



Articles of Association Flower Label Program e.V. (FLP) April 30th, 2008

Preamble

Throughout the world, flowers are grown to bring joy to people. In many countries in the South, in particular, a great many jobs are created and foreign currency earned by flower cultivation. At the same time, their production often goes hand in hand with environmental and social problems. The Flower Label Program (FLP) is an essential instrument in solving these problems.

The program draws on:

- International human rights;
- conventions adopted by the ILO (International Labour Organisation);
- the declaration of the international community on sustainable development in the coming century (Agenda 21);

and includes:

- All the provisions set out in the international code of conduct for the socially and environmentally acceptable production of cut flowers.

By virtue of this program, the FLP and its backers make an active contribution to the benefit of the environment, employees of companies which produce flowers, the local communities where flowers are grown and the sector itself.

Article 1 Name, headquarters, financial year

(1) The organisation goes by the name "Flower Label Program", abbreviated "FLP". It is an officially registered German association. Upon registration, it added "e.V." (registered association) to its name.

(2) The headquarters of the organisation are in Bonn in the Federal Republic of Germany.

(3) The financial year is the same as the calendar year. Accordingly, the first financial year shall terminate at the end of the year of its establishment (short financial year).

Article 2 Purpose of the organisation

(1) The organisation exclusively and directly pursues charitable ends within the meaning of the "tax-advantaged purposes" section of the German fiscal system.

(2) The purpose of the association is the promotion of environmental protection and landscape conservation, with the focus being on the upgrading of the production of cut flowers worldwide towards an environment-compatible, socially responsible and economically sustainable use.

(3) To realise the purpose set out in its articles of association, the organisation, in particular, shall act as follows:

- The organisation shall develop standards that promote dignified, environmentally friendly cut flower production. These standards shall include the International Code of Conduct (ICC) and its guidelines;
- the organisation shall make these standards available to flower-producing companies to create a basis for improving the environmental and social quality and credibility of traded flowers. The organisation shall arrange assessments of the companies applying these standards and shall issue an FLP certificate to any company whose assessment is positive;
- along with the FLP certificate, the organisation shall give companies whose assessment is positive the right to use the FLP label in its marketing of the cut flowers they produce;
- the organisation shall inform the public of the aims of and instruments used to produce cut flowers in a dignified, environmentally friendly manner by issuing publications, organising seminars and exploiting other media.

(4) The organisation is selfless and its primary aim is not to pursue economic gain. The organisation's resources may only be used for purposes in keeping with its articles of association. Its members shall receive no share of the profits and no other allowances from the organisation's funds. No person may benefit from expenditure unconnected to the organisation's purpose or from disproportionately high reimbursement. Should the association be dissolved or if its purposes are no longer entitled to tax relief, the property of the association falls to a public corporation or to another tax privileged corporation to put it into exclusive and direct use for non-profit purposes (in this case: environmental protection and landscape conservation).

Should the Annual General Meeting (Article 5) decide to dissolve the organisation, it shall at the same time determine the identity of the aforementioned charitable institution.

Article 3 Membership

(1) Natural as well as legal persons may become member. Members must adhere to the articles of associations and pay their membership dues and shall be under obligation to support the organisation's interests.

(2) Upon submission of a written request, new members shall be accepted as temporary members following a decision by the Board (cf. Article 6). The Annual General Meeting (cf. Article 5) shall confirm such memberships and may veto the membership of individual members. The vote on a veto is taken by simple majority in accordance with Article 5.

(3) Upon admission to the organisation, each new member shall decide to join one of four Chambers, which together form the Annual General Meeting:

- **Chamber 1** - the Human Rights Chamber – includes human rights organisations, development policy organisations and research institutes with no economic interest in flower production;
- **Chamber 2** – the Trade Union Chamber – includes trade unions and research institutes with no economic interest in flower production;
- **Chamber 3** – the Chamber of Commerce – includes trade associations and flower trading and marketing companies with economic interests in the flower trade or flower marketing;
- **Chamber 4** – the Production Chamber – includes FLP certified flower growers with economic interests in flower production.

If the Board rules that a member has been assigned to wrong Chamber, it can reassign the member upon confirming its acceptance. This decision shall be binding unless the member appeals against it within a month. Should it prove impossible for the member and the Board to reach agreement, the Annual General Meeting shall take a binding decision regarding the Chamber to which the member shall belong.

(4) Flower producers' compliance with the aforementioned standards shall be assessed by FLP inspectors appointed by the Board. The Board shall then decide in the following manner whether or not to award FLP certificates:

Board representatives from Chambers 1 and 2 shall decide on the acceptance of the respective company with regard to the socially relevant standards. Board representatives from Chambers 1, 2 and 3 shall decide on the acceptance of the respective company with regard to technical environmental standards. Board representatives shall be elected in the manner set out in Article 6 of the articles of association.

Flower-producing farms must be awarded a certificate to be a member of the FLP.

Assessments shall be repeated on a regular basis, at least once a year.

(5) Membership shall end with the resignation, exclusion or dissolution of legal person without legal succession. The Board must be notified of any such resignation in writing. Notice of resignation shall be effective from the date of receipt by the Board.

The Board may suspend the membership rights of any member who patently flouts the obligations imposed by the articles of association. The Annual General Meeting may consequently decide to bar the member.

Membership may be ended by the Board if the member is more than one year in arrears with regard to the payment of its dues or has proved impossible to reach over a protracted period of time.

(6) Membership dues owed at the time of resignation, including those covering the period up to the end of the year in question, must be paid in full by the resigning member. The organisation shall not reimburse any dues already paid.

Article 4 Bodies of the organisation

The bodies of the organisation are the Annual General Meeting, structured into Chambers, the Board and the Treasurer(s).

Article 5 Annual General Meeting

(1) The highest body is the Annual General Meeting. The Annual General Meeting shall draw up the guidelines for the work done by the organisation and decide on any issues of fundamental importance. The Annual General Meeting is responsible for:

- a. Receipt of the annual Board report;
- b. the receipt and approval of the annual work and financial plans and reports concerning certification and marketing;
- c. decision-making on:
 - FLP standards;
 - the discharge of the Board;
 - the election of the Treasurer(s);
 - the election and dismissal of the Board (Article 6(3)) carried out on a Chamber by Chamber basis;
 - setting membership dues;
 - barring members;
 - amendments to the articles of association;
 - the dissolution of the organisation.

(2) Annual General Meetings shall be held in public, and the Board shall issue written invitations to these meetings. Proof of sending by fax or e-mail shall suffice to meet this requirement. The invitation must be sent out to members at least six weeks prior to the date of the meeting. The agenda of the meeting for which the invitation is being issued shall be enclosed with the invitation.

Unless previously disseminated, the minutes shall also be included with the invitation.

Meetings shall be opened by the Board and chaired by the Chairperson of the Board or, in the event of their absence, another person appointed by the Chairperson. The participants shall select someone to keep written minutes of any decisions taken.

(3) An Annual General Meeting shall be convened at least once every calendar year. The Board shall call an Annual General Meeting immediately upon receipt of a written request to this effect signed by more than a quarter of the members.

(4) Only members of the organisation shall have voting rights. The ratio of votes of legal persons towards votes of natural persons is 10:1. Legal persons must give the Board binding names of an individual and a deputy to act as their representatives. This individual and deputy should generally be assigned this duty for at least one year. Only named individuals persons shall be entitled to vote on behalf of the legal person. When a mandate is withdrawn by the legal person in question, their appointed representatives shall cease that function after two calendar weeks.

(5) For individual meetings of the Annual General Meeting, persons with voting rights may transfer those rights to another member of their respective Chamber by written power of attorney.

(6) The organisation shall aspire to take decisions by consensus. The members shall vote according to their assignment to one of the four Chambers. Each of the four Chambers shall have 10 votes at the Annual General Meeting. These votes shall be evenly distributed among the respective Chamber members participating in the vote. Chamber members who are voting on behalf of absentee members shall be allotted a correspondingly more voting rights. (7) The Annual General Meeting shall be deemed to have a quorum if at least half the members from each respective Chamber are present or are represented by written power of attorney. If the Annual General Meeting does not reach a quorum, it shall be reconvened after an invitation period of six weeks. The reconvened Annual General Meeting shall be deemed to have a quorum regardless of the number of members present or represented by proxy. This shall be indicated on the invitation. The Annual General Meeting shall take decisions by a simple majority of the votes cast. Should a vote be tied, the motion shall be deemed rejected.

For decisions on amendments to the articles of association or the dissolution of the organisation, more than 75% of the votes of those present or represented by proxy are required. Decisions on amendments to the articles of association must be sent to the members at least eight weeks prior to the date.

At the request of more than three persons with voting rights, decisions shall be taken by secret ballot.

(8) The Annual General Meeting may set up working committees. It shall decide on the composition of these committees, in which non-members may also participate in justified exceptional cases. As expert bodies, these working committees shall develop proposals which they put to the Annual General Meeting for discussion and a decision. Committee work shall be kept transparent for the members. Members may participate in committee meetings.

Article 6 The FLP Board

(1) The Board shall manage the organisation's business and be responsible for all matters concerning the organisation except where responsibility is allocated to another body under the articles of association. The Board shall comprise four representatives, i.e. one representative for each of the respective Chambers. The members of the Board shall be volunteers. A Board member from Chamber 1 or 2 with a Board member from Chamber 3 or 4 may together act on behalf of the organisation both in and out of court.

(2) The Chairperson of the Board shall head up the organisation on an alternating basis for the duration of a financial year, whereby the chairmanship shall alternate between Chambers 1 and 2 and Chambers 3 and 4 respectively. (3) The Board shall be elected by the Chambers at the Annual General Meeting. Each of the four Chambers shall elect a Board member by a simple majority vote within its Chamber, and the elected member shall then represent the Chamber on the Board.

Using the same procedure, each Chamber shall elect a deputy Board member in the event of the respective Board member being unable to attend. Deputy Board members shall not be additional regular members of the Board, but rather temporarily act as representatives in the event of the temporary unavailability of a respective Board member, subject to any respective rights and obligations. Should a Board member leave their post before the allotted time, the corresponding deputy Board member shall be promoted to the Board.

Only persons who have been entrusted to represent a legal person may be elected to chair the Board and as (replacement) Board members. (4) The members of the Board shall be elected for a period of two years and may be re-elected. Every Board member shall remain in office until a new election is held.

(5) As a rule, the Board shall meet four times a year. The Chairperson of the Board shall convene meetings of the Board in writing, distributing a draft agenda. Proof of sending by fax or e-mail shall suffice to meet this requirement. The date should be agreed by the members of the Board. Any member of the Board may request that a Board meeting be convened, submitting the reasons in writing. Minutes of Board meetings shall be drawn up. (6) The Board shall take decisions by a simple majority of the votes cast. The Board shall be deemed to have a quorum if invitations have been issued in accordance with the regulations and at least three of its members or - if the members are unable to attend - their deputies [in accordance with Article 6(3)] are in attendance. Decisions shall be recorded in writing and signed by the Board members or confirmed by e-mail.

(7) To fulfil its duties the Board may employ staff. A Managing Director responsible for the daily running of the organisation may be appointed and dismissed by the Board. For certain business matters or certain types of business, the Board may give the Managing Director a power of attorney. Supreme responsibility for recruiting and supervising personnel may be

transferred to the Managing Director from their subordinates. Further details shall be stipulated in the Managing Director's contract.

(8) The person appointed as manager shall part in meetings with a consultative vote.

Article 7 The Treasurer(s)

(1) The Annual General Meeting shall elect two Treasurers and two Deputy Treasurers from amongst its number by a simple majority vote for a term of office of two years. Treasurers may not be members of the Board and shall be volunteers.

(2) The Treasurers shall be responsible for checking accounting records and for the correct booking of entries to the accounts in accordance with the regulations, and for monitoring the use of resources, and in particular establishing that resources have been disbursed in accordance with the articles of association and fiscal requirements.

(3) Audits shall be carried out once a year. The Treasurers shall inform the members at the following Annual General Meeting of the result of the financial audit. Their report shall be included in the minutes of the General Meeting.

Article 8 Financing

(1) The organisation shall levy membership dues which shall be set by the Annual General Meeting in a separate arrangement governing such contributions.

(2) The organisation may accept payments from third parties if their intended use corresponds with the purpose of its articles of association and does not restrict its independence.

Article 9 Written decision-making procedure

(1) The bodies of the organisation may take decisions by following a written procedure, in which case votes will be cast by submitting original documents or by sending a fax or e-mail.

(2) Written decision-making shall be organised by the Chairperson of the Board or by a person appointed by the Board for this purpose. The person in question must send details of the decision to be taken in a suitable form to the members of the respective body entitled to cast a vote.

(3) In the case of the Annual General Meeting, 20 full working days must elapse between the dispatching of the call for a decision to be taken and the final deadline specified in the call for votes to be cast. Where the other bodies are concerned, five full working days must elapse between the dispatching of the call for a decision to be taken and the final deadline specified in the call for votes to be cast.

(4) The call for a decision to be made must clearly state where the votes are to be sent.

(5) Decisions shall only be valid if 75% of the votes have been cast.

Article 10 Dissolution of the organisation

The organisation may be dissolved following a decision to that effect by the Annual General Meeting with a majority of more than 75% of the votes cast by those in attendance or represented by proxy (Article 5(7)).

Article 11 Language

The articles of association are shall be available in English and German. For the purposes of registration and interpretation, the German version shall have legal force.