

Articles of Association
of
Liquid Legal Institute e.V.

All titles in these Articles of Association relating to persons holding certain functions are to be understood as being gender-neutral.

Article 1 Company Name, Legal Form, Registered Office and Financial Year

- (1) The association is called the "Liquid Legal Institute".
- (2) The association is to be entered in the Register of Associations (*Vereinsregister*) and, once registered, the suffix "e.V." will be appended to the name set out in paragraph (1) above.
- (3) The Company's registered office is in Munich.
- (4) The financial year corresponds to the calendar year.

Article 2 Purpose

- (1) The purpose of the association is to research and promote new ways of thinking and new technologies and other innovations in the "legal ecosystem" (i.e. so-called Legal Transformation). The "legal ecosystem" includes in particular the fields of legal development, legal application and legal structuring.
- (2) The purpose of the association is in particular realised by:
 1. undertaking own cooperative research projects and supporting third-party research projects in the field of Legal Transformation, including researching principles for a common legal platform (i.e. a universally accessible neutral space offering usable legal content, as well as a place to negotiate, conclude and manage contracts);
 2. initiating, organising and moderating exchange between companies, but also with other legal practitioners, academics and non-academic associations;
 3. holding conferences, legal discussions and other informational events, as well as supporting those organised by third-parties, and issuing opinions and other publications on the subject of Legal Transformation, including Legal Design Thinking.
- (3) In the context of realising its purpose, the association can:
 1. attract project-related funds or other contributions from its members or third parties or conclude financing agreements with members or third parties, irrespective of the fees paid by members, and use such funds to finance projects;
 2. establish partnerships or companies in Germany or abroad and acquire stakes in partnerships or companies in Germany or abroad.
- (4) The association's funds can only be used for the purposes set out in the Articles of Association.

- (5) The association is a not-for-profit organisation. It does not primarily pursue its own economic interests.
- (6) The association does not exist to promote the business of individual members.
- (7) The members do not, in their capacity as members, receive any financial support from the association's funds. Should they withdraw from the association or the association be dissolved or disbanded, they have no claim to any association funds in their capacity as members.
- (8) No person may receive benefits in the form of payment of administrative expenses that do not correspond to the purposes of the association or disproportionate remuneration.
- (9) The association does not provide any legal services within the meaning of section 2 of the German Legal Services Act (*Rechtsdienstleistungsgesetz*).

Article 3 Principles of the association's work

- (1) The association performs its work in particular in the form of issue-specific working groups which are made up of members of the association and target-oriented projects which are initiated by the working groups.
- (2) The management board will decide on when to deploy and when to dissolve working groups. The management board will appoint and dismiss the chair of a working group, pass decisions on adopting and concluding certain projects and appoint and dismiss the respective project manager on the basis of a proposal by the majority of the working group's members.
- (3) The management board consults with the chairs of the working groups and project managers on a regular basis.
- (4) In the case of differences of opinion regarding the legality or expedience of a decision passed by the management board in line with paragraph (2) above or any other decision passed by the management board in respect of a working group or a project, the supervisory board will pass a final decision at the request of at least three members, the chair of the working group or the project manager.
- (5) All other principles of the association's work will be defined by the management board in consultation with the supervisory board.

Article 4 Membership

- (1) The following persons and entities can be members of the association:
 1. commercial businesses that do not fall under nos. 2 or 3,
 2. legal firms and auditing companies,
 3. businesses operating in the fields of legal tech and legal process outsourcing,

4. public agencies with legislative, judicial or administrative powers,
 5. universities and institutes
 6. other legal persons or individuals of whom a positive contribution in pursuing the association's purpose may be expected on the basis of their purpose and/or their objectives or on account of their qualifications or their current or previous activities. For the purposes of these Articles of Association, legal persons also include companies (*Gesellschaften*), associations of individuals (*Personenvereinigungen*) and estates (*Vermögensmassen*) which, under the laws applicable to them, may have legal capacity to act as members of an association although they are not formal legal entities (*juristische Person*).⁽²⁾ In order to become a member, an application must be submitted to the management board. The management board may request that the applicant specifies the reasons for their application. The management board will take the final decision on whether to accept the membership application. The supervisory board may define admission criteria in the context of paragraph 1 above and in consultation with the management board, on which the management board must base its decision. The management board is not obliged to justify a decision to reject an application. No person or entity has a right to admission.
- (3) Membership is acquired by way of the association issuing a declaration of admission and the applicant issuing a declaration of acceptance. Both declarations must be made in writing.
 - (4) Legal entities must specify an individual in their application who will represent them in the association (representative). The representative must also be specified in the declaration of admission; any change in the identity of this representative must be communicated in writing. The representative may temporarily transfer the representative function to another individual who is a member of the representative board or a member of staff of the legal entity; such transfer is effected by way of a written declaration addressed to the association.
 - (5) An individual's membership expires upon death, resignation or exclusion. A legal entity's membership expires upon dissolution, wind-up, the initiation of insolvency proceedings or the rejection of insolvency proceedings for lack of assets, resignation or exclusion.
 - (6) Unless otherwise specified in these Articles of Association, resignation can only take effect as of the end of a financial year and notice hereof must be issued at least three months in advance, unless there is cause (*wichtiger Grund*) for such resignation.
 - (7) The management board can exclude a member for cause or - irrespective of whether or not cause exists - if:
 1. the member fails to pay the annual membership fee for a financial year by the end of that financial year, even after having received a written warning specifying a deadline of at least 30 calendar days and stating that they will otherwise be excluded, or
 2. the member inflicts damage on the association's reputation.

A written statement of exclusion is to be issued to the relevant member, specifying the relevant grounds. The member has the right to appeal against their exclusion. The appeal must be sent to the management board in writing within one month (deadline for exclusion) after receiving the written notice of exclusion and must include relevant grounds. The management board will forward the appeal to the supervisory board without undue delay,

and the supervisory board will pass a decision on the appeal. The supervisory board's decision will be final. If, as a result of their exclusion, the member would also lose their membership of the management or supervisory board, the decision on exclusion can, contrary to the above, only be taken with the consent of the relevant body responsible for dismissing a member from the management or supervisory board; such consent must be passed with the majority required for dismissing a member from the management or supervisory board. The next general meeting is to be informed of the exclusion.

- (8) Resignation and exclusion do not absolve the member in question of their obligation to pay the annual membership fee for the financial year in which the withdrawal or exclusion occurs.
- (9) All of the member's rights and claims resulting from their membership will expire upon resignation or exclusion. Moreover all offices held on the basis of such membership will also be surrendered.
- (10) The management board must keep a register of all members, specifying the respective membership type. This register must also include the name of the representative for each legal entity as described in paragraph (4). Ex-members must be deleted from the register.

Article 5 Membership fees

- (1) Members must pay their annual membership fee in advance at the beginning of each financial year. The fee amount will be set by the general meeting; different amounts may be set for individuals on the one hand and legal entities on the other. In the case of legal entities, the fee amount may also depend on the legal form, the number of employees, turnover and balance sheet total or a combination of these criteria.
- (2) The general meeting may authorise the management board, subject to the supervisory board's consent, to agree a non-financial contribution with a member and to provide for the value of this non-financial contribution to be offset against the annual membership fee set out in paragraph 1, and that the annual fee is thus wholly or partially substituted by the non-financial contribution.

Article 6 Honorary members

- (1) The management board may, subject to the consent of the supervisory board, admit honorary members. Honorary members will be equivalent to normal members unless otherwise specified in the following paragraphs or elsewhere in the Articles of Association.
- (2) Individuals or legal entities who are not primarily profit-oriented and who have rendered exceptional services in fields corresponding to the association's purpose, whose activities in these fields have earned them special merit or whose honorary membership appears appropriate in promoting the association's purpose for other reasons may be admitted as honorary members.
- (3) Honorary members do not have a vote on member resolutions, irrespective of whether they are passed at or outside of general meetings.

- (4) Honorary members are not required to pay membership fees.
- (5) Honorary members may resign from the association at any time without cause.

Article 7 Bodies

- (1) The association has the following bodies:
 1. the management board (*Vorstand*);
 2. the executive director(s) (*Geschäftsführung*);
 3. the supervisory board (*Aufsichtsrat*); and
 4. the general meeting (*Mitgliederversammlung*).
- (2) The supervisory board can resolve to establish additional bodies or committees, provided they have a purely advisory or preparatory function.
- (3) The supervisory board may in particular resolve to establish an advisory board (*Beirat*) serving, among other things, to contribute the perspective of legislative, judicial and administrative bodies as well as universities and whose members would be appointed by the management board with the supervisory board's consent.

Article 8 Management board

- (1) The management board, as defined in section 26 of the German Civil Code (*Bürgerliches Gesetzbuch*; **BGB**), comprises a chairperson, their deputy and one other member. The supervisory board may resolve to expand the management board to comprise up to five members. Only individuals who are members of the association can be members of the management board.
- (2) The chairperson of the management board, their deputy and the other board member, or members if the management board has been expanded in line with sentence 2 of paragraph 1 above, are elected individually by the supervisory board for a period of two years each. The supervisory board may define a different term of office in the election resolution, although such term must not exceed three years. All members may be re-elected. Each member of the management board can be dismissed by the supervisory board at any time. The resolutions on election and dismissal must be passed by at least two thirds of the supervisory board members in office at the time. A supervisory board member is not permitted to vote in his/her own election to the management board. Except in the case of a dismissal or resignation, a member of the management board will remain in office even after the end of their term of office until their successor's term of office begins, although they must leave their office at the latest upon expiry of the third year since their term of office began.

- (3) The management board manages the association's business and takes decisions on all of the association's affairs, unless the general meeting, the executive directors or the supervisory board is/are responsible under the Articles of Association. The management board must obtain the prior consent of the supervisory meeting in respect of any decisions that have a major impact for the association. The management board requires the prior consent of the supervisory board before concluding any of the following legal transactions:
1. buying and selling real property,
 2. borrowing funds;
 3. acquiring and disposing of investments in partnerships or companies and establishing partnerships, companies or foundations with legal capacity;
 4. acquiring membership in another corporate body;
 5. employing staff, insofar as the remuneration to be paid to such staff exceeds EUR 10,000.00 per calendar year;
 6. concluding legal transactions other than those set out in numbers 1 to 5 above that establish obligations for the association exceeding a value of EUR 10,000.00 in total, although the obligations from unrelated legal transactions are not to be aggregated;
 7. concluding settlement or release agreements with current or former members of the management board and concluding other contracts with current management board members.

The supervisory board may also grant its general consent to the legal transactions set out in numbers 2 to 6, in particular in the form of consent to an annual budget presented by the management board to the supervisory board.

- (4) The association will be represented in and out of court by two members of the management board. Upon registration of the association in the Register of Associations, the scope of the management board's power of representation is not limited vis-à-vis third parties.
- (5) The management board will pass decisions by way of resolutions requiring the majority of the votes cast; abstentions do not count. In case of a tie, the chairperson will have the casting vote.
- (6) Resolutions are generally passed in meetings, which may take place by telephone or video conference by order of the chairperson. Resolutions may also be passed outside of a meeting by order of the chairperson; in such case, the vote or abstention will be communicated by the written or electronic means of communication specified by the chairperson. In the chairperson's absence, their deputy may issue the aforementioned orders. The chairperson, or in their absence, their deputy, must prepare a written record of the management board's resolutions.
- (7) The supervisory board may resolve to conclude contracts of employment with some or all management board members and in such cases will also decide on the content of such contracts. The contract of employment may also provide for reasonable remuneration of the respective management board member. The management board members may claim

reimbursement of reasonable expenses. The supervisory board may define criteria for reasonable expenses and the management board must take decisions on this basis.

Article 9 Executive director(s)

- (1) The association has one or more executive directors who are individuals appointed and dismissed by the management board. The management board can also appoint one of its own members to be the or an executive director.
- (2) The executive directors are responsible for running the association's office. In this context, they execute day-to-day business management tasks, including in particular:
 1. accounting, and cash and accounts management;
 2. responsibility for and management of staff;
 3. providing support in preparing and implementing projects;
 4. preparing and running public relations activities and preparing association events;
 5. preparing the meetings of the management and supervisory boards and the general meetings, as well as supporting the chairpersons of the management and supervisory boards in preparing the written records required under the Articles of Association.

The executive director(s) may, on the basis of a management board resolution, draw on the support of third parties in order to perform day-to-day management tasks. The management board may assume responsibility for day-to-day business management tasks at any time.

- (3) When managing day-to-day business, the executive director(s) must observe the Articles of Association, an annual budget resolved by the management board with the approval of the supervisory board and the resolutions passed by the management board.
- (4) Within the scope of responsibilities of the executive director(s), each executive director, insofar as he/she is not a member of the association, is a special representative of the association as defined in section 30 BGB and is authorised to represent the association in and out of court. The power of representation is limited to legal transactions falling within the scope of responsibilities of the executive director(s) which, individually, do not establish obligations of the association exceeding a total value of EUR 1,000.00.
- (5) The activities of the executive director(s) are monitored by the management board. If a management board member is also an executive director, he/she will have no vote in decisions passed by the management board relating to the executive directors. The management board is responsible for key business management tasks.
- (6) The management board may resolve to conclude contracts of employment with some or all executive directors and in such cases will also decide on the content of such contracts. The contract of employment may also provide for reasonable remuneration of the respective executive director. The executive directors shall receive compensation for reasonable expenses.

Article 10 Supervisory board

- (1) The supervisory board comprises six persons. The general meeting may resolve to increase the number of members of the supervisory board to up to nine. Only individuals who are members of the association can be members of the supervisory board. No management board member or executive director can simultaneously be a member of the supervisory board. If a supervisory board member is elected to the management board, their term of office on the supervisory board will expire as soon as their membership of the management board begins.
- (2) The supervisory board should comprise representatives of each of the three membership groups set out in Article 4 (1) nos. 1 to 3. An election must not lead to one of the five membership groups set out in Article 4 (1) nos. 1 to 5 being represented by two thirds or more of the supervisory board members. The deciding factor is the profession practised in line with section 124 (3) sentence 4 of the German Stock Corporation Act (*Aktiengesetz*) by the supervisory board members when the election resolution is passed; if a supervisory board member practises their profession within a membership group, they are deemed to represent this group.
- (3) The members of the supervisory board are each elected individually for a term of office ending at the close of the third annual general meeting following the election. The general meeting may define a different term of office in the election resolution, although such term must end at the close of the fifth annual general meeting following the election. Members may be re-elected. A dismissal resolution must be passed by a majority of two thirds of the votes cast.
- (4) Upon the election of each supervisory board member, the general meeting may at the same time elect a substitute member who will become a member of the supervisory board for the remaining term of office should the original supervisory board member leave the board prematurely.
- (5) Should a member of the supervisory board leave the board prematurely and no substitute member succeeds them on the supervisory board, the supervisory board may elect a successor whose term of office will end at the close of the next annual general meeting. The resolution on election must be passed by two thirds of the supervisory board members still in office.
- (6) The supervisory board will elect a chairperson from among its members, who will coordinate the supervisory board's work and act for the supervisory board within the association. The supervisory board will also elect a deputy chairperson from among its members, who will assume the chairperson's duties in their absence.
- (7) The supervisory board is tasked with monitoring the management board and the management of the association's business. To this end, the supervisory board will hold at least two meetings per calendar half-year at which the management board and the executive directors will report on their activities and material events relating to the association. The supervisory board may specify the content of these reports in more detail and request additional reports and information from the management board or the executive directors at any time, insofar as it deems necessary in the association's interests.

- (8) A meeting of the supervisory board with the management board will be held at least once per calendar year at which the two boards will discuss the principles of the association's work, plans for the association's future development, the annual budget for the next calendar year and the medium-term financial planning.
- (9) The supervisory board will pass decisions by way of resolution. It is quorate if at least three of its members participate in passing the resolution; a declaration of abstention counts as participation. Unless otherwise specified in these Articles of Association, a resolution must be passed by the majority of votes cast; abstentions do not count unless the Articles of Association specify otherwise. In case of a tie, the chairperson will have the casting vote.
- (10) Resolutions are generally passed at meetings, which, at the instruction of the chairperson, may also take place by way of telephone or video conference or connection. Resolutions may also be passed outside of meetings at the instruction of the chairperson if votes or abstentions are communicated by the written or electronic means specified by the chairperson. In the chairperson's absence, their deputy may issue the above instructions. The chairperson, or in their absence their deputy, must prepare a written report of the supervisory board's resolutions.
- (11) Members of the supervisory board do not receive remuneration for their supervisory board activities. They may, however, claim reimbursement of reasonable expenses.

Article 11 General meeting

- (1) The annual general meeting takes place within the first eight months of a financial year. The general meeting must also be convened if:
 1. the management or supervisory board considers it necessary in order to pursue the association's purpose, or
 2. it is necessary in the interests of the association, or
 3. one tenth of the members have issued a written request for such meeting, stating the corresponding grounds.
- (2) Notice of convocation of the meeting is to be issued by the management board by e-mail giving at least 30 calendar days' notice, excluding the date of receipt and the date of the general meeting. The notice of convocation must specify the association's name and the time and place at which the general meeting is to be held and must include the agenda.
- (3) The general meeting is to be held in the place where the association has its registered office or in another city with more than 500,000 inhabitants or within a radius of 100km of the centre of such city.
- (4) The management board may provide in the notice of convocation for the general meeting to take place by way of a telephone or video conference. In such case, the notice of convocation must include the necessary dial-in details, in place of the location pursuant to paragraph (3), as appropriate. In the event that paragraph (1) nos. 2 or 3 applies, telephone

or video conference is not permitted if this goes against the association's interests or the demands of the relevant minority.

- (5) The general meeting will be chaired by the chairperson of the supervisory board or, in their absence, by their deputy. The general meeting may, under the leadership of the chairperson of the supervisory board or their deputy, elect another person present to chair the meeting.
- (6) The general meeting will pass decisions by way of resolutions requiring the majority of the votes cast, unless these Articles of Association specify otherwise; abstentions do not count. If resolutions are to be passed at the general meeting, the subject of such resolution is to be set out in the notice of convocation. The management board must present the general meeting with resolution proposals for the election of supervisory board members and their deputies and the election of auditors and the management and supervisory boards must present the general meeting with resolution proposals on all other issues; such resolution proposals are to be published with the notice of convocation.
- (7) The resolutions which, according to these Articles of Association, fall within the scope of responsibility of the general meeting but do not need to be notified to the register of associations may also be passed outside of a general meeting, unless one tenth of the members issues written objections by the deadline set for votes to be cast. Only members who are eligible to vote may exercise a right of objection. The management board must inform the members by e-mail and request the members with voting rights to exercise these rights in writing in respect of the detailed resolution proposal. It must set a deadline for submission of the votes of at least 14 calendar days, excluding the date on which the request was received and the date on which the completed vote was received. If the resolution is passed, the date on which it was passed shall be the last day on which votes could be cast. Section 32 (2) BGB, which states that resolutions can be valid even without a general meeting of members, provided all members issue written consent to the resolution in line with section 126 BGB, is not affected, although consent by all members eligible to vote will suffice in such cases.
- (8) Every member has one vote, with the exception of honorary members. Members with voting rights or their deputies as defined in Article 4 (4) who are unable to take part in the vote may authorise other members with voting rights who are attending the meeting or their representatives as defined in Article 4 (4) who are attending the meeting to exercise their membership rights at the general meeting. The proxy authorisation and the corresponding evidence provided to the association must be in writing. A member with voting rights or their representative as defined in Article 4 (4) who is attending the meeting can, however, only act as proxy for a maximum of one absent member with voting rights. A representative as defined in Article 4 (4) who is also themselves a member cannot simultaneously act as proxy for a further member.
- (9) The chairperson of the management board or, in their absence, their deputy must prepare a written record of all resolutions; this written record must comply with the requirements relating to the written form set out in section 126 BGB. The record must include the wording of the resolution, the number of votes for and against, the date on which the resolution was passed and by what means. Where the resolution is passed at a general meeting, the location of this meeting should also be specified, as necessary. A copy of the notice of convocation or, in the case of resolutions passed outside of a general meeting, a copy of the voting request is to be attached to the written record.

Article 12 Amendments to the Articles of Association

- (1) Amendments to the Articles of Association may be resolved by the general meeting only.
- (2) A resolution including an amendment to the Articles of Association must be passed by a majority of three quarters of the votes cast. This also applies to an amendment of paragraphs (2) to (9) of Article 2.
- (3) A majority of three quarters of all members excluding the honorary members is required in order to make an amendment to Article 2 (1) and the purpose set out therein; any vote by members not attending the general meeting that is required in order to achieve this majority must be given in writing. Any declarations of consent given by honorary members are irrelevant for achieving the necessary majority of votes.

Article 13 Notices and other declarations

- (1) Notices and any other declarations to members are to be made by e-mail, unless otherwise specified in these Articles of Association.
- (2) Where the Articles of Association require a written declaration, this may be transmitted either in the form of a photocopy or a scan of the original signed document attached to an e-mail or instead by the electronic form specified below. This also applies to declarations pursuant to Article 4 (3) and to declarations of consent pursuant to Article 12 (3). An electronic form may be used which allows one or both contracting parties to affix a qualified, advanced or simple electronic signature to one or each of several identical documents and to transmit such documents within the framework of the system designated by the association for this purpose (e.g. DocuSign).
- (3) All members are obliged to provide the association with an e-mail address to which notices and other declarations can be sent. The association must be notified of any change to this e-mail address without undue delay. Notices and other declarations are deemed received by the member if sent to the address last communicated to the association.
- (4) Where notices and other declarations are sent by e-mail, the date on which such e-mail was sent is also deemed the date of receipt.

Article 14 Accounting, annual report

- (1) The management board will prepare the annual accounts for the previous financial year and will present them to the supervisory board and the auditors for inspection.
- (2) The annual general meeting will elect up to three auditors to audit the annual accounts to be prepared for the current financial year and to report to the supervisory board on their audit and the results of their audit. A written summary of the audit results must be prepared.

Members of the management or supervisory boards and executive directors cannot be elected as auditors.

- (3) The supervisory board will issue a written report of its activities in the past financial year and on the audit of the annual accounts for the past financial year to the annual general meeting.
- (4) The annual accounts for the past financial year, the auditors' written summary of their audit results and the supervisory board's written report are to be presented to the annual general meeting.
- (5) The management and supervisory boards will each present a report on their activities in the past financial year to the annual general meeting. In this context, the management board will explain the annual accounts and the supervisory board will explain its written report.
- (6) Following the management and supervisory boards' reports, the annual general meeting will resolve on approving the annual accounts and the actions of the members of the management and supervisory boards.

Article 15 Dissolution

- (1) The association can only be dissolved by two general meetings convened for this purpose, in each case with a majority of three quarters of the votes cast; abstentions do not count. A period of 30 days must elapse between the two general meetings.
- (2) The second of the two resolutions pursuant to paragraph (1) must specify the persons who will receive the association's assets. Members of the association cannot be nominated as recipients in this capacity.

The above Articles of Association were established at the meeting of founding members on 19 March 2018 and amended by a resolution with the written consent of all members in May 2018 and again by a resolution with the written consent of all members in December 2018.