

Principles

Interaction

The highest normative orientational framework for all foundation activities¹ is determined solely by 3 *principles*. These principles have a reciprocal, interactive interdependency. Only foundations that simultaneously adhere to all 3 principles of good foundation conduct can meet the requirements for contemporary foundation governance.

¹ Where in the following there is mention of the *activities of the foundation*, this does not refer solely to the actions of the foundation board, rather this is also understood as reference to the actions of each member of management and all other functionaries of the foundation.

PRINCIPLE 1: IMPLEMENTATION OF THE FOUNDATION'S PURPOSE

A foundation implements its purpose in a contemporary manner and in the most efficient and effective way possible.

The starting and reference point for all foundation activities is the founder's intent. The governing bodies of the foundation have the duty to bring this intent to bear in the form of constantly reinterpreting and implementing this intent in a contemporary manner and in accordance with current requirements. The more efficiently and effectively this is done the better they fulfil the mandate issued by the founder, as is manifested in the foundation charter and in particular in the foundation purpose. This applies to the organisation of the foundation and its grant-making activities, as well as to the management of the foundation's assets. As the highest governing body, the foundation board must ensure that all activities of the foundation are aimed at the optimisation of impact.

PRINCIPLE 2: CHECKS AND BALANCES

Using appropriate organisational measures, a foundation ensures that there is a balanced relationship between leadership and control for all key decisions and processes.

A foundation has no owner, no members and no shareholders. It therefore has no pre-existing instrument of control, such as for example a members' meeting is for an association or a general shareholders' meeting is for a limited company. A foundation is not owned by any third party, but rather in a sense belongs to itself. For this reason it must assume responsibility for the necessary separation of the powers that, on the one hand, lead it and, on the other, control its leadership. Due to the fact that the foundation board is responsible for foundation leadership, it is also responsible for the organisation of leadership controls – including of itself.

PRINCIPLE 3: TRANSPARENCY

A foundation maintains the highest possible degree of transparency with regard to its guiding principles, objectives, structures and activities.

Grant-making foundations are as a rule tax-exempt and their activities involve them in the dynamics of social processes. As creative protagonists in civil society, grant-making foundations play a role that stretches beyond their own significance. For these reasons alone foundations must ensure that they meet the requirements for transparency, not only internally but also externally. In addition, a foundation can only meet the highest requirements, for instance with regard to grants, employees, projects, beneficiaries or cooperation partners, if these are visible. The foundation board is responsible for actively informing the general public in the most comprehensive way possible of the foundation and its work and activities. In this way it enables an exchange of information with the various stakeholder groups of the foundation, in particular its beneficiaries.