3 sentence 1.

§ 5

Foundation funds

(1) The foundation pursues its purpose using available foundation funds, including but not limited to returns on the endowment, possible special-purpose funds and donations that are not bequests as well as income from special-purpose operations.

(2) The foundation is entitled to accept donations from public and private, domestic and foreign donors, provided such donations are not tied to requirements incompatible with the charter. If a donation is earmarked for, and restricted to, a certain purpose, the foundation shall observe any related instruction. Donations are to be applied to their intended purpose at the earliest convenience.

(3) The Board of Directors determines the use of foundation funds in accordance with advancement guidelines, which form part of the bylaws.

(4) To the extent permitted by tax law, the foundation is entitled to place such part of its funds in reserves as may be required to meet, and continue to meet, the tax-exempt purposes intended under the charter.

(5) This charter does not confer a legal claim as to the receipt of financial assistance.

§ 6

Foundation board

(1) The foundation is overseen by the board (“Board of Directors”).

(2) The members of the Board of Directors typically volunteer their services but are reimbursed for the costs and expenditures incurred by them according to the bylaws.

§ 7

Board of Directors

(1) The Board of Directors is composed of at least three but no more than nine members who are expected to bring special experience and competence to the tasks of the foundation or promote its objectives in a special way.

(2) The Board of Directors is composed of native and co-opted members.

(3) Native members include:

- an individual dispatched by BMZ;
- an individual dispatched by CI;
- an individual dispatched by WWF.

Save for the cases discussed under Paragraph 5, their tenure ends upon dismissal and the dispatch of a successor by the dispatching organization or with the irrevocable declaration of the dispatching organization’s intent not to fill such position any longer. In the latter case, the position is refilled in accordance with Paragraph 4.

(4) A qualified majority of the board may appoint co-opted members at any time for an initial term of three years, which may be renewed for another three years. Appointments of co-opted board members require that the individuals themselves or the organization represented by them donated at least EUR 500,000.00 (in words: EUR five hundred thousand) or that they offer special knowledge defined by native members on the basis of objective criteria. Furthermore, co-opted members may include individuals nominated

by one of the Caucasus states, provided the three core countries unanimously agree.

(5) Board membership ends with the expiration of tenure, in the event of death or upon resignation, notice of which may be given to the foundation at any time. In the presence of good cause, members of the board may be dismissed even prior to the expiration of tenure, such cause being present, for instance, if a member:

- is no longer affiliated with the organization that was the cause of the appointment;
- is incapable of discharging the board's responsibilities as intended;
- violates applicable law or the charter.

A resolution to dismiss requires a qualified majority (§ 9 para. 3) of the members of the Board of Directors. The member whose dismissal is being decided is excluded from voting and shall not be counted for purposes of the quorum. However, he or she shall be afforded an opportunity to comment.

(6) The Board of Directors selects from its midst a chairman ("Chairman"), a vice-chairman ("Vice-Chairman") as well as a treasurer ("Treasurer"). Following the expiration of their tenure, such board members remain in office until successors have been selected.

(7) Board members who are unable to attend a meeting may designate a proxy by written authorization which may restrict such power of representation.

§ 8 Board responsibilities

(1) The Board of Directors manages the foundation on their own authority and in accordance with its charter, the first version of which is established by the founders. To conduct its day-to-day business, managing directors and staff may be employed and consultants may be engaged. However, members of the board must not be employed by the foundation.

(2) In particular, the Board of Directors is charged with:

- managing the endowment;
- awarding available foundation funds;
- appointing a managing director, determining his or her compensation and overseeing his or her managerial functions; and

- preparing budgets and reports pursuant to § 10.

(3) The foundation is represented jointly both in and out of court by any two of the members of the Board of Directors. One of these members must be the Chairman or the Vice-Chairman or the Treasurer. Board members authorized to represent the foundation are free to authorize one Board member to represent the foundation alone or to issue a power of attorney to the Executive Director or to other persons to represent the foundation alone.

§ 9

Board resolutions

(1) The board regularly adopts its resolutions on the occasion of meetings and by simple majority of the members present unless the charter or the bylaws provide otherwise. The board has a quorum whenever at least half of its members are present and the meeting was properly convened. Meetings are chaired by the Chairman or, in his or her absence, by the Vice-Chairman. If neither is present, the board members present elect a meeting chair from their midst.

(2) The board shall be convened for meetings by the Chairman or the Vice-Chairman at least two weeks in advance whenever required for purposes of proper management, but at least once annually, and notices of meetings must include the agenda. The board shall also convene at the request of any member.

(3) A qualified majority is present if at least three quarters of the presiding members of the Board of Directors assent.

(4) Resolutions on the matters below require a qualified majority (Paragraph 3):

- establishment of the annual financial statement (annual accounts with an overview of CPAF's assets and a report on the fulfillment of the CPAF's purpose);
- annual use of funds;
- amendments to bylaws;
- use of endowment according to § 4 para. 4;
- appointment and dismissal of board members;
- requests addressed to oversight agency for amendments to the charter, suspension or dissolution of foundation or its merger with another organization;
- other applications requiring a qualified majority according to the bylaws (Paragraph 3).

(5) Minutes shall be kept of meetings. Such minutes must be signed by the meeting chair as well as the keeper of the minutes and shall be provided to all members of the Board of Directors for review and approval. The final version of the minutes is then established either by way of the members' written consent or on the occasion of the following meeting.

(6) Unless the charter provides otherwise, a resolution may be adopted by way of the circulation procedure, be it in writing, electronically or by telephone, provided all board members assent. The process of adopting a resolution shall be adequately recorded and incorporated into the minutes of the following meeting. Participation in meetings of the Board of Directors or a committee set up by the Board of Directors may also be facilitated by electronic means or by telephone.

(7) If a matter on which the Board of Directors is to decide affects the private interests of a board member or members of his or her immediate family, such board member shall make a full disclosure, and the board is entitled to exclude the board member from votes in this matter. Reference is made to the bylaws.

(8) The Board of Directors is entitled to retain the services of consultants and experts. It may also form committees to advise the board and to prepare board resolutions and it may also designate specific tasks to committees to be finally decided by committees. The committees may consist of Board members only or at least one Board member and one other person.

§ 10

Budget and reporting

(1) The foundation's work shall be based on a proper and diligently prepared budget. The Board of Directors prepares and renders effective the annual budget, and administrative costs must reflect the principles of frugal management.

(2) Following the lapse of any fiscal year, the board prepares annual accounts, including an overview of its assets as well as a report on the satisfaction of the foundation's purpose.

(3) The annual accounts shall be reviewed by auditors of international reputation and standing without personal or close ties to the members of the board, such audit to encompass reviews of the annual accounts, the preservation of the endowment, the proper use of foundation funds.

(4) The annual accounts, along with an overview of assets and a report on the satisfaction of the foundation's purpose and/or the

auditor's report are to be submitted to the foundation oversight agency within the applicable statutory time limit from time to time in force.

§ 11

Foundation oversight

The foundation is subject to official oversight under applicable foundation laws of the State of Hesse.

§ 12

Suspension of foundation, amendment to charter

(1) Requests addressed to the oversight agency for amendments to the charter, suspension or dissolution of foundation or its merger with another organization require the qualified majority of the Board of Directors (§ 9 para. 3).

(2) These applications are subject to the prior approval of the tax authorities.

§ 13

Dissolution; Devolution

(1) In the event that the foundation materially breaches or violates the foundation's articles or any applicable laws or regulations (in the following "Material Breach"), then:

CI shall be entitled to notify the Board and the foundation authority in writing of its demand that the foundation cease such Material Breach (any such notices shall be sent without delay following discovery of such material breach). If the foundation has not cured the Material Breach within a period of four weeks after receipt of such written notice by demonstrably ceasing the Material Breach and taking actions to prevent a Material Breach from occurring in the future, the Board is obligated, at the request of CI, to file an application to dissolve the foundation with the supervisory authority. The supervisory authority is to dissolve the foundation pursuant to such request if it determines that there in fact has been such a Material Breach that has not been cured.

(2) In the event that the foundation is dissolved pursuant to para.1, the endowment funds paid by CI as described in the Foundation Act shall be returned to CI or its successor if either remains in existence. In the event that the endowment funds described in the Foundation Act are no longer available in full, CI shall receive the portion of

endowment funds that remain available that corresponds to its percentage of the endowment funds on the record date of the dissolution. The balance of the endowment funds shall be distributed pursuant to para. 3.

(3) In the event that the foundation is dissolved or suspended or if it loses its tax-exempt status (but only insofar as the first two sentences of paragraph (2) are not applicable because (i) no Material Breach against the Articles in the meaning of paragraph 1 has occurred or (ii) CI has not notified such Material Breach without delay following its discovery according to paragraph 1), its assets devolve upon a public-law or other tax-exempt entity that shall use them exclusively for tax-exempt causes related to environmental protection and approximating, to the extent possible, the foundation's own purpose. Any board resolution regarding the future use of the endowment requires a qualified majority and must not be executed until the tax authorities' approval has been obtained.