

RESOLUTION

of the Members' Meeting
of the
EUROPEAN FORUM for RECIPROCATING COMPRESSORS e.V. (EFRC)
on 26 April 2002

Under EFRC statutes, one of the purposes of EFRC is to promote research on reciprocating compressors. To pursue this goal in an effective way that involves both the Executive Committee and the members, an **R&D Working Group** shall be set up in accordance with the provisions below:

Article I **Membership**

- (1) Membership in the R&D Working Group is open to all EFRC members.
- (2) Membership registrations can be filed directly with the Chairman of the R&D Working Group.
- (3) Registration for the R&D Working Group shall be binding on registering members for at least one work year of the R&D Working Group or longer if the registration indicates a longer period.

Article II **Procedure for Constituting the R&D Working Group**

- (1) All EFRC members are invited to take part in the constitutive R&D Working Group.
- (2) Peter STEINRÜCK, a member of the EFRC Executive Committee, shall be named as Chairman of the constitutive R&D Working Group.
- (3) EFRC members interested in joining the constitutive R&D Working Group must submit their registrations to the attention of the Chairman within one month after his formal invitation to do so.
- (4) The Chairman must then call a meeting of the members of the constitutive R&D Working Group within one month after the passing of the deadline set in paragraph (3) above. The provisions of Article VI and of Section 11 of the EFRC statutes, to the extent that these

latter provisions do not deviate from the former provisions, are to be applied *mutatis mutandis* at this meeting.

(5) The meeting of the constitutive R&D Working Group shall decide the following by simple majority:

- a) the budget for the first work year (short work year) of the R&D Working Group and
- b) the contribution the individual members of the R&D Working Group are to render for this first (short) work year.

(6) The constitutive R&D Working Group shall end on 31 December 2002 to be transformed on 1 January 2003 into the R&D Working Group.

Article III

Contributions by Members of the R&D Working Group

(1) The meeting of the constitutive R&D Working Group and the Annual Meeting of the R&D Working Group shall establish the conditions of membership for individual members of the R&D Working Group.

(2) The contributions to be rendered by the various R&D Working Group members may vary in amount and nature (contributions in kind, monetary payments).

(3) These membership contributions shall be set by the passing of a resolution by simple majority vote without prejudice to the goal of passing the resolution unanimously if at all possible.

(4) EFRC members who have registered for membership in the R&D Working Group and who have thereby indicated maximum limits for their contributions for one work year shall be entitled to declare their unwillingness to pay more than this maximum amount named should the R&D Working Group impose the payment of a higher contribution on them. If the Annual Meeting nonetheless imposes the payment of a higher contribution on such a member, he/she shall be entitled to declare his/her withdrawal from the R&D Working Group.

(5) A member's entitlement to exercise the rights of membership in the R&D Working Group and all other rights arising from membership, in particular the right to commercial exploitation of work results, shall be contingent on his/her rendering the contribution (monetary payments and/or in-kind contribution) imposed upon him/her. Until such time as the member pays this contribution to the full extent due, he/she shall not be entitled to exercise the rights arising from the R&D Working Group nor shall he/she be entitled to utilize the related work results.

(6) The Annual Meeting must determine the due date for the member contributions.

(7) After the contributions are set, each member of the R&D Working Group must sign a Participation Agreement stipulating the following:

- a) The obligation to render the contribution;
- b) The obligation to support the work of the R&D Working Group;
- c) The written confirmation that the member has taken note of the meeting's resolutions pertaining to the above points.

Article IV
Work Year

The work year of the R&D Working Group shall be the calendar year.

Article V
Chairman

(1) The Chairman of the R&D Working Group shall be elected by the EFRC Members' Meeting.

(2) The Chairman shall serve a three-year term unless the Members' Meeting stipulates a different term. He/she shall in any case remain in office until a new Chairman has been named.

(3) The Chairman represents the R&D Working Group in relation to EFRC and in relation to third parties.

(4) To the extent that the Chairman of the R&D Working Group has actions to take as a representative on behalf of EFRC under the provisions of this Resolution, the EFRC Executive Committee shall grant him/her a written power of attorney indicating his/her authority to represent EFRC.

(5) The Chairman must respect and implement the resolutions passed by the Annual Meeting of the R&D Working Group.

Article VI
Members' Meeting

(1) The members of the R&D Working Group must hold an Annual Meeting every year.

(2) The Annual Meeting shall, if at all possible, take place every calendar year in the period between October 1st and December 15th.

(3) The Annual Meeting shall be convened by the Chairman. The invitation must go out to every member of the R&D Working Group and to all other EFRC members.

(4) The invitations must be mailed by 30 days before the date of the Annual Meeting at the latest. They must indicate the exact time and venue of the Annual Meetings and the agenda of the meeting.

(5) Every member of the R&D Working Group shall be entitled to ask the Chairman in writing to include further items in the agenda. This request must be received by the Chairman at the latest four working days prior to the meeting.

(6) The meeting shall constitute a quorum if at least one half of the members are present or duly represented. If this quorum is not attained, the provision in Section 10 para. (7) of the EFRC statutes shall be applied *mutatis mutandis*.

(7) Besides the Annual Meetings, a meeting must be held if at least one third of the EFRC members so request. The Chairman shall also be entitled to convene a meeting of this type at any time if he/she deems this action warranted.

(8) The Chairman shall chair the meeting. If he/she is unable to attend, the oldest member present shall chair the meeting.

(9) The meeting shall pass its resolutions by a simple majority vote unless otherwise stipulated.

(10) Each member has one vote.

Article VII

Tasks to be Performed by the Meeting

(1) The meeting has the following responsibilities:

- 1.) To make a pre-selection from among the projects proposed;
- 2.) To determine the promoter for each project;
- 3.) To vote on the selection and execution of projects;
- 4.) To fix the contributions members are obliged to pay;
- 5.) To set the budget for the following work year;
- 6.) To vote on the annual work program of the R&D Working Group.

(2) Votes by the meeting on alterations in the budget and in the work program of the R&D Working Group require a majority of two thirds of all members of the R&D Working Group and in any case, the approval of members of the R&D Working Group on whom higher contributions would be imposed as a result of the resolution.

Article VIII
Written Voting Procedure

Members of the R&D Working Group can conduct written votes on resolutions as long as all members of the R&D Working Group participate in these votes and no member objects to the use of a written voting procedure.

Article IX
Research Projects

(1) The R&D Working Group has the task of selecting research projects and awarding contracts for the execution of these research projects.

(2) The research contractors assigned to execute these research projects need not be EFRC members.

(3) The research contractors shall be instructed to report to the R&D Working Group on an ongoing basis as to the progress being made and the results/intermediate results being achieved in the projects.

(4) Research contracts must be awarded in the name of EFRC. Besides being signed by the Chairman of the R&D Working Group, they must also be signed by the EFRC Executive Committee in the quorum required for power of representation.

Article X
Project Selection and Budgeting

(1) Each EFRC member shall be entitled to approach the R&D Working Group about research projects ("Projects"), submitting them to the attention of the Chairman ("Suggested Projects").

(2) The R&D Working Group must make a pre-selection from among the suggested projects by written vote or at a meeting ("Pre-selected Projects") and must name a promoter for each pre-selected project.

(3) For the purpose of this pre-selection, the Chairman shall notify the R&D Working Group of the suggested projects.

(4) The promoter, who shall either be an EFRC member or a close associate of an EFRC member, shall choose and propose a contractual partner for the preparation of a formal project proposal.

(5) The formal project proposal must contain the following:

- Scope
- Target

- Deliverables
- Resources
- Cost
- Work plan
- Duration
- Potential funding
- Reporting (minimum quarterly intermediate reports)

The “Standard EFRC Project Application Form” must be used for this purpose.

(6) The projects must be prepared in such a way that they are divided into annual phases, so that an application for these phases can be submitted each work year.

(7) Formal project proposals must be discussed and selected at the Annual Meeting following their submission. The budget for the given project must also be fixed at this time.

(8) Projects must be selected on the basis of their attractiveness and on the basis of the total contributions the members of the R&D Working Group must render or commit to for these projects.

(9) All selected projects as a whole constitute the Annual R&D Work Program.

(10) The persons eligible to participate in and vote at the Annual Meeting where the Annual R&D Work Program is voted on are the members already in the R&D Working Group as well as the EFRC members who have registered for membership at the latest by the start of this Annual Meeting.

(11) The meeting must vote on the annual contributions. Changes in these contributions may only be made in accordance with Article VII. para. (2).

Article XI
Criteria for Project Selection

To be included in the Annual R&D Work Program, projects must meet the following criteria:

- Conform with the EFRC statutes
 - improve attractiveness of reciprocating compressors
 - improve product safety, reliability and service life
 - create an in-depth understanding of functions and principles
- Emphasize future aspects
- The projects must be of common interest; more than one EFRC member must be willing to invest in the project in the form of contributions.
- Have no substantial impact/advantage for a single partner
- Have a reasonable chance of success.

Article XII
Project Results, Intellectual Property

(1) The EFRC shall be entitled to all rights, in particular exploitation rights to the work results of the R&D Working Group, as well as incorporeal rights (rights to intellectual property) to the extent permitted in law.

(2) Members who have belonged to the R&D Working Group for the duration of a given project and who have rendered their contributions in full shall receive a documentation of the results and shall be granted the corresponding license rights free of charge.

(3) Members who have not belonged to the R&D Working Group for the duration of a given project shall have the opportunity to acquire these license rights the same as the members who have belonged to the R&D Working Group for the duration of a given project by rendering a mutually agreed upon monetary contribution or contribution in kind to EFRC.

(4) Licenses granted to the members in this way shall be non-transferable. The member shall therefore not be entitled without the written approval of EFRC to pass these licenses on in full or in part to third parties. No member has an automatic claim to receive such approval from EFRC.