

# Guiding Principles

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## Introduction.

These Guiding Principles (referred to as the “Agreement”) are provided to set forth the terms of membership (“Membership”) and governance for Movement DAO (“Movement” or “DAO”), and the agreement between each member (“Member”) of the DAO. Movement refers to the entirety of Movement DAO, Move DAO, its affiliates (DAOLABS, nonprofit, and for-profit organizations), and all individuals involved initially as its Members, developers, and operators of any associated traditional software, web services, multi-signature wallets, or ethereum cryptographic smart contracts (“Smart Contracts”). This Agreement is entered into by and amongst the Members of the DAO.

The following terms apply when you:

- (i) Click to view or access the DAO’s decentralized application (“Dapp”), online services (“Services”), or any of its sites (daolabs.wtf, move.xyz, movement.xyz, juicebox.wtf, treasury.wtf, tiles.wtf, and any services or sites used by the DAO, such as Discord, Twitter, Instagram and Github) (Each a “Site” and collectively the “Sites”);
- (ii) Contribute or transfer cryptocurrencies such as Ethereum, or transfer one or more ERC-20s, ERC-721s, or other digital assets (collectively, “Crypto”) to the DAO; (iii) Receive Movement ERC-20 project tokens (“Movement Tokens”); (iv) Receive Movement ERC-721 Membership NFT (as defined below); (v) Hold governance rights (“Governance Rights”) for the DAO; (vi) Interact with or access the DAO’s smart contracts in any way; (vii) Provide services to the DAO; (viii) Donate or transfer any property to the DAO; (ix) Or otherwise interact with or access any other of the DAO’s services.

The DAO’s governance may occur on Snapshot; for the purpose of this Agreement we refer to this as part of the DAO’s Dapp.

**By doing any of the above, you signify your agreement to these terms. If you do not agree to be bound by the Agreement in its entirety, you may not access, interact with, or use the Dapp, Services, or Sites in any way.**

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## 1. Organization.

**(a) Formation.** Movement was formed on *February 1, 2022* as an unincorporated nonprofit association organized under the **laws of the State of Delaware**. The DAO is comprised of individuals, corporations, statutory trusts, business trusts, estates, trusts, partnerships, limited liability companies, associations, joint ventures, and other legal or commercial entities, many of whom, if not all of whom, agree to join together for a common, nonprofit purpose. The obligations of Members of the DAO shall be determined pursuant to the Delaware Uniform Unincorporated Nonprofit Association Act, Del. Code Ann. Tit. 6, §§ 1901-1916 inclusive (the “Act”), and this Agreement.

**(b) Purpose.** The primary purpose of Movement is to develop programmable, community-focused Ethereum treasury applications which can operate openly on the blockchain at any scale. The DAO additionally develops tooling to interact with existing financial infrastructures (including fiat), digital asset creation (e.g. NFTs), and marketplace applications to enable communities to participate in any type of lawful activity native to or related to cryptocurrency. The DAO’s mission is to develop and use these different applications and tools solely within the scope of nonprofit and charitable purposes, and any purposes outside of this scope are not permitted. Please refer to the companion purpose document for more details. Any terms which are contained herein supersede any definition contained in the associated purpose document.

**The DAO is not intended to be or become an entity required to register as an “investment company” as defined in Section 3(a)(1)(A) of the Investment Company Act of 1940, as amended.**

## 2. Management.

**(a) Member Managed.** The affairs of the DAO shall be carried on and managed exclusively by the Members, who shall have sole and absolute discretion with respect thereto, except as otherwise expressly stated in this Agreement. No Member shall be a manager, as defined under the Act.

**(b) Authorized Members.** The DAO has two authorized members (“Authorized Members”), tankbottoms.eth, and benreed.eth, who are the core operators of the DAO itself as it relates to internal operations. Tankbottoms.eth primarily contributes to development, and benreed.eth primarily contributes to operations. The Authorized Members are full-time employees of the DAO, and are heavily involved in the day-to-day operations. Therefore, the Authorized Members are special officers for the DAO who have unique responsibilities and therefore need to be bestowed with special authority and powers in order to ensure that operations and development are successful and efficient. These powers and responsibilities include:

- (i)** Managing the day-to-day operations of the DAO; **(ii)** Ensuring that the DAO is legally compliant not exposed to any potential

liability, and taking the proper steps to file timely responses to any claims or action taken against the DAO. This includes hiring legal counsel on behalf of the DAO, which will be paid for via the Movement treasury; **(iii)** Taking all action that may be necessary or appropriate for the continuation of Movement's valid existence and authority to operate as an unincorporated nonprofit under the laws of the State of Delaware and of each other jurisdiction in which authority to operate is, in the judgment of the Authorized Members, necessary or advisable; **(iv)** Preparing or causing to be prepared and shall file on or before the due date (or any extension) any federal, state or local tax returns required to be prepared or filed by Movement; **(v)** To the extent of Movement's available funds, the Authorized Members shall cause Movement to pay any taxes or other governmental charges levied against or payable by the Movement; provided, however, that the Authorized Members will not be required to cause Movement to pay any tax so long as the Authorized Members or Movement is in good faith and by appropriate legal proceedings contesting the validity, applicability or amount the tax and the contest does not materially endanger any right or interest of Movement; **(vi)** Managing the DAO's runway and budget to ensure that capital is being efficiently allocated, which includes:

- Determining what expenses and obligations the DAO needs to incur in order to efficiently continue operations and development of the DAO
- Payment of the DAO's expenses and obligations via the treasury, and reimbursing any out of pocket expenses paid for by the Authorized Members or anyone else that were incurred on behalf of the DAO
- Determining whether new employees or independent contractors are needed to support the DAO's operations and development, which includes determining reasonable compensation for these potential employees and/or independent contractors;

**(vii)** Constant and transparent communication with the community; and, **(viii)** Monitoring community behavior and any potential threats to the DAO, and coming up with a plan of action to address any violations or inappropriate behavior by Members, or any potential threats by non-Members. The Authorized Members can take any and all necessary action to prevent the following:

- Unequal withdrawals from the treasury for a Member or non-Member's personal gain
- Bribe voters enabling withdrawals from the treasury for a Member or non-Member's personal gain
- Attempts in bad faith to alter Dapp and/or governance mechanics for the purpose of maintaining or acquiring a voting

- majority
- Make any upgrades to critical smart contracts without undergoing an audit

If the Authorized Members determine at any time, or from time to time, that the available funds of the DAO are not sufficient or available to pay the DAO's operating costs and expenses, or any other expenses that will be incurred, then the Authorized Members may, but are not required to, loan their own funds to the DAO for the payment of such costs and expenses (an "Advance"). The DAO shall reimburse the Administrative Member(s) for any such Advance together with interest on such Advance from the date of such Advance at an annual rate of the prime rate of interest, as reported by the Wall Street Journal or its successors, plus 1%. Any such Advance, together with the interest thereon, shall be an expense of the DAO and shall be paid by the DAO as soon as possible. Payments by the DAO shall be applied first to accrued interest on and then to the principal of such Advance. The determination to apply funds of the DAO to the payment of such Advance shall be at the Authorized Member's discretion. For the avoidance of doubt, an Advance by the Authorized Members will not constitute a contribution to the DAO by the Authorized Members.

Notwithstanding any other provision of this Agreement or otherwise applicable provision of law or equity, whenever in this Agreement, the Authorized Members are permitted or required to make a decision in their "sole discretion" or "discretion" or under a grant of similar authority or latitude, the Authorized Members will be entitled to consider only those interests and factors as they desire, including their own interests, and will, to the fullest extent permitted by applicable law, have no duty or obligation to give any consideration to any interest of or factors affecting Movement or the Members. Unless otherwise expressly stated, for purposes of this Section 2(b), the Authorized Members will be deemed to be permitted or required to make all decisions regarding the topics listed above in their sole discretion.

**(c) Governance Process.** Movement follows a proposal process to allow community Members to propose and vote on all actions of the DAO. Whenever any action, including any approval, consent, decision, determination, or resolution (collectively a "Proposal") is to be taken or given by the Members or the DAO under this Agreement or under the Act, it shall only be authorized by a majority vote of all the Members who voted on the Proposal via the DAO's snapshot space ("Snapshot"), unless otherwise provided herein. This means that there is no minimum quorum in order for a vote to be valid, but rather that out of the total votes cast (no matter the amount) for any proposal, the majority vote will determine the outcome for the Proposal. The details for the mechanics of the Governance Process can be found at DAO Governance. The Members intend that any action (which has been duly approved in accordance with this Agreement) taken by the DAO shall be a valid action of the Members or the DAO, as applicable, and no Member shall challenge the authority or validity of any such action based solely on such a fact.

**(d) No Member is an Agent.** Except as otherwise expressly required or stated in this Agreement or in the Act, no single Member (in their capacity as a Member) shall be an agent of the DAO, have authority to bind the DAO in any way, or have the authority to enter into any agreement or contract obligating the DAO in any way unless approved via a vote occurring through the DAO's Snapshot.

**(e) Member Authorization.** To the extent that the Members have approved the execution of a document in accordance with the terms of this Agreement and the Act, any Member may hereby be expressly authorized to execute and deliver such a document on behalf of the DAO.

**(f) Proxy.** Members may appoint a proxy to vote, delegate their votes to another Member, or otherwise act for the Member with regards to the DAO's Snapshot.

**(g) Delegation of Responsibilities.** The DAO has the right to delegate certain technical or administrative responsibilities to third parties and provide them with **reasonable** compensation, either through approval via Snapshot, or at the Authorized Member's sole discretion.

**(h) Reliance by Third Parties.** Any entity, corporation, company, association, joint venture, joint stock company, partnership, trust, limited liability company, limited liability partnership, real estate investment trust, organization, individual (including personal representatives, executors and heirs of a deceased individual), nation, state, government (including agencies, departments, bureaus, boards, divisions and instrumentalities thereof), trustee, receiver or liquidator ("Person(s)") dealing with the DAO are entitled to only rely conclusively upon the power and authority of the Members (and any Person to whom the Members have delegated any such power and authority pursuant to this Agreement) by an explicit governance ratification of such power and authority, or the power of the Authorized Members acting without explicit governance ratification, unless otherwise stated in this Agreement. Therefore, any acknowledgement that such Member or assign is authorized to act on behalf of the DAO and may bind the DAO or otherwise enter into a binding contract may only be relied upon as evidenced through the Governance Process via the DAO's Snapshot, unless otherwise stated in this Agreement.

**(i) Other Activities.** Each Member acknowledges and agrees that in addition to transactions specifically contemplated by this Agreement, and subject to applicable law, certain Members within the DAO and their respective affiliates and representatives are each hereby authorized to obtain property or obtain services from, to provide property or provide services to, or otherwise enter into any transaction with certain Members, or any affiliate or representative of any of the foregoing Persons, pursuant to clear approval via the DAO's Snapshot.

### 3. Membership and Governance.

#### (I) Membership.

**(a) Initial Admission of Members.** Throughout February of 2022, all of the DAO’s initial governing Members had their membership granted upon confirmation of the contribution they made to the DAO’s **Gnosis Multi-Signature Wallet (Etherscan Mainnet) 0x143cC0A996De329C1C5723Ee4F15D2a40c1203c6**.

On February 1, 2022, the DAO initiated a distribution of the MAPE collection to the top 1,500 addresses on Snapshot, based on a total usage count of Membership DAOs, authored proposals, and votes cast. The MAPE NFT is the DAO’s membership NFT (“Membership NFT”). It is required for Members to participate in governance, and then the Member’s voting weight is determined by how much they contributed to the DAO’s **Gnosis Multi-Signature Wallet**.

**(b) Admission.** All individuals who participated in the initial contribution phase still have valid Membership to the DAO, unless they subsequently had their Membership rights revoked by the DAO.

The DAO is authorized to accept additional donations from one or more Members, and to admit other non-Members to the DAO as additional Members. Unless otherwise determined by the Members, any such additional Members shall be admitted to the DAO only if such Member or additional Member makes a donation via the Dapp or acquires the Movement Token from an existing Member or third-party. Anyone who is admitted as an additional Member pursuant to this Agreement shall agree to be bound by this Agreement.

The DAO will consistently review admissions, and if necessary, Members may adjust the DAO admission requirements based on their evolving needs, as long as new admission requirements are agreed upon through Snapshot. Notwithstanding, the DAO may admit all non-Members who hold the Movement Token by capturing an inventory of all current holders and ratifying the Membership at governance intervals from time to time as registered by Snapshot.

The DAO may have more than one token which has Membership purposes, such as the Governance NFT available at 0xdd407a053fa45172079916431d06E8e07f655042. **The DAO shall authorize or discontinue the use of any Member tokens from any cryptographic units at any time, or use a Member token for a duration before migrating to another.**

**(c) Transfers.** When a non-Member acquires Movement Tokens via a transfer from a Member, that non-Member’s admission as a Member to the DAO may be put up for a vote held among DAO Members through the DAO’s Snapshot. If it is not put up for a vote, then that individual will have their Membership automatically granted, and agrees to be bound by the terms of this Agreement.

Governance Rights and Movement Tokens may become freely transferable to non-Members by a vote of the Members via Snapshot. In the event Movement Tokens become freely transferable to non-Members, you agree that non-Members

who are holders of Movement Tokens shall automatically be granted Governance Rights, subject to this Agreement.

Upon the death, incompetence, bankruptcy, insolvency, liquidation, or dissolution of a Member, the rights and obligations of that Member under this Agreement shall accrue to that Member's successor(s), estate, or legal representative, and each such Person shall be treated as an unadmitted transferee of that Member's Movement Tokens, as described in the Act.

**(d) Responsibilities.** As of the date hereof, Members are not required to submit to any dues or membership fees. However, in the event the Members agree otherwise via a vote occurring through Snapshot, each Member shall keep reasonably current in payment of any dues or membership fees and other financial obligations of membership, if applicable and determined by Movement. Each Member shall notify Movement via Discord, Twitter, or any other acceptable communication channel by which that Member may receive written or electronic materials required or permitted by this document, or shall notify Movement that such Member lacks the standard acceptable addresses and designate a mutually acceptable form of communication.

Members agree to follow the Code of Conduct in regard to their behavior and participation in the community.

If you have received any Movement Tokens or are otherwise a Member, you consent and agree to become legally bound by this Agreement as both a participant in the DAO and more specifically a DAO "Member".

**(e) Information Rights.** Members can access information concerning operational and financial transactions of the DAO via

- **The Gnosis Multi-Signature Wallet**
  - 0x143cC0A996De329C1C5723Ee4F15D2a40c1203c6,
- **Etherscan and other Ethereum Block Explorers**
  - <https://etherscan.io/address/0x143cC0A996De329C1C5723Ee4F15D2a40c1203c6>,  
and
- **Snapshot**
  - <https://snapshot.org/#/movedao.eth>.

Otherwise, the DAO is not required to keep any records concerning legal, accounting, or other affairs, and aside from the above public information, Furthermore, the DAO shall not be required to maintain any additional records. Notwithstanding the foregoing, the DAO may engage with third parties to provide legal services, accounting services, and any record-keeping in order to comply with any legal obligations that the DAO or its agents may have.

**(f) No Member Liability.** Except as otherwise provided in this Agreement or the Act, no Member (or former Member) shall be personally liable for the obligations of the DAO, including any obligations owed by any individual Member in connection with any breach of this Agreement. A debt, obligation, or other liability of the DAO is solely the debt, obligation, or other liability of the DAO.

Members (or former Members) are not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the DAO solely by reason of being or acting as a Member or acting on behalf of the DAO. The failure of the DAO to observe formalities relating to the exercise of its powers or management of its activities and affairs is not grounds for imposing liability on a Member of the DAO for a debt, obligation, or other liability of the DAO.

**(g) No Derivative Actions.** No Member shall have the right to bring any action or proceeding in any court or before any arbitrator or other tribunal against the DAO or any other Member on account of any alleged or actual breach of this Agreement or any other agreement or instrument to which the DAO is a party or by which it is bound, or for any other purpose whatsoever, except as expressly provided in this Agreement.

**(h) Member Limitations.** No Member shall have the right or power:

- (i) to cause the dissolution and winding up of the DAO; or
- (ii) to demand or receive property, including any Crypto contributed or otherwise transferred to the DAO, except as agreed to by the Members or otherwise provided herein.

**(j) Waiver of Fiduciary Duties.** To the fullest extent permitted by applicable law, notwithstanding any other provision of this Agreement or otherwise of applicable law, including any in equity or at law, no Member, including the Authorized Members when acting as such, shall have any fiduciary duty to the DAO or to any Member by reason of this Agreement or in its capacity as a Member, including, but not limited to, the duties of due care and loyalty, whether those duties were established as of the date of this Agreement or any time hereafter, and whether established under common law, at equity or legislatively defined. It is the intention of the Members and the DAO that those fiduciary duties be affirmatively eliminated to the fullest extent permitted by Delaware law, including the Act, and the Members hereby waive any rights with respect to those fiduciary duties. Notwithstanding the foregoing, the Members have the duties, liabilities and obligations expressly set forth in this Agreement. The provisions of this Agreement, to the extent that they restrict or eliminate the duties and liabilities of the Members otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of the Members.

**(k) Costs of Proceeding.** Except as expressly set forth in this Section, in the event that any Member initiates any proceeding against the DAO, and a judgment or order not subject to further appeal or discretionary review is rendered, that Member shall be solely liable for all costs and expenses related to the proceeding and/or judgment or order from the proceeding.



## (II) Governance Rights and Tokens.

(a) **Voting Power.** The weight of each Member’s voting power in the DAO are currently represented by the percentage that each Member’s contribution makes of the total treasury (**Gnosis Multi-Signature Wallet**).

(b) **Movement Tokens.** As of the date hereof, there currently has not been any Movement Tokens that have been issued. With that said, Movement Tokens will be distributed to the community at some point in the future. There shall be an allowance of up to the max of  $2(256-1)$ <sup>1</sup> Movement Tokens authorized to represent Member’s Governance Rights in the DAO, unless otherwise agreed to by the Members via a vote occurring through the DAO’s Snapshot. For Members who were a part of the initial contribution phase, the DAO shall grant the initial allocation of a Member’s Movement Tokens proportional to their contributions to the DAO’s Gnosis Multi-signature wallet.<sup>2</sup> The details of the distribution of Movement Tokens has not been finalized yet, but once they are they will be proposed to the community through the DAO’s Snapshot for ratification.

Notwithstanding the foregoing or any other provision of this Agreement, the DAO may provide initial Members with Movement Tokens for their role in conceiving and supporting the DAO.

(c) **Limitation to the DAO Protocol Configuration.** The DAO shall not configure its Movement treasury (“Treasury”) with an undefined reserved rate, a reserved rate of 0%, a redemption rate of 100%, or a discount rate other than 0%. **The DAO shall not configure its Treasury with any parameters that would cause the capital value of token redemptions via the redemption rate to exceed the cost basis required to issue those tokens from the DAO’s Treasury.**

(d) **Token Liquidity Pools.** The DAO shall not create any liquidity pools for the Movement Token, or any other tokens associated with the DAO.

(e) **Token Reserved Rate.** Notwithstanding the foregoing or any other provision of this Agreement, Movement contributors shall be entitled to receive reserved rate tokens by a vote of the Members, via the reserved tokens list, as defined by Movement’s protocol configuration. The initial reserved rate will be 50% (*out of 1,000,000 MOVE/ETH*), and distributed equally at the rate of 2% of the 50% reserved rate or 1% of the newly minted tokens) to each of the contributors, with the remaining tokens held by the Movement Treasury. Each Member expressly and unequivocally agrees to Section 3(II)(c) above.

(f) **Development of the Dapp.** Members are herein provided notice that any language within this agreement pertaining to future anticipated governance for additional Movement matters and applications may go through an eventual transitioning regarding the governance tooling and computation. Movement

<sup>1</sup>The maximum number of 115792089237316195423570985008687907853269984665640564039457584007913129639935.

<sup>2</sup>Gnosis Multi-Signature Wallet, 0x143cC0A996De329C1C5723Ee4F15D2a40c1203c6.

is developing a governance application which it intends to use and provide all aspects of to Member Projects at some point of 2023.

**(g) Governance Rights and Token Limitations.** *Governance Rights and the Movement Tokens provide no possibility of profits and losses, no rights to distributions and dividends, and no rights to ownership or management of Movement. Each Member (or assign, as the case may be) that receives or holds Movement Tokens expressly and unequivocally agrees that the Movement Tokens provide no rights to profits and/or losses, do not entitle the holder to distributions or dividends, and do not make the holder an owner or manager of Movement.* Members who provide their cryptographic signature upon use of the Dapp shall agree with this Section 3(II)(g) explicitly and unequivocally, and will be deemed as to have read, understood, and sought counsel with regard to this Section.

#### **4. Withdrawal Rights; Compulsory Withdrawal; Non-Disparagement.**

**(a) Limited Right to Withdraw.** A Member may withdraw their membership at any time by transferring their Membership NFT to a third party, or burning it. Such a withdrawal shall be facilitated and executed, in part, using one or more smart contracts, and shall be effective as of the date of transfer. Any withdrawal is irrevocable. In the case of a transfer of the Membership NFT to a third party, the new owner will have to apply to the DAO to have their Membership activated. Similarly, in the case of the entirety of a Member's Movement Tokens being transferred to a third party, that Member's Governance Rights will no longer have any weight. In the future, transferring a Membership NFT to a third party may be disabled if Movement decides to employ soul-bound NFT mechanics. Alternatively, a Member may burn the entirety of their Movement Tokens held by using the "Manage token" feature of the Movement Treasury (<https://move.xyz/projects/daolabs/1?network=mainnet>), thereby reducing the total Movement Token supply. In return for burning the Movement Tokens, the Member **MAY** receive **some portion** of their initial or cumulative DAO contribution in Ethereum (or other Crypto). The details for how much a Member can redeem at any given time can be found at <https://move.xyz/projects/daolabs/1?network=mainnet>. A Member who burns the entirety of their Movement Token holdings shall be deemed to have withdrawn from the DAO. The DAO shall not be obligated to pay any interest or other compensation to a Member who burns or transfers their Movement Tokens.

**(b) Compulsory Withdrawal.** Not in limitation of Section 4(a), Members acting by vote via the DAO's Snapshot may propose to have any Member withdrawn from the DAO to the extent that such Members, in their reasonable discretion, determine it to be necessary, desirable, or appropriate, including without limitation to comply with applicable law or regulations, or to avoid a

material adverse effect on the DAO or the other Members. For the avoidance of doubt, the Member who is proposed to be withdrawn shall be entitled to vote on their own withdrawal from the DAO, in the case of a non-emergency compulsory withdrawal.

**(c) Emergency Immediate Compulsory Withdrawal for Cause.** Not in limitation of Section 4(a) or 4(b), the Authorized Members, in their reasonable discretion, are expressly authorized to remove a Member without notice or vote of the Members if the Member is deemed to be in violation of the Code of Conduct. In addition to a violation of the Code of Conduct, the Authorized Members must determine such a removal to be necessary, desirable, or appropriate, including, without limitation, in order to comply with applicable law or regulations, or to avoid a material adverse effect on the DAO. In the case of an emergency immediate compulsory withdrawal for cause, the Member who has their Membership terminated will not lose their potential right to receiving some portion of their initial contribution to the DAO, which is described in Section 4(a).

**(d) Non-Disparagement.** Not in limitation of Section 4(a), 4(b), and 4(c), any current Member shall not make any disparaging remarks, or any remarks that could reasonably be construed as disparaging regarding the DAO, its Members, its affiliates, or its agents. The DAO shall, except to the extent otherwise required by applicable laws, rules, or regulations, or as appropriate in the exercise of the Community Enforcement Guidelines and the Terms of Service, exercise reasonable efforts to cause the following individual(s) to refrain from making any disparaging statements, orally or in writing.

## **5. Fees and Expenses.**

**(a) Organizational Expenses.** The DAO shall bear all of its organizational expenses and costs, and may amortize these expenses for accounting and/or tax purposes.

### **(b) Operating Expenses.**

The DAO shall bear all costs and expenses relating to its activities, maintenance, and operations, including, without limitation:

(i) Acquiring, holding, monitoring, and commissioning of artwork (ii) Identifying DAO opportunities to fulfill its purpose (iii) Professional fees and expenses, including:

- Legal, regulatory, and compliance costs
- Research costs
- Consulting costs
- Auditing costs
- Accounting costs
- Administrator costs
- Any other reasonable professional fees and expenses

(iv) The costs of any reporting to Members (v) Expenses of any administrative proceedings undertaken by the applicable Member in its capacity (vi) Expenses incurred in the case of dissolution, liquidation, and termination of the DAO (vii) Any expenses related to the DAO as determined by the Members by a vote via Snapshot (viii) And any extraordinary expenses (including, without limitation, litigation-related and indemnification expenses)

All fees, expenses, and costs associated (directly or indirectly) with the DAO shall be referred to as the “DAO Expenses”. All DAO Expenses shall be allocated to and paid for by the DAO, via treasury funds.

Movement may pay reasonable compensation or reimburse reasonable expenses to a Member or third-party for services rendered. The Authorized Members will have full discretion in deciding what services and employees or independent contractors are necessary for the DAO’s operations.

(c) **Books and Records; Accounting and Tax Matters.** The DAO shall not be obligated to keep any books or records beyond what is made available via the Dapp, the DAO’s Snapshot, or the Ethereum blockchain.

## 6. Distributions & Dividends; Benefits.

(a) **Distributions.** The DAO shall not make any distributions of any kind, and it will not pay dividends of any kind to any Member or director/officer or other person who may have an ownership interest in the DAO. The protocol redemption mechanism which burns user ownership interests in return for a portion of the treasury overflow is not a distribution or dividend, and is not subject to this Section 6(a), see Section 4(a) for more details.

(b) **Benefits.** The DAO may confer benefits on a Member or third party in conformity with its nonprofit purposes, repurchase a Membership and repay a contribution made by a Member to the extent authorized by this Agreement, or make distributions of property to Members upon winding up and termination to the extent permitted by this Agreement.

## 7. Dissolution.

(a) **Dissolution Events.** The DAO shall be dissolved and its affairs shall be wound up upon the earliest to occur of:

(i) A determination by the Members via the DAO’s Governance Process; or (ii) The entry of a decree of judicial dissolution pursuant to the Act.

(b) **Asset Distribution Upon Dissolution.** Upon the dissolution of the DAO, assets shall be distributed for one or more exempt purposes which are

within the meaning of section 501(c)(3) of the Internal Revenue Code or the corresponding section of any future federal tax code and which are consistent with the goals and purpose of the DAO, or the assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the DAO is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

## 8. Intellectual Property Rights.

**(a) Grant of Rights.** All DAO members, and any Members that join in the future, **grant to the DAO, and its affiliate DAOLABS, LLC**, a perpetual, non-exclusive, royalty-free license and right, and all ancillary and subsidiary rights therein and thereto, throughout the world, to use, edit, modify, include, incorporate, adapt, record, reproduce, display, and archive any copyrightable work associated with any written copy, source code, illustrations, and artwork (the “Work”) in any manner whatsoever, in or out of context, by any and all means and/or devices and in any and all media now or known hereafter—all in connection with the production, exhibition, distribution, exploitation, advertising, marketing, publicity, and promotion of the DAO and its Purpose. The term of this license begins whenever a contribution is made through any of the Sites by a Person entering into this Agreement as a Member or is subsequently admitted as a Member pursuant to the terms of this Agreement (i.e., any and all Members).

DAO contributors, with regards to development of the DAO application, with compensation, may execute any agreement for consulting or assignment, along with any innovations via a written agreement with the DAO or its affiliate, DAOLABS, LLC<sup>3</sup> from which the DAO licenses its Dapp and operating applications.

**(b) Reservation of Rights.** All rights in any copyrightable works not specifically granted to the DAO are reserved by the Members. Specifically, the DAO acknowledges that its use of the Work will not affect the Member’s continued and separate copyright ownership in the Work, and that the Member may use and license others to use the Work elsewhere.

**(c) Representations and Warranties; Indemnification.** Each Member represents and warrants that it is the owner of the entirety of all intellectual property rights stemming from the Work, and that each Member has full authority to enter into this Agreement and grant the licenses herein. No other rights, permissions, or consents are necessary for the DAO to use the Work in accordance with the licenses granted herein, and no fees, royalties, or use payments of any kind are due to each Member or third parties in connection with the exercise of

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<sup>3</sup>The DAO is an unincorporated nonprofit association in the State of Delaware. The DAO has been granted a perpetual, non-exclusive, royalty-free license to source code from DAOLABS, LLC. under specific field of use, DAO operations for nonprofit cryptographic governance.

the licenses granted herein. Each Member guarantees that the Work does not infringe any copyright or trademark, and that the Work does not violate any privacy, personal, proprietary, or common law, or statutory right, of any Person. Licensor shall indemnify and hold Licensee (and its agents, affiliates, assigns, heirs, or other successors in interest) harmless from any claim, loss, liability, damage, or expense (including reasonable attorneys' fees) arising out of any claim, lawsuit, or demand which is inconsistent with or arises out of warranties or representations in this Section.

**(d) Limited Field of Use.** Notwithstanding the preceding provisions, the DAO shall not use Members' Work for any purposes other those defined in the Section 8(a), which includes use by the DAO within its field of use as defined in its Purpose in Section 1(b), including any for-profit endeavors, with the exception, however, of the purposes of any derivative rights by the DAO which it is obligated to grant to DAOLABS, or its affiliates for use of or within the licensed Dapp, and any contributions to the DAO where the DAO compensates the Member for the Work.

## **9. Service Provider.**

**(a) Appointment and Compensation of Service Provider.** The Authorized Members shall have the right to appoint a service provider ("Service Provider") at their sole discretion, but their selection must be ratified by the community through Snapshot within 90 days of making the selection. The DAO shall have the right to provide Service Providers with reasonable compensation.

**(b) The Service Provider's Role and Powers.** The Service Provider's role is to perform administrative services and to take on administrative responsibilities and duties to carry on the DAO's operations, including maintenance of the Dapp and smart contracts.

**(c) Limitation of Liability.** Notwithstanding anything contained in this Agreement to the contrary, any Service Provider of the DAO shall not be liable for any error of judgment, mistake of law, or for any loss suffered by the DAO, its Members, Persons affiliated with the DAO or its Members, or third parties in connection with the matters to which this Agreement relates or for any services provided by a Service Provider, except for a loss resulting from a Service Provider's willful misfeasance, gross negligence, or reckless disregard in the performance of its duties under this Agreement. Furthermore, Service Providers shall not be liable for:

- (i)** Any action taken or omitted in accordance with or in reliance upon written or oral instructions, advice, data, documents, or information (without investigation or verification) received by Service Providers from the Authorized Members or any other Members;
- (ii)** Any liability arising from the transfer or use of any Governance Rights or Movement Tokens, including with respect to matters arising

under applicable laws or private rights of action; or

(iii) Any action taken or omitted by the DAO, its Members, any affiliated Persons of the DAO or its Members, or any third party.

(d) **Indemnification.** The DAO shall indemnify and hold harmless any Service Provider, their affiliates, employees, and agents, from and against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees) arising out of or in connection with any claim, lawsuit, or demand which arises out of any activities during their period of service to the DAO and from the conclusion of services until the statute of limitations have run for any known or unknown claims. The DAO, its Members, and any contributors to the DAO via the Dapp, the Gnosis Multi-signature Wallet, the purchase of an NFT, or the receipt of any Governance Rights from any party or parties shall agree to the indemnification obligation set forth in the attached Agreement between the DAO and the Service Provider, including its affiliates, employees, and agents.

(e) **Vetoer Role.** The Service Provider or its agents shall have the right to veto any action, proposal, or decision of the DAO, its Members, or any affiliated Persons of the DAO or its Members, or any third party, until the community deems it unnecessary via safe-guards encoded into the platform smart-contracts. The Service Provider need not provide any reason for its veto in any form it may take, including but not limited to, a vote, a veto, or a veto vote. Additionally, the right extends to taking any action necessary to prevent a fraud, theft, or any other illegal activity from occurring against the DAO, its Members, its treasury or any other assets of the DAO (this also includes to taking any action necessary to prevent the DAO from being exposed to any potential liability).

## 10. General Provisions.

(a) **Notices.** Subject to Section 3, all notices required to be delivered under this Agreement shall be effective only if sent via **Discord, Twitter, or another acceptable communication channel**. In computing the period of time for the giving of any notice, the day on which the notice is given shall be excluded, and the day on which the matter noticed is to occur shall be included. If notice is given via electronic means by the Service Provider, it shall be deemed to be given when sent, provided that the Service Provider does not have reason to believe that such notice was not delivered.

(b) **Further Assurances.** Each Member agrees to perform all further acts and to execute, acknowledge, and deliver any document (including tax forms and information) that may be reasonably necessary to carry out the provisions of this Agreement.

(c) **Interpretation.** Unless otherwise indicated to the contrary herein by the context or use thereof the words, "herein," "hereto," "hereof," and similar language refer to this Agreement as a whole and not to any particular section or paragraph within the Agreement; words referring to the masculine gender

shall include the feminine and neutral genders, and vice versa; and words referring to the singular shall include the plural, and vice versa; plural forms of singular defined terms shall have corresponding meanings and singular forms of plural defined terms shall have corresponding meanings; the section headings contained in this Agreement are for reference purposes only and shall not affect the interpretation of this Agreement; references to statutes or regulations include amendments and successor or replacement statutes or regulations.

**(d) Severability.** If any term or provision of this Agreement or any application of this Agreement shall be declared or held invalid, illegal, or unenforceable, in whole or in part, whether generally or in any particular jurisdiction, such provision shall be deemed amended to the extent, but only to the extent, necessary to cure such an invalidity, illegality, or unenforceability, and the validity, legality, and enforceability of the remaining provisions, both generally and in every other jurisdiction, shall not in any way be affected or impaired thereby.

**(e) Binding Agreement.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, permitted assigns, trustees, and legal representatives.

**(f) Creditors.** None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any creditor of any Member or of the DAO. No creditor who makes a loan to the DAO may have or acquire, as a result of making the loan, any direct or indirect interest in the DAO's property.

**(g) Waiver.** Any term or condition of this Agreement may be waived at any time by the party or parties entitled to the benefit thereof, but only by a writing signed by the party or parties waiving such term or condition. No waiver of any provision of this Agreement or of any right or benefit arising hereunder shall be deemed to constitute or shall constitute a waiver of any other provision of this Agreement (whether similar or not), nor shall any such waiver constitute a continuing waiver, unless otherwise expressly so provided in writing.

**(h) Waiver of Partition; No Bill for DAO Accounting.** Each Member hereby irrevocably waives any and all rights that it may have to maintain an action for partition of any of the DAO's property. Each Member covenants that it shall not file a bill for DAO accounting.

**(i) Limitation of Liability.** Except for any remedies that cannot be excluded or limited by law, no Person, or its agent, affiliate, assigns, heirs, or other successors in interest, will be liable under this Agreement to another Person, or that party's agent, affiliate, assigns, heirs, or other successors in interest, or other third party, for any special, reliance, punitive, indirect, incidental, or consequential damages or lost or imputed profits, lost data, lost property, or any costs and fees. This limitation of liability may not be valid in some jurisdictions. Parties to this Agreement may have rights that cannot be waived under some laws. The DAO and its Members do not seek to limit the DAO's or Members' warranties or remedies to any extent not permitted by law.



YOU UNDERSTAND AND AGREE THAT, TO THE FULLEST EXTENT PROVIDED BY LAW, IN NO EVENT SHALL THE DAO OR ITS MEMBERS BE LIABLE FOR ANY LOSS OF PROFITS, REVENUE OR DATA, INDIRECT, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES, OR DAMAGES OR COSTS DUE TO LOSS OF PRODUCTION OR USE, BUSINESS INTERRUPTION, OR PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, IN EACH CASE WHETHER OR NOT THE DAO OR ITS MEMBERS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, ARISING OUT OF OR IN CONNECTION WITH THE AGREEMENT OR ANY COMMUNICATIONS, INTERACTIONS OR MEETINGS WITH OTHER USERS OF THE DAO, ON ANY THEORY OF LIABILITY, RESULTING FROM: (a) THE USE OR INABILITY TO USE THE DAO DAPP; (b) THE COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES RESULTING FROM ANY GOODS, DATA, INFORMATION OR SERVICES PURCHASED OR OBTAINED; OR MESSAGES RECEIVED FOR TRANSACTIONS ENTERED INTO THROUGH THE DAO DAPP; (c) UNAUTHORIZED ACCESS TO OR ALTERATION OF YOUR TRANSMISSIONS OR DATA; (d) STATEMENTS OR CONDUCT OF ANY THIRD PARTY IN THE DAO; OR (e) ANY OTHER MATTER RELATED TO THE DAO DAPP, WHETHER BASED ON WARRANTY, COPYRIGHT, CONTRACT, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY OR ANY OTHER LEGAL THEORY.

**(j) Governing Law; Jurisdiction; Venue.** Notwithstanding the place where this Agreement may be executed by any of the parties hereto, the parties expressly agree that all of the terms and provisions hereof shall be construed in accordance with and governed by the laws of the State of Delaware, without giving effect to the principles of choice or conflicts of laws thereof that would require that this Agreement be governed by the laws of another state. Each of the parties hereto consents and agrees to the exclusive personal jurisdiction of any state or federal court sitting in Delaware, and waives any objection based on venue or forum non conveniens with respect to any action instituted therein, and agrees that any dispute concerning the conduct of any party in connection with this Agreement shall be heard only in the courts described above.

**(k) Arbitration.** In consideration of the promises in this agreement, the parties agree that any and all controversies, claims, or disputes with anyone (including the DAO and any employee, agent, Member, or benefit plan of the DAO in their capacity as such or otherwise) arising out of, relating to, or resulting from this Agreement, shall be subject to binding arbitration under the arbitration rules set forth in Delaware law and thereby agrees to waive any right to a trial by jury, include any statutory claims under state or federal law, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Worker Adjustment and Retraining Notification Act, discrimination or wrongful termination and any statutory claims. The parties further understand that this Agreement to Arbitrate also applies to any disputes that the DAO may have with a Member.

**(l) Procedure.** The parties agree that any arbitration will be administered by the American Arbitration Association (“AAA”) and that the neutral arbitrator will be selected in a manner consistent with its national rules for the resolution of employment disputes. The parties agree that the arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication and motions to dismiss and demurrers, prior to any arbitration hearing. The parties also agree that the arbitrator shall have the power to award any remedies, including attorneys’ fees and costs, available under applicable law. The parties understand that they shall share equally in paying for the administrative or hearing fees charged by the arbitrator or AAA. The parties agree that the arbitrator shall administer and conduct any arbitration in a manner consistent with the rules and that to the extent that the AAA’s national rules for the resolution of employment disputes conflict with the rules, the rules shall take precedence. The parties agree that the decision of the arbitrator shall be in writing.

**(m) Covenant Not to Sue.** The Members hereby agree and understand that by signing this Agreement they hereby waive any right to sue other Members or the DAO for any reason and at any time. In the event that a Member attempts to file suit against either another Member or the DAO, that Member’s Membership shall be terminated (this includes both Governance Rights, and the potential right to any redemption of their contribution to the DAO). Solely the Authorized Members shall be empowered to determine if a Member is entitled to any other remuneration upon the cancellation of his ownership interest. The Authorized Members are solely authorized and empowered to make such a determination, and there is no right of appeal or other objection to the determination of the Authorized Members. The DAO, Members, Authorized Members, and the Service Provider covenant that under no conditions will any party or any affiliate file any action against the other (except requests for injunctive or other equitable relief only) in any forum, but instead agree to resolve any disagreement regarding the implementation of the Agreement or an alleged breach by a party by mandatory arbitration. The The DAO, Members, Authorized Members, and the Service Provider further agree to use Washington Arbitration and Mediation Services (“WAMS”) in Seattle, Washington, as the agreed upon arbitrator in this matter. Each party may request arbitration of any dispute by sending notice to the other party, in writing, of the demand for arbitration.

In the event of any arbitration of a dispute between any of the Members and the Service Provider and/or the Authorized Members, the DAO agrees to pre-pay, after any reasonable and legitimate threat of arbitration has been received, \$500,000.00 (half-million, \$500,000.00 USD) to the Service Provider and/or the Authorized Members, or to the Service Provider’s and/or Authorized Member’s chosen representation for legal fees. Following arbitration, the arbitrator may award attorney’s fees to the prevailing party, including the reimbursement of any attorney’s fees that were pre-paid in the dispute. All indemnification funds provided to the Service Provider and/or Authorized Members not used after any reasonable and legitimate threat of arbitration has dissipated shall be returned

to the DAO immediately.

**(n) Limitation by Law.** No provision of this Agreement shall be construed to provide for the indemnification for any liability to the extent (but only to the extent) that such indemnification would be in violation of applicable law, but instead shall be construed so as to effectuate the provisions thereof to the fullest extent permitted by applicable law.

**(o) Entire Agreement.** This Agreement (including the exhibits hereto) supercedes any and all other understandings and agreements, either oral or in writing, among the parties with respect to the subject matter hereof and constitutes the sole agreement among the parties.

**(p) Amendments/Modifications.** Except as otherwise provided herein, the terms and provisions of this Agreement may be amended or modified only with the prior consent of Members acting by a vote via the DAO's Snapshot. Amendments to this Agreement shall be made available via the Dapp.

**(q) Securities Laws Matters.** THE TOKENS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, STATE SECURITIES LAWS, OR THE LAWS OF ANY COUNTRY OUTSIDE THE UNITED STATES. THEY PROVIDE NO RIGHT TO ANY PROFITS OR LOSSES OF THE DAO, NOR IS THERE A REASONABLE EXPECTATION OF PROFIT FROM BUYING OR RECEIVING THE TOKENS. THE TOKENS ONLY PROVIDE THE HOLDER WITH GOVERNANCE RIGHTS THAT ARE SPECIFICALLY LIMITED IN THIS AGREEMENT.

**(r) Communication by Electronic Means.** Unless otherwise required by law or by agreement, any notice, vote, consent, petition, or other oral or written communication required or permitted can be delivered by electronic means, provided that, in the case where such communication expressly or impliedly requires the signature of the Person submitting the communication, means are in place to reasonably assure the authenticity of the signature, including cryptographic signatures. For the purposes of notice or any communications pertaining to this Agreement, Members may deliver electronic correspondence, *in addition, to other means*, to 0x5d95baEBB8412AD827287240A5c281E3bB30d27E@ethereum.email or 0x752515a3A1091b9f1c04416CF79D1F14d2340085@ethereum.email.