

**BY-LAWS
OF THE ASSOCIATION**

DROPPING KNOWLEDGE E.V.

§1

Name, Place, and Fiscal Year

- 1.1 The association bears the name „Dropping Knowledge“. The association is to be registered in the register of associations. After registration, the name shall be “dropping knowledge e.V. (*“e.V.” stands for registered association*).
- 1.2 The association resides in Berlin.
- 1.3 The fiscal year of the association is the calendar year.

§2

Objectives, Charitable Organisation

- 2.1 The association exclusively follows charitable objectives as defined in the section “Tax-privileged objectives” of the German regulations for fees and taxes. The objective of the association is to promote the fine arts, culture and the international understanding of the people.
- 2.2 The association follows its charitable objectives partly as a sponsoring association, and partly through its own activities.
- 2.3 In as far as the association acts as a sponsoring association according to §58 no. 1 AO (German regulations for fees and taxes), it shall distribute its funds exclusively for the promotion of tax-privileged purposes to other domestic or foreign corporations, or to corporations under public law. The association shall distribute funds to a corporation that is subject to taxation without limitation as defined under §58 no. 1 AO (German regulations for fees and taxes) only if this corporation itself is tax-privileged.
- 2.4 The association realizes its objectives on the one hand through tangible and intangible sponsoring of selected projects of the aforementioned corporations in the fields of the fine arts, culture and international understanding of the people. For realization of the objectives defined in the by-law the association shall apply funds acquired by contributions, donations, subsidies and other payments.
- 2.5 On the other hand, the association directly realizes charitable objectives by making its own projects in the fields of the fine arts, culture and international understanding of

the people, and by making the results of these and other sponsored projects available to the wide public by touring exhibitions, in databases, books and other media.

- 2.6 The association acts selflessly, its own economic objectives have no priority.
- 2.7 The funds of the association may be applied only to the objectives defined in the by-laws. The members shall not receive any payments from the funds of the association. No person must benefit from expenses alien to the objective of the association or by compensations out of proportion.
- 2.8 In the event of dissolution or cancellation of the association, or cancellation of the tax-privileged objectives, the assets of the association shall fall to a legal person under public law, or to another tax-privileged corporation, for direct and exclusive spending for the sponsoring of cultural objectives.

§3

Acquisition of Membership

- 3.1 Every natural person who has completed its 7th year may become a member of the association.
- 3.1 Upon proposal of the board, the general meeting of the members may appoint honorary members for lifetime.
- 3.3 Acquisition of the membership is subject to written application addressed to the board. Applications from applicants under age have to be signed by their legal representatives. The legal representatives also have to file a separate written confirmation of their willingness to pay the membership fees of the member who is under age.
- 3.4 The board shall decide upon the application in its sole free discretion. When rejecting an application, the board is not obliged to inform the applicant about the reasons for rejection.
- 3.5 The membership comes into effect upon payment of the enrolment fee.

§4

Termination of Membership

- 4.1 The membership shall end by death, resignation or dismissal from the association.
- 4.2 Members can resign from the association by written notice to the board. For members under age, the legal representatives have to sign and file the notice. Termination is permissible only per end of a fiscal year, with a notice of two months.

- 4.3 Members can be dismissed from the association by resolution of the board if they are in default with payment of the membership fees or allocations notwithstanding two written reminders. Dismissal may be resolved not before two months after postage of the second written reminder threatening dismissal. The member has to be notified about the resolution of the board on his/her dismissal.
- 4.4 Members can also be dismissed from the association through resolution of the general meeting of the members if grossly and faulty infringing against the interests of the association. Prior to making a resolution, the general meeting of the members has to give the member opportunity for a written or oral statement. The resolution of the general meeting of the members has to be reasoned in writing, and mailed to the member.

§5 Membership Fees

- 5.1 The association charges an enrolment fee for enrolment in the association. The association also charges annual membership fees. For financing of special projects, allocations up to twice the amount of the annual fees may be charged.
- 5.2 The supervisory board defines the amount and due date of enrolment fees, annual membership fees and allocations.
- 5.3 Honorary members are exempt from the obligation to pay fees and allocations.
- 5.4 If deemed appropriate, the board may fully or partly waive or grant respite for fees and allocations.

§6 Rights and Obligations of Members

- 6.1 All members have equal rights of voting in elections and ballots in the general meeting of the members.
- 6.2 Every member is obliged to promote the interests of the association, in particular to regularly pay the membership fees, and as far as reasonable, to actively support the cultural, movie and arts project “Dropping Knowledge”.

§7 The Organs of the Association

- 7.1 The association has the following organs: the board, the supervisory board, and the general meeting of the members.

- 7.2 All functions in the board with the exception of those of treasurer and supervisory board are honorary functions, for which no compensation is paid. The members of the board and the supervisory board shall receive refund for expenses in reasonable limits. The treasurer shall receive an appropriate compensation, to be decided by the general meeting of members.

§8 The Board

- 8.1 The board of the association as defined under §26 BGB (German Civil Code) shall comprise the president, the deputy president, and the treasurer.
- 8.2 The president shall have sole power of representation. Otherwise, the association shall be jointly represented by two members of the board.

§9 Responsibilities of the Board

The board is responsible for all matters of the association, in as far as not transferred to another organ of the association through the by-laws. In particular, the board shall have the following responsibilities:

- a) to prepare and convene the general meeting of the members, and the preparation of the agenda,
- b) to realize the resolutions of the supervisory board and the general meeting of the members,
- c) to prepare the budget for the fiscal year, accounting, and to write the annual financial statement,
- d) to decide upon enrolment of new members.

§10 Election and Term of Office of the Board

- 10.1 The board shall be elected by the supervisory board for a term of two years, coming into effect with the election. However, the board shall remain in office until the election of a new board. Every member of the board has to be elected separately. Only members of the association may be elected as members of the board. When the membership in the association of a board member ceases, his term of office in the board shall cease with effect of the same date. The foundation members shall appoint the first board upon foundation of the association.

- 10.2 If a member of the board resigns prematurely, the board may elect a successor for the remaining term of office of the resigned member.

§11

Meetings and Resolutions of the Board

- 11.1 The board shall pass its resolutions in meetings convened by the president. If he is not available, by the deputy president. The agenda need not be published in advance. The notice for convention shall be 10 days. The notice shall begin with the day following the date of postage.
- 11.2 The board reaches a quorum if at least two of its members are present. Resolutions shall be decided by the majority of the given and valid votes. In case of parity of votes, the vote of the president shall decide. In case of his absence, the vote of the deputy president shall decide.
- 11.3 The board can also resolve by way of writing provided all members of the board consent to this procedure.

§12
Supervisory Board

- 12.1 The supervisory board consists of three members to be elected by the general meeting of the members.
- 12.2 The term of office of the members of the supervisory board shall last until termination of the general meeting of the members that resolves about the discharge for the 4th fiscal year after the beginning of the term of office. The fiscal year in which the term of office began shall not count. The general meeting of members may always dismiss members of the supervisory board with a majority of 75% of the votes.
- 12.3 Members of the supervisory board may lay down their office before the end of their term of office by written notice to the association without having to give reasons.
- 12.4 If a member of the board resigns during the term of office, a new member shall be appointed, first for the remaining term of office. When this remaining term is over, that member may be re-appointed for the supervisory board.
- 12.5 The president of the supervisory board shall convene the supervisory board if required in the best interest of the association. The supervisory board should convene once per quarter of the calendar year, and it has to convene once per half- calendar year. A written invitation is required, giving the agenda and the documents required for passing the resolutions. Term of notice between the date of postage of the invitation (proven by postage stamp of the place of sender) and the date of the meeting of the supervisory board is at least ten days. In urgent cases, the president of the supervisory board may give a shorter notice.
- 12.6 A meeting of the supervisory board has to be convened if requested by a member of the board, or at least two members of the supervisory board, stating the purpose and the reasons.
- 12.7 The supervisory board shall decide by resolution. Absent members of the supervisory board may assign their vote to another member of the supervisory board by written proxy authority.
- 12.8 The supervisory board reaches a quorum if all members are present. Resolutions shall pass with the majority of votes. In case of parity of votes, the vote of the president of the supervisory board shall decide. In case of absence of the president, the vote of the deputy president shall decide. If no quorum is reached, another meeting with the same agenda shall be immediately convened with a notice of one week. In this meeting, the supervisory board shall reach a quorum regardless of the number of members present. This has to be pointed out in the invitation.
- 12.9 Resolutions of the supervisory board are normally passed in meetings. If required by urgency, or in very simple matters, it is in the discretion of the president to pass

resolutions also pass by obtaining written, telegraphic, telephonic or e-mail statements, always provided no member of the supervisory board objects within the term defined by the president of the supervisory board.

- 12.10. Notes have to be taken of the meetings and resolutions of the supervisory boards. These notes have to be signed by the president of the supervisory board. The notes have to state at least date and place of the meeting, the attendees, the subjects on the agenda, and the resolutions of the supervisory board. Every member of the supervisory board shall receive one copy of the records. In case of vote by phone, all members of the supervisory board have to sign the record, and return it to the president of the supervisory board.

§13

Duties of the Supervisory Board

- 13.1 The supervisory board supervises the management of the association. §111 par. 1, 2, 3 and 5 AktG (*company law*) apply in spirit. The supervisory board consults its own proposals and the proposals of the boards for the resolutions of the general meeting of the members, and gives recommendations for resolutions.
- 13.2 The president of the supervisory board represents the association towards the board in and out of court.
- 13.3 In particular, the supervisory board decides upon the following matters:
- a) to appoint the president of the supervisory board and the deputy president of the supervisory board,
 - b) to elect and dismiss members of the board,
 - c) to discharge the members of the boards,
 - d) to approve the budget for the next fiscal year as prepared by the board, to receive the annual financial report of the board, and to discharge the board,
 - e) to determine enrolment fees, membership fees and allocations (§5),
 - f) to make all business operations that exceed EUR 5,000 per transaction or in total.
- 13.4 Under reservation of §14.3, the supervisory board may determine that other business transactions shall be subject to the approval of the supervisory board. The supervisory board may in advance define conditions under which certain business transactions do not require approval.
- 13.5 The supervisory board may adopt rules for procedure for itself.

§14 General Meeting of the Members

- 14.1 Every member who is of age shall have one vote in the general meeting of members. Every member may authorize another member to exert the vote with written proxy authorization. The authorization has to be given separately for every general meeting of the members. No member may represent more than 3 foreign votes.
- 14.2 The general meeting of the members is responsible for the following matters:
- a) to elect and dismiss members of the supervisory board,
 - b) to discharge members of the board,
 - c) to pass resolutions to change the by-laws and to dissolve the association,
 - d) to pass resolutions to dismiss members,
 - e) to appoint honorary members.
- 14.3 For other types of business transactions, the general meeting of members may determine that other business transactions shall be subject to approval of the supervisory board or the general meeting of the members. The general meeting of the members may in advance define conditions under which certain business transactions do not require approval.

§15 Convention of the General Meeting of the Members

- 15.1 The regular general meeting of the members shall take place once per year in the first quarter. The board shall invite to this meeting in writing with a notice of two weeks, giving the agenda. The notice shall begin with the day following the date of postage of the letter of invitation. The invitation is deemed received by the member if it is addressed to the last address the member gave to the association in writing. The board defines the agenda.
- 15.2 Every member may apply to the board for amendment of the agenda until one week before a general meeting of the members. The chairman of the meeting has to inform the general meeting of the members about the amendment when opening the meeting.
- 15.3 The general meeting shall resolve applications for amendment of the agenda which are placed during the general meeting.

§16 Extraordinary Meeting of the Members

- 16.1 The board has to convene an extraordinary meeting of the members if required in the interest of the association, or if one tenth of the members apply to the board in writing with purpose and reasons.

§17 Resolutions of the General Meeting of the Members

- 17.1 The general meeting of the members is chaired by the president. If he is not available by the deputy president, or by the treasurer. If no member of the board is present, the meeting shall appoint the chairman. In case of elections, the chair may be transferred to an election council for the duration of the ballot and the pre-ballot discussion. The chairman shall appoint someone to take the notes.
- 17.2 The chairman determines the type of ballot. The ballot has to be made in writing, if so applied by one third of the attending members with a vote.
- 17.3 The general meeting of the members reaches a quorum if at least one fourth of all members of the association are present. If no quorum is reached, the board is obliged to convene a second general meeting of the members with the same agenda within two weeks time, which shall reach a quorum regardless of the number of members attending. This has to be pointed out in the letter of invitation.
- 17.4 The general meeting of the members shall pass resolutions with simple majority of the given valid votes. Abstentions are considered invalid votes. Changes of the by-laws however require a majority of three thirds of the given and valid votes. Dissolution of the association requires a majority of nine tenths of the votes. Resolutions to modify the objectives of the association require approval of nine tenth of all members. Written approval of members not attending the general meeting of the members may be declared to the board only within one month.
- 17.5 In elections, candidates who got more than half of the given and valid votes are deemed elected. If no candidate got more than half of the given and valid votes, a final ballot shall be cast between the two candidates who got the most votes. The candidate who gets the most votes in the final ballot is deemed elected. In case of parity of votes in the final ballot, the chairman shall draw tickets.
- 17.6 Notes have to be taken of the resolutions of the general meeting of the members, and the notes have to be signed by the notes-taker of the meeting.

§18 Dissolution of the Association

- 18.1 The dissolution of the association may only be resolved in a general meeting of the members with a majority of nine tenth of the given and valid votes (§17 par. 4).
- 18.2 Unless otherwise resolved by the general meeting of the members, the president and the deputy president shall be liquidators with joint power of representation.