

MEMORANDUM AND ARTICLES OF ASSOCIATION

HABITAT FOR HUMANITY POLAND

Chapter 1

GENERAL PROVISIONS

§ 1. Name

HABITAT FOR HUMANITY POLAND, hereinafter referred to as the „Foundation,” established by Kelly Koch and Debra Wilber (the „Founders”) with a notarial deed drafted by Sylwia Kubicka, a notary-at-law from a notarial office based in Warsaw, on November 22, 2002, Registry A no. 4330, operates under the Act on Foundations of April 06, 1984 (Dz.U. 91/46 item 203, as amended), and the provisions hereof.

§ 2. Geographic scope of business, registered office and business units of the Foundation

1. The Foundation may operate within the Republic of Poland and abroad.
2. The Foundation’s registered office is based in Warsaw.
3. For the purposes hereof the Foundation may establish branch offices and subsidiaries.

§ 3. Duration of the Foundation

The duration of the Foundation shall be indefinite.

§ 4. Operations of the Foundation

1. The Foundation conducts public benefit activities for the sake of the general public within the meaning of the Act on Public Benefit and Volunteer Work, dated April 24, 2003 (Dz. U. 2010, no. 234, item 1536, as amended).
2. Any income of the Foundation, as well as the surplus of revenue over expenses, shall be applied solely towards the public benefit work.

§ 5. Supervision over the Foundation’s operations

The Foundation’s operations shall be supervised by the minister in charge of infrastructure. As regards the Foundation’s operations as a public benefit organization, it is supervised by the minister in charge of social protection.

Chapter 2

PURPOSE AND ACTIVITIES OF THE FOUNDATION

§ 6. Goals and activities of the Foundation

1. The purpose of the Foundation is work in the field of social welfare, charity and philanthropy as well as health care that consists of inspiring, supporting and uniting all initiatives aimed to create decent places for

people to live, reside and protect their health.

2. The Foundation intends to help people experiencing difficult financial or life conditions which cannot be overcome with their own rights, resources and capabilities.
3. To fulfill its objectives specified herein, the Foundation shall conduct unpaid and paid public benefit work.
4. The Foundation's unpaid activities shall consist in:
 - A. social assistance to families and people in a difficult life situation by constructing modest yet adequate housing units or renovating them in order to provide equal chances to such families and people facing social exclusion (PKD 88.99.Z);
 - B. arranging financial, technical, material and equipment assistance to conduct construction ventures, incl. their direct and indirect financing (PKD 94.99.Z);
 - C. assistance to victims of accidents, natural disasters and war conflicts in country and abroad (PKD 88.99.Z);
 - D. employment support programs for the unemployed (PKD 94.99.Z);
 - E. activities towards social and occupational integration and reintegration of people at risk of social exclusion (PKD 94.99.Z);;
 - F. supporting the development of local communities (PKD 94.99.Z);;
 - G. promoting European integration, and developing relations and cooperation between societies (PKD 94.99.Z);
 - H. promoting and organizing volunteer activities (PKD 94.99.Z);
 - I. stimulating and supporting scientific/technical progress in residential construction, particularly energy saving and eco-friendly technologies (PKD 94.99.Z);
 - J. organizing meetings, seminars, trainings, lectures and international conferences (PKD 82.30.Z);
 - K. procuring financing from national and foreign sources (PKD 94.99.Z);
 - L. development and humanitarian aid outside Poland (PKD 94.99.Z);
 - M. help and support, including financial, for other organizations working towards the same objectives as the Foundation (PKD 94.99.Z);
 - N. cooperation with local self-government units to promote and build council houses intended for lease to low-income population (PKD 94.99.Z);
 - O. cooperation with local self-government units and institutions to provide health care services and social assistance by developing hospices and community day-care centers for children and the disabled (PKD 94.99.Z);
 - P. distributing obtained resources to partner organizations of Habitat for Humanity and others in Poland and abroad (PKD 94.99.Z).
5. The Foundation's paid activities shall consist in:
 - A. social assistance to families and people in a difficult life situation by developing modest yet adequate housing units or renovating them in order to provide equal chances to such families and people facing social exclusion (PKD 88.99.Z);
 - B. arranging financial, technical, material and equipment assistance to conduct construction ventures, incl. their direct and indirect financing (PKD 94.99.Z);
 - C. employment support programs for the unemployed, organizing and promoting volunteer activities (PKD 94.99.Z)
 - D. promoting and organizing volunteer activities (PKD 94.99.Z)

- E. organizing meetings, seminars, lectures, international conferences and training courses (PKD 82.30.Z);
 - F. help and support, including financial, for other organizations working towards the same objectives as the Foundation (PKD 94.99.Z);
 - G. cooperation with local self-government units to promote and build council flats intended for lease to low-income population (PKD 94.99.Z);
 - H. cooperation with local self-government units and institutions to provide health care services and social assistance by developing hospices and community day-care centers for children and the disabled (PKD 94.99.Z).
6. To meet the objectives specified herein, the Foundation will conduct business activity pursuant to the provisions of Chapter 5 hereof.
 7. In order to realize its statutory objectives the Foundation may establish or participate in the establishment of other entities and acquire shares in other entities.

Chapter 3

CAPITAL OF THE FOUNDATION

§ 7. Founding capital and other assets of the Foundation

1. The Foundation has a founding capital of PLN 2,000.00 (two thousand), specified in the notarial deed establishing the Foundation, as well as any property acquired in the course of its operations.
2. An amount of PLN 1,000.00 (one thousand) from the founding capital shall be applied towards the conduct of business activity.
3. The Foundation's capital cannot be:
 - A. used to grant loans or secure the obligations of its Founders, members or employees, as well as persons to whom the Founders, members of its governing bodies or employees are married, with whom they are in cohabitation, have a relation of collateral affinity up to the second degree, or a relation formed by adoption, care or guardianship (hereinafter jointly referred to as "close relatives");
 - B. paid or transferred to the Founders, members of its governing bodies or employees of the Foundation, or their close relatives, upon different principles from those applying to third parties, especially free of charge or based upon preferential treatment;
 - C. used to the benefit of the Founders, members of its governing bodies or employees of the Foundation, or their close relatives, upon different principles from those applying to third parties, unless a given use results from any objective specified herein;
 - D. used to purchase goods or services from entities in which the Founders, members of its governing bodies or employees of the Foundation, or their close relatives have interest, upon different principles from those applying to third parties or at prices higher than standard market prices.

§ 8. Income of the Foundation

1. The Foundation's income comes from:
 - A. donations, inheritance and bequest;
 - B. income from movable and immovable property;

- C. subsidies and subventions from legal entities;
 - D. fund-raising and public events;
 - E. business activities.
2. The income of the Foundation shall be applied solely towards the promotion of its statutory activities and to cover the costs of the Foundation's operations.

§ 9. Finances of the Foundation and bookkeeping records

- 1. The Foundation manages its financial issues and keeps accounts pursuant to mandatory provisions of law.
- 2. Paid and unpaid public benefit work are separated to determine the revenue, cost and profit/loss of each of them.

Chapter 4

GOVERNING BODIES OF THE FOUNDATION

§ 10. Management Board and Supervisory Council of the Foundation

- 1. The Foundation's governing bodies are:
 - A. The Management Board acting as the managing/executive body;
 - B. The Supervisory Council acting as the supervising body.

§ 11. Members of the Management Board and their term of office

- 1. The members of the first Management Board shall be elected and dismissed by the Founders.
- 2. In case of cessation of Board membership for reasons specified in section 5 below, a given Board Member may be replaced with a new Board Member by a resolution of the Supervisory Council upon recommendation by the Management Board Chairperson
- 3. The Foundation's Management Board shall consist of no less than two members.
- 4. The Management Board shall be appointed for an indefinite term.
- 5. The Management Board membership shall cease in case of:
 - A. a dismissal by the Supervisory Council;
 - B. a Board Member's death;
 - C. a Board Member's resignation.
- 6. A person may not be appointed as a Board Member if s/he has a record of final conviction for an intentional indictable offence or a tax offence.
- 7. A Management Board Member may be dismissed in case:
 - A. the Board Member starts a job which precludes adequate performance of the Board Member function;
 - B. the Management Board Member's disease, disability or infirmity makes the Member permanently incapable of performing the function of a Board Member;
 - C. the Management Board Member has failed to meet his/her obligations;
 - D. the Management Board Member is convicted in a final verdict of an intentional indictable offence or a tax offence;
 - E. the Management Board Member has considerably violated the provisions of the Memorandum and Articles of Association hereof.

8. The Supervisory Council may also appoint a new member of the Management Board based on the recommendation of the Chairperson of the Board, expanding the composition of the current Management Board without prior resignation of any of the other members

§ 12. Authority of the Management Board and mode of operation

1. The Foundation's Management Board shall manage the Foundation's operations and represent it (outward).
2. The Management Board shall make any decisions related to the Foundation except for those that constitute the exclusive authority of the Supervisory Council. In particular the Management Board shall be authorized to:
 - A. prepare programs, yearly and long-term financial plans for the Foundation and take all actions to implement those plans;
 - B. manage the Foundation's assets;
 - C. accept subventions, donations, inheritance and bequest;
 - D. determine the number of the Foundation's employees and the resources for their remuneration
 - E. draft reports about Foundation's activities;
 - F. manage the Foundation's business activities;
 - G. prepare information and reports as requested by the Supervisory Council;
 - H. make proposals to the Supervisory Council considering issues that are within the authority of the Supervisory Council;
 - I. implement the decisions of the Supervisory Council.
3. Management Board meets as needed, but not less than once a month. A meeting of the Management Board is duly held if two members of the Management Board are present.
4. A meeting of the Management Board shall take decisions by resolutions with a simple majority of the votes of its members. The vote of the Chairman of the Management Board shall be decisive in the event votes are divided equally.

§ 13. Authority of the Management Board Chairperson

1. The Management Board is presided by a Chairperson, appointed by the Supervisory Council. The Chairperson shall be the National Director of the Foundation.
2. The Chairperson of the Management Board is authorized to:
 - A. call the meetings of the Management Board;
 - B. determine the remuneration of all employees of the Foundation and sign employment contracts with them.
 - C. Make statements of intent and contract obligations, execute agreements and sign all documents on behalf of the Foundation;
 - D. organize and manage the day-to-day operations of the Foundation.

§ 14. Supervisory Council Members and their term of office

1. The Foundation's Supervisory Council shall consist of no less than two members. The first Supervisory Council is appointed by the Management Board, Extension of term of office of existing members and appointment of

consecutive members of the Supervisory Council is done by the Supervisory Council based on its resolution by majority vote for a three [3]-year term expiring as of the examination date of the report for the final year of the term of office.

2. A person may not be appointed as a Supervisory Council Member if s/he:
 - a. acts as the Foundation's Management Board member or is married to, in cohabitation with, or in a relation of affinity, kinship or professional subordination with a Management Board Member;
 - b. has a record of final conviction for an intentional indictable offence or a tax offence.
3. Membership in the Supervisory Council shall cease before the term of office expiration in case of:
 - a. a dismissal by the Supervisory Council;
 - b. a Supervisory Council Member's death;
 - c. a Supervisory Council Member's resignation.
4. A Supervisory Council Member may be dismissed in case:
 - a. the Supervisory Council Member's disease, disability or infirmity makes the Member permanently incapable of performing the function of a Board Member;
 - b. the Supervisory Council Member has failed to meet his/her obligations;
 - c. the Supervisory Council Member is convicted in a final verdict of an intentional indictable offence or a tax offence;
 - d. the Supervisory Council Member has considerably violated the provisions of the Memorandum and Articles of Association hereof.

§ 15. Authority of the Supervisory Council and mode of operation

1. The Foundation's Supervisory Council is a supervisory body which suggests actions, supervises and controls the Foundations' operations. The Supervisory Council assists the Management Board with advice whenever it deems necessary or whenever the Management Board asks for advice. The Supervisory Council initiates actions pursuing the authority under point 2 hereafter.
2. The Supervisory Council shall be responsible for:
 - A. adopting resolution regarding the reorganization, merge or liquidation of the Foundation, the establishment, suspension and liquidation of representative offices, branches or other legal entities;
 - B. approving the Foundation's strategic direction and allocation of accumulated resources
 - C. reviewing and approving the Foundation's long-term and annual operational plans and budgets;
 - D. ; reviewing and approving the Foundation activity reports and annual financial statements;
 - E. determining the remuneration of the Chairperson of the Management Board and signing the employment contract with him/her;
 - F. adopting internal rules and regulations for the Management Board;
 - G. appointing independent external auditors;
 - H. adopting internal rules and regulations to manage the Supervisory Council's activities.
3. In order to perform its tasks and obligations, the Supervisory Council shall be entitled to:
 - a. demand that the Foundation's Management Board presents all documents and other materials related to the Foundation's operations in any field;
 - b. demand that the Management Board and the Foundation's employees present relevant reports and offer sufficient explanation;

- c. review assets and conduct financial inspections.
- 4. The Supervisory Council Members are entitled to the reimbursement of reasonable expenses for performing their functions in an amount not greater than the average monthly salary in the enterprise sector as announced by the Central Statistical Office for the previous year.
- 5. At its first meeting, the Foundation's Supervisory Council shall appoint a Chairperson of the Supervisory Council.
- 6. The Supervisory Council shall meet not less frequently than once a year or whenever the Chairperson of the Supervisory Council convenes a meeting. The Chairperson shall inform all members of the Supervisory Council of the meeting date, hour and agenda at least fifteen (15) days before the date of the meeting.
- 7. The Supervisory Council may pass resolutions by correspondence, email, telephone meetings or any other means of telecommunication.
- 8. A meeting of the Supervisory Council is duly held if at least two (2) members of the Supervisory Council are present. The Supervisory Council decides by simple majority in the presence of at least half of the members unless stipulated differently in these Memorandum and Articles of Association. Each member of the Supervisory Council has one vote. Resolutions of the Supervisory Council should be recorded, signed by all members and filed.

Chapter 5

BUSINESS ACTIVITY

§ 16. Business activity of the Foundation

- 1. The Foundation's business activity may involve production and service operations within the following scope:
 - a. 17.23.Z – Manufacture of paper stationery;
 - b. 18.12.Z – Other printing;
 - c. 46.13.Z – Agents involved in the sale of timber and building materials;
 - d. 47.71.Z – Retail sale of clothing in specialized stores;
 - e. 47.99.Z – Other retail sale not in stores, stalls or markets;
 - f. 58.19.Z – Other publishing activities;
 - g. 59.20.Z – Sound recording and music publishing activities;
 - h. 63.99.Z – Other information service activities n.e.c.(not classified elsewhere);
 - i. 64.19.Z – Other monetary intermediation;
 - j. 66.12.Z - Brokerage activity related to the market of securities and commodities;
 - k. 66.19.Z – Other activities auxiliary to financial services, except insurance and pension funding;
 - l. 68.10.Z – Buying and selling of own real estate;
 - m. 68.20.Z – Renting and operating of own or leased real estate;
 - n. 68.32.Z – Management of real estate on a fee or contract basis;
 - o. 73.1 – Advertising;
 - p. 74.10.Z – Specialised design activities;
 - q. 74.90.Z – Other professional, scientific and technical activities n.e.c.;
 - r. 77.40.Z – Leasing of intellectual property and similar products, except copyrighted works;
 - s. 82.91.Z – Activities of collection agencies and credit bureaus;
 - t. 82.99.Z – Other business support service activities n.e.c.

- u. 47.79.Z – retail sale of used articles (including those from donations) carried out in specialized stores;
 - v. 47.19.Z – other retail sales in department stores;
 - w. 47.91.Z – retail sales via mail order houses or the Internet;
 - x. 85.59.B – other non-school forms of education, not classified elsewhere;
 - y. 95.24.Z – repair and maintenance of furniture and home furnishings;
 - z. 95.29.Z – repair of other personal and household goods.
2. Business activity is complementary to the statutory activities of the Foundation. Any income from the Foundation’s business activity shall be applied solely towards the promotion of the statutory activities of the Foundation.
 3. Business operations listed in Chapter 5 are separated from other activities of the Foundation for accounting purposes to allow calculating of revenue, costs and profit/loss pursuant to bookkeeping regulations, and may be carried out only in volumes that serve the realization of the statutory goals of the Foundation.
 4. The Foundation may conduct business activity directly or through separate entities pursuant to applicable legal provisions.
 5. The Management Board shall make any decisions to commence or cease business activities, as well as decisions on their type and forms.

Chapter 6

CHANGES IN THE FOUNDATION’S MEMORANDUM AND ARTICLES OF ASSOCIATION

§ 17. Changes in the Foundation’s Memorandum and Articles of Association

1. Changes in the Memorandum and Articles of Association may entail changes to the Foundation’s objectives.
2. Any changes in the Memorandum and Articles of Association shall be adopted in a unanimous resolution of the Supervisory Council.

Chapter 7

MERGER WITH ANOTHER FOUNDATION

§ 18. Merger with another foundation

1. To efficiently pursue its objects, the Foundation may be merged with another foundation having objects similar to the objects of the Foundation, upon the conditions defined by the parties.
2. The Foundations cannot be merged if that results in a change to its objectives.
3. A decision to merge the Foundation with another shall be made by the Supervisory Council through a unanimous resolution.

Chapter 8

LIQUIDATION OF THE FOUNDATION

§ 19. Liquidation of the Foundation

1. The Foundation shall be liquidated if the objectives for which it has been established are fulfilled or its financial resources and assets have been exhausted.
2. A decision to liquidate the Foundation shall be made by the Supervisory Council through a unanimous resolution.

§ 20. Manner of liquidation

1. The liquidator shall be selected by the Management Board.
2. The liquidator shall be responsible primarily for:
 - a) submitting an application for initiating liquidation proceedings with a relevant district court;
 - b) using press announcements to call the Foundation's creditors to lodge their claims within 3 months of the announcement date;
 - c) preparing the liquidation's opening balance and a list of creditors;
 - d) devising the liquidation's financial plan and a claim satisfaction plan;
 - e) collecting receivables, meeting all obligations and monetizing the Foundation's assets;
 - f) after the satisfaction of all its debts and liabilities – transferring any remaining assets to relevant institutions;
 - g) informing a relevant court of the end of the liquidation process and submitting an application to remove the Foundation from the register;
 - h) delivering the Foundation's documents to the State Archive.

§21. Property left following the Foundation's liquidation

The assets remaining after the liquidation of the Foundation, , shall be transferred to other institutions, operating on the territory of Poland with objectives similar to the objectives of the Foundation.