

*****Important note to reader:** this document is a courtesy English translation of the IOTA Foundation's official charter. The official charter was concluded in the German language and approved by the competent German regulatory authorities. In case of any disagreement between the official German text and the current translation, the official German text will prevail. Comments inserted in square brackets [example comment] are NOT part of the original German text but merely editorial notes intended to aid understanding.***

CHARTER

Section 1

Name, legal form. seat

- (1) The Foundation shall bear the name IOTA Foundation.
- (2) It is an incorporated foundation under civil law, domiciled in Berlin.
- (3) The bodies of the Foundation are
 - a) the Governing Board
 - b) the Supervisory Board, and
 - c) the Advisory Board.

Section 2

Purpose

- (1) The IOTA Foundation shall pursue exclusive and directly charitable purposes within the meaning of the section on tax-privileged purposes in the Tax Code (Abgabenordnung)
- (2) The purposes of the Foundation shall be:
 - a) promotion of science and research, in particular in the field of information technology;
 - b) promotion of public and professional education, in particular in the field of digitization and application of modern software;
 - c) procurement and transfer of funds to promote the above purposes through another entity or through a juristic person incorporated under public-law [e.g. a public university]; procurement of funds for an ordinary private-law corporation [e.g. a GmbH] requires that it enjoys tax-exempt status itself [e.g. as evidenced by a tax-exemption declaration from the competent tax authority].

In particular, to further develop so-called "open source" software in the field of blockchain and distributed ledger technology.
- (3) The purpose of the Charter shall be realized in particular by
 - a) supply and public provision of the existing software and its further development for free use, e.g. on web pages of the IOTA Foundation, with the aim of further developing the

software by its users in accordance with the public domain license and therefore stimulating learning and further development of the user's programming skills as well as the development of special programming capabilities;

- b) establishment and operation of communication forums for mutual support and therefore training and further development of programming skills;
- c) awarding research contracts;
- d) granting of awards or scholarships to individuals who facilitate or contribute to the further development of the software, or financial grants to tax-privileged legal entities that facilitate or contribute to the further development of the software;
- e) organization of events and meetings of users and interested parties for the exchange of information, advocacy, advice and training.

Section 3

Application of funds

- (1) The Foundation's activities are altruistic; it does not primarily pursue its own economic purposes.
- (2) Foundation funds may be used for Charter purposes only.
- (3) No person may benefit from expenses that are foreign to the purpose of the Foundation or benefit from disproportionately high compensation.
- (4) Foundation funds may also be used to a reasonable extent in the context of the Foundation's purpose for its publicity work.
- (5) The founders and their heirs/legal successors shall not receive any grants from Foundation funds.

Section 4

Assets

- (1) The Foundation is endowed with Foundation assets consisting of an initial endowment and consumable assets, as defined in further detail in the Foundation Deed. The Foundation is structured as a hybrid foundation.
- (2) The value of the endowment shall be preserved permanently and without any reductions and shall be invested to generate returns. The consumable assets can be consumed in whole or in part to realize the purposes of the Foundation.
- (3) The Foundation's assets may be regrouped. Any gains from regrouping the endowment shall be added to the endowment. The Governing Board may decide that they may be used in whole or in part to fulfill the purposes of the Foundation. Any gains from regrouping the consumable assets shall be added to the consumable assets. The Governing Board may

decide that they may be allocated to the endowment in whole or in part so as to ensure the long-term sustainability of the Foundation.

- (4) Contributions shall be allocated to the endowment if the benefactor has explicitly intended them to increase the Foundation's basic endowment which must be maintained (endowment contributions). The Foundation shall have right, but not the duty, to accept endowment contributions. Other contributions may be added to the endowment to the extent permitted under the laws governing non-profit organizations.
- (5) Contributions shall be allocated to the consumable assets if the benefactor has explicitly intended them to increase the consumable assets. The Foundation shall have the right, but not the duty, to accept contributions to the consumable assets.

Section 5

Use of assets

- (1) The Foundation shall perform its tasks using the yields from the endowment, the consumable assets, any contributions not subject to Section 4 (4) or (5), as well as from gains from regrouping the basic assets if so decided by the Governing Board.
- (2) Reserves may be created to the extent permitted by the provisions of tax law regarding Foundations pursuing tax-privileged purposes. The Governing Board may transfer free reserves to the Foundation's assets. In the year of establishment as well as in the three calendar years thereafter, any surpluses from asset management and gains from economic operations pursuant to Section 14 AO (Tax Code) may be added to the Foundation's assets in whole or in part.
- (3) There shall be no legal entitlement to receive benefits from the Foundation. In particular, the repeated granting of benefits by the Foundation shall not give rise to any entitlement to such benefits from the Foundation. This shall be decided by the competent bodies only.

Section 6

Governing Board members

- (1) The Foundation's Governing Board shall consist of at least two individuals, i.e. the Chairperson and the Deputy Chairperson. In addition, up to 15 additional persons may be appointed as members of the Governing Board.
- (2) The number of associate members shall be determined by the Founder Dominik Schiener during his lifetime. In the event of his death or waiver of this right, the right of determination shall fall to the Founder David Sønstebø. If the latter also dies or has waived his right of determination, the number of associate members shall be determined by resolution of the Supervisory Board to be adopted with a simple majority of its members.

- (3) The members of the Governing Board within the meaning of paragraph 1 shall also be designated by the Founder Dominik Schiener during his lifetime. The provisions in Section 6 (2) sentences 2 and 3 apply accordingly.
- (4) The Founders may waive their respective right of determination pursuant to Section 6 (2) as well as their right of designation pursuant to Section 6 (3) by a written declaration to the Foundation Supervisory Authority [German: "Stiftungsaufsichtsbehörde", which is the competent foundation oversight authority under German law]. The Founders' respective rights shall expire upon death, appointment of a legal guardian, or determination of legal incapacity.
- (5) If the Founders' respective rights expire in accordance with Section 6 (4), the Governing Board shall be elected by the Supervisory Board for a term of three years. Re-election is permissible. After expiry of its term of office, the incumbent Governing Board will continue to manage the business until a new governing board has been elected.
- (6) The members of the Governing Board may be dismissed by the Supervisory Board prior to the completion of their full term of service for good cause only. The Governing Board member concerned shall first be given the opportunity to comment. The rights of the Foundation Supervisory Authority shall not be affected.
- (7) If a Governing Board member leaves his/her office early, a substitute member shall be appointed pursuant to Section 6, (2) through (5). Until supplemented or upon a resolution reducing the number of members, the number of members of the Governing Board shall be reduced by the number of persons leaving.
- (8) The members of the Governing Board may receive appropriate compensation for their activities if permitted by the Foundation's funds. The Supervisory board shall have final approval over the granting of compensation to the Governing Board and the corresponding contractual arrangements. Moreover, the members of the Governing Board may be reimbursed for necessary and demonstrated costs and expenses incurred because of their activities for the Foundation.
- (9) The initial Governing Board shall be appointed by the Founders. The Founder Dominik Schiener may be appointed as the Chairperson of the Governing Board for life, and the Founder David Sønstebø as Deputy Chairperson for life. The appointment of further members of the Governing Board shall be subject to Section 6, (2) through (5).
- (10) The office of a member of the Governing Board shall end upon death, appointment of a legal guardian, or determination of legal incapacity and may be resigned from at any time. This shall also apply to the Founders themselves.

Section 7

Tasks of the Governing Board

- (1) The Governing Board shall ensure the lasting and sustainable fulfillment of the Foundation's purposes. It shall take responsibility for the management of the Foundation's business within

the framework of this Charter. It shall be obligated to manage the Foundation's assets and other means in a diligent, economical and efficient manner.

- (2) The Governing Board shall draw up a budget at the beginning of each fiscal year.
- (3) The Governing Board shall represent the Foundation in and out of court with at least two of its members. One such member must be the chairperson or the deputy chairperson of the Governing Board. Individual members of the Governing Board may be given the power of individual representation by resolution of the Governing Board with the approval of the Supervisory Board.
- (4) The Governing Board shall prepare annual financial statements upon the close of each fiscal year, consisting of an annual statement with balance sheet and a report on the fulfillment of the purposes of the Foundation. The Governing Board shall keep its books in accordance with the generally accepted accounting principles.
- (5) To prepare its resolutions and to carry out its current transactions, the Governing Board may appoint a manager and consult experts.
- (6) The Governing Board may by resolution determine individual areas of tasks or responsibilities and adopt rules of procedure.
- (7) The Governing Board may also set up local chapters and/or committees if this is pertinent to promoting the Foundation's purpose. The Governing Board may appoint individuals or legal entities as members of such local chapters and committees. The Governing Board may issue rules of procedure for such local groups and committees and therein may also regulate the periods of time and the manner in which the local groups and committees must report to the Governing Board on their work.

Section 8

Governing Board resolutions

- (1) The Governing Board shall be called to order by its Chairperson - in his/her absence by his/her Deputy Chairperson - at least twice per calendar year in writing, specifying the individual agenda items. The notice period shall be no less than two weeks. The Governing Board shall furthermore be called to order if a member requests this in writing; such request shall indicate the matter to be deliberated.
- (2) The Governing Board shall have a quorum if more than half of its members are present.
- (3) Unless provided otherwise in the Charter, the Governing Board shall adopt resolutions with a majority of its members present. In case of a parity of votes, the Chairperson shall cast the deciding vote. A member of the Governing Board may be represented at the meeting by another member of the Governing Board under a power of attorney, which must be made available in written form; in such case, the proxy shall also be entitled to exercise the voting rights of the member of the Governing Board. No member of the Governing Board may represent more than one other member of the Governing Board.

- (4) If no member objects, resolutions may also be adopted in writing, by telex or phone or by way of audiovisual means (also by fax, e-mail and/or other electronic transmission). The resolutions shall be adopted with a simple majority. In case of a parity of votes, the Chairperson shall cast the deciding vote.
- (5) Resolutions adopted by the Governing Board shall be recorded in minutes, which shall be signed by the chair of the meeting and the secretary, who shall be appointed at the start of the meeting. All Governing Board resolutions shall be collected and retained throughout the existence of the Foundation. The provisions of this paragraph 5 shall not be a condition for the validity of a resolution.

Section 9

Supervisory Board members

- (1) The Supervisory Board shall consist of no less than two and no more than seven members. They must be individuals and must not also be members of the Governing Board.
- (2) Members of the Supervisory Board shall be appointed for a term of five years. However, they shall retire from the Supervisory Board upon turning sixty years of age. The initial Supervisory Board shall be appointed by the Founders.
- (3) The Supervisory Board shall elect a Chairperson and a Deputy Chairperson from among its members, for a term of five years. They may be re-elected. The Chairperson and the Deputy Chairperson shall remain in office even after the expiry of their term of office until new appointments have been made to their roles.
- (4) The number of members as well as the members of the Supervisory Board shall be determined by the Founder Dominik Schiener during the lifetime. In the event of his death or waiver of this right, the right of determination shall fall to the Founder David Sønstebø. If the latter has also died or waived his right of determination, the number and members of the Supervisory Board shall be determined by the Advisory Board.
- (5) The members of the Supervisory Board may only be recalled from office for good cause by the Foundation Supervisory Authority or by the Advisory Board – or, in accordance with the following provisions, during his lifetime by the Founder Dominik Schiener or by the Founder David Sønstebø. The Founder Dominik Schiener may dismiss members of the Supervisory Board during his lifetime only for good cause. After his death or waiver of said right, the right of recall shall fall to the Founder David Sønstebø, until he has either passed away or waived his right of recall.
- (6) The Founders may waive their respective rights pursuant to Section 9 (4) and (5) by a written declaration to the Foundation Supervisory Authority. The Founders' respective rights shall expire upon death, appointment of a legal guardian, or determination of legal incapacity.
- (7) The members of the Supervisory Board may receive appropriate compensation for their activities if permitted by the Foundation's funds. The decision on compensation and the contractual content shall be made by the Founder Dominik Schiener during his lifetime. The

provisions of Section 9 (4) through (6) shall apply accordingly. If the Founders' rights expire, the Advisory Board shall make the decision.

The compensation agreement must be concluded in writing, whereby the Foundation shall be represented by the Governing Board in this contractual relationship. Moreover, the members of the Supervisory Board may be reimbursed for necessary and demonstrated costs and expenses incurred because of their activities for the Foundation.

- (8) The Supervisory Board shall adopt its rules of procedure with a majority of 75% of the votes of its members.
- (9) In its dealings vis-à-vis the Governing Board, the Foundation shall be represented jointly by two members of the Supervisory Board, one of whom must in all instances be the Chairperson or the Deputy Chairperson.

Section 10

Tasks of the Supervisory Board

- (1) As an independent supervisory body, the Supervisory Board shall supervise the management by the Governing Board and shall take care in particular that the Governing Board ensures the permanent and sustainable fulfillment of the Foundation's purposes. It shall decide on all fundamental matters and provide advice and support to the Governing Board.
- (2) The Supervisory Board shall furthermore be responsible for
 - a) approval of the budget,
 - b) issuing guidelines for the allocation of Foundation funds and for fulfilling the purposes of the Foundation,
 - c) election and appointment of members of the Governing Board and the Advisory Board, unless they are appointed by the Founder,
 - d) decisions about compensation for the Governing Board and contractual content,
 - e) the budget and management control,
 - f) adoption of the annual financial statements,
 - g) election and appointment of the auditor.

Further rights of the Supervisory Board under other provisions of this Charter shall not be affected.

- (3) To fulfill its tasks, the Supervisory Board shall have a comprehensive and extensive right to information. It may request the Governing Board at any time to report on the affairs of the Foundation. The Supervisory Board may inspect the Foundation's books and records.

Section 11

Supervisory Board resolutions

- (1) The Supervisory Board shall be called to order in writing by its Chairperson - in his/her absence by his/her Deputy Chairperson - at least once per calendar year, specifying the individual agenda items. The notice period shall be no less than two weeks. The Supervisory Board shall furthermore be called to order if two members of the Supervisory Board or the Governing Board request this in writing; such request shall indicate the matter to be deliberated.
- (2) The Supervisory Board shall have a quorum if more than half of its members are present.
- (3) Unless provided otherwise in the Charter, the Supervisory Board shall adopt resolutions with a majority of its members present. A member of the Supervisory Board may be represented at the meeting by another member under a power of attorney, which must be made available in written form; in such case, the proxy member shall also be entitled to exercise the voting rights of the absent member of the Supervisory Board. No member may represent more than one other member.
- (4) If no member objects, resolutions may also be adopted in writing, by telex or phone or by way of audiovisual means (also by fax, e-mail and/or other electronic transmission). The resolutions shall be adopted with a simple majority.
- (5) Resolutions adopted by the Supervisory Board shall be recorded in minutes, which shall be signed by the chair of the meeting and the secretary, who shall be appointed at the start of the meeting. All Supervisory Board resolutions shall be collected and retained throughout the existence of the Foundation. The provisions of this paragraph 5 shall not be a condition for the validity of a resolution.

Section 12

Advisory Board

- (1) The Advisory Board shall consist of at least one and no more than sixty members. They may be individuals or legal entities and must not also be members of the Governing Board.
- (2) Members of the Advisory Board shall be appointed for a period of between two and four years. The term in office shall be determined upon the appointment of the respective member of the Advisory Board. Different members of the Advisory Board may be appointed for a different term in office. They may be re-elected. They may be dismissed for good cause only.
- (3) The Founder Dominik Schiener shall determine the members of the Advisory Board as well as their number and their respective term during his lifetime. The Founder Dominik Schiener shall also decide on their recall from office. In the event of his death or waiver of said rights, the relevant rights shall fall to the Founder David Sønstebø. If the latter also dies or has waived the above rights, they shall fall to the Supervisory Board. The Governing Board may

submit proposals to the Supervisory Board for the appointment of members of the Advisory Board. However, the Supervisory Board shall not be bound by such proposals.

- (4) The Founders may waive their respective rights pursuant to Section 12 (3) by a written declaration to the Foundation Supervisory Authority. The Founders' respective rights shall expire upon death, appointment of a legal guardian, or determination of legal incapacity.
- (5) The Advisory Board shall provide advice and support to the Governing Board and the Supervisory Board and shall submit proposals regarding further development and improvement. The Governing Board shall regularly inform the Advisory Board about all relevant aspects of planning and development. The Governing Board can issue rules of procedure for the Advisory Board.
- (6) The Advisory Board shall elect a Chairperson and a Deputy Chairperson from among its members. The Advisory Board shall be called to order in writing by its Chairperson - in his/her absence by his/her Deputy Chairperson - at least once per calendar year, specifying the individual agenda items. The notice period shall be no less than two weeks.
- (7) The Advisory Board shall have a quorum if more than half of its members are present. Unless provided otherwise in the Charter, the Advisory Board shall adopt resolutions with a simple majority of the members who are present.
- (8) If no member objects, resolutions may also be adopted in writing, by telex or phone or by way of audiovisual means (also by fax, e-mail and/or other electronic transmission). The resolutions shall be adopted with a simple majority.
- (9) Resolutions adopted by the Advisory Board shall be recorded in minutes, which shall be signed by the chair of the meeting and the secretary, who shall be appointed at the start of the meeting. All Advisory Board resolutions shall be collected and retained throughout the existence of the Foundation. The provisions of this paragraph 9 shall not be a condition for the validity of a resolution.
- (10) The members of the Advisory Board shall work for the Foundation free of charge. However, they may be reimbursed for the necessary and demonstrated costs and expenses incurred because of their activities for the Foundation.

Section 13

Amendment to the Charter, dissolution

- (1) Amendments to the Charter which do not affect the purposes of the Foundation, including the transfer of the registered address, shall be permissible if they are necessary in the interests of sustainable fulfillment of the Foundation's purposes in accordance with the intentions of the Founders. They shall require a resolution adopted with a majority of 75% of all members of the Governing Board as well as a resolution adopted in a separate meeting with a majority of 75% of all members of the Supervisory Board. The requirement of state regulatory approval shall not be affected.

- (2) Changes to the purposes of the Foundation, the dissolution of the Foundation or the combination of the Foundation with another foundation shall be permitted only if this appears advisable due to significant changes in circumstances. They shall require a resolution adopted with a majority of 75% of all members of the Governing Board as well as a resolution adopted in a separate meeting with a majority of 75% of all members of the Supervisory Board. The new purpose of the Foundation or the new foundation resulting from the combination must also be tax-privileged. The requirement of state regulatory approval shall not be affected.
- (3) Notwithstanding the special licensing requirements under the German Foundation Act (Stiftungsgesetz), resolutions on amendments to the Charter or on dissolution of the Foundation must be reported to the competent tax office. In case of amendments to the Charter relating to the purposes of the Foundation, a statement by the tax office on the tax privilege must first be obtained.
- (4) Amendments to the Charter, including amendments to the Foundation's purpose, shall require the consent of the Founder Dominik Schiener during his lifetime, or after his death or in the cases of Section 6 (4), the consent of the Founder David Sørnstebø, except in cases under Section 6 (4).

Section 14

Fiscal year

The fiscal year of the Foundation shall be the calendar year.

Section 15

Foundation Supervisory Authority

The foundation shall be subject to the oversight of the Foundation Supervisory Authority in accordance with the Foundation Act of Berlin. The Foundation Supervisory Authority is entitled to require information concerning all matters of the Foundation at any time. The foundation's annual financial statements shall be submitted to it as a matter of course without the need for any request.

Section 16

Vesting of assets

In the event of dissolution or liquidation of the Foundation or the cessation of tax-privileged purposes, the Foundation's assets shall be vested in a public-law corporation or other tax-privileged corporation for use in the promotion of science and research as well as in public and professional education.

Section 17

Legal validity

If any provision of the Foundation's Charter should be found to be ineffective, this shall not affect the legal validity of the Foundation as such or the legal validity of the remaining provisions of the Charter.