

Charter of the Institute (*Foundation Deed*)

(hereinafter the “**Charter**”)

Preamble

This charter (hereinafter referred to as the “Charter”) is the founding document of the Institute established under the laws of the Czech Republic. For the purposes of this document, the term “Charter” corresponds to the term “Zakládací listina” or “Foundation Deed” as used in the international context.

1. Founders

1.1. The founders of the Institute are:

Robert Louis Veroff, Ph.D. born on 29 June 1953, residing at 23611 Deaver Circle, Lewes, DE 19958, USA

Stephan Schulz, Prof. Dr. born on 27 May 1967, residing at Auf der Altenbug 7, 70376 Stuttgart, Germany

Cezary Seweryn Kaliszyk, Ph.D. born on 4 August 1981, residing at 231 Abbotsford St, North Melbourne, VIC 3051, Australia

Josef Urban, Ph.D., born on 31 October 1973, with permanent address at Tajovského 1257/3, Krč, 142 00 Prague 4, Czech Republic

1.2. Additional persons may become founders in accordance with the procedure set out in Article 7 of this Charter.

2. Contributions

2.1. Each of the founders made a cash contribution of CZK 10,000, in words: ten thousand Czech crowns. The monetary contribution becomes the property of the Institute on the date of its establishment.

3. Name and Seat (Registered Office) of the Institute

3.1. Name of the institute: **AI4REASON z.ú.** (hereinafter also the “**Institute**”).

3.2. Seat (Registered Office) of the Institute: Prague.

3.3. Where the full name of the Institute is not required by law, the abbreviation **AI4REASON** may be used in its place.

4. Purpose and Object of the Institute – Main Activity

4.1. **The purpose of the Institute** is to advance independent, world-class research in artificial intelligence, automated reasoning, and machine learning, with applications to mathematics, computer science, natural sciences, and other domains of human knowledge. The Institute aims to foster excellence in research, promote the transfer of knowledge and technology into practice, support educational activities, and raise

public awareness and understanding of artificial intelligence, its applications, and its impact. In pursuing its mission, the Institute acts in the interest of society and for the public benefit.

4.2. Object of the Institute's Main Activity

The Institute shall in particular:

1. carry out basic and applied research in the fields of artificial intelligence, automated reasoning, and machine learning, as well as in related scientific disciplines, including applications in mathematics, computer science, natural sciences, and other areas of human knowledge,
2. develop and test algorithms, tools, and methodologies in these fields,
3. cooperate with academic, research, and industrial partners worldwide
4. organize professional seminars, conferences, and educational programs,
5. publish and disseminate the results of its activities to both professional and general audiences.

5. Provision of Economic Services (*meaning services provided on a commercial basis in compliance with applicable laws and EU State aid rules*)

- 5.1. The Institute may provide economic services for remuneration and may obtain funding for such services from lawful sources, whereby all proceeds from economic activities shall be used exclusively to support the purpose of the Institute. This shall be done in accordance with applicable laws and regulations, including compliance with the principles of compatible State aid under the EU Framework for State Aid for Research, Development and Innovation (2014/C198/01).
- 5.2. The Institute shall make the results of its activities publicly accessible where required by applicable laws or the conditions of public funding, and otherwise in accordance with the terms set by its governing bodies.

6. Secondary Activities of the Institute

- 6.1. **Scope of Secondary Activities:** In addition to its main purpose, the Institute may carry out secondary activities that are related to, and supportive of, its primary mission. Such activities may include, for example, the organization of philanthropic events.
- 6.2. **Purpose Limitation:** Secondary activities are carried out only to support the main activities of the Institute.
- 6.3. **Legal Basis:** The Institute is authorized to conduct its secondary activities under applicable Czech trade licensing regulations, specifically within the general category of “production, trade, and services not specified in Annexes 1 to 3 of the Trade Licensing Act”, in particular, Field of Activity listed in Art. 6.4.
- 6.4. **Fields of Activity:**

- advisory and consulting activities, preparation of expert studies and reports,
- research and development in the natural sciences, engineering and social sciences,
- extracurricular education and training, organization of courses, training, including lecturing activities,
- Providing software, information technology consulting, data processing, hosting and related activities and web portals.

7. Founders, The Assembly of Founders

- 7.1. The founder shall be the person referred to in paragraph 1.1. The founder is not entitled to transfer his/her powers to another person. The founders may approve another party as a founder, in case of which such party becomes the founder with the rights and obligations of a founder under this Charter and under the law together with the original founders. All founders must agree to the new founder joining the Institute. In the event of the death or resignation of one of the founders, his/her position as a founder shall terminate without replacement.
- 7.2. Any amendments to the Charter shall be subject to the exclusive decision of the founders.
- 7.3. The founders shall be convened to a joint meeting of the Assembly of Founders by any one of the founders. A meeting of the Assembly of Founders shall constitute a quorum only if all founders are present. Presence may be established either in person or by means of remote participation (including online videoconference). Participation by remote communication shall be deemed equivalent to presence in person.
- 7.4. The approval of at least a two-thirds majority of all founders is required for the adoption of a decision of the founders (except the decisions under Sections 7.1 and 15.1 which require unanimous approval, and Section 9.1 which require absolute majority).
- 7.5. Each of the founders has one vote.
- 7.6. In the event of a newly joining founder, the Chairman of the Executive Board shall be notified of this fact and shall inform the remaining members of the Executive Board and the Director of the Institute, who shall make a record of this fact in the documentation of the company.

8. Bodies of the Institute

- 8.1. The bodies of the Institute are:
 - the Executive Board,

- the Assembly of the Founders, and
 - the Director.
- 8.2. Other bodies of the Institute may be established. Their powers, responsibilities, and mutual relationships within the Institute's internal structure shall be set out in the internal regulations of the Institute.

9. Executive Board

- 9.1. **Composition:** The Executive Board is the supervisory body of the Institute and shall consist of three (3) members.
- 9.2. **Nomination and Election:** Members of the Executive Board are nominated by the founders. Each position on the Executive Board is voted on separately by the Assembly of Founders, with each founder having one vote. The candidate which receives a majority of votes from the founders is elected into the position on the Executive Board. If more than one candidate receives the majority of the votes, the candidate who receives the highest number of votes is elected. In the event of a tie between the candidates, a decisive vote is held among the candidates with the highest number of votes and if even the decisive vote doesn't provide a result, the decision is made by drawing lots.
- 9.3. **Term of Office:** Members of the Executive Board shall serve for a term of four years and may be re-elected.
- 9.4. **Vacancies:** In the event of a vacancy, a new member shall be elected in the same manner as set out in Article 9.2.
- 9.5. **First members** of the Executive Board are appointed by the founders in this Charter and these first members of the Executive Board shall be:
- **Robert Louis Veroff, Ph.D.** born on 29 June 1953, residing at 23611 Deaver Circle, Lewes, DE 19958, USA;
 - **Cezary Seweryn Kaliszyk, Ph.D.** born on 4 August 1981, residing at 231 Abbotsford St, North Melbourne, VIC 3051, Australia;
 - **Stephan Schulz, Prof. Dr.** born on 27 May 1967, residing at Auf der Altenbug 7, 70376 Stuttgart, Germany.
- 9.6. The Executive Board shall elect a chairman from among its members. The first chairman of the Executive Board is **Robert Louis Veroff, Ph.D.** .
- 9.7. The term of office of the Chairman of the Executive Board is four years; the Chairman of the Executive Board may be reappointed.
- 9.8. The members of the Executive Board shall perform their activities without any remuneration.
- 9.9. Executive Board:

- elects and dismisses the Director,
 - supervises the performance of the Director's duties,
 - decides on legal actions of the Institute against the Director,
 - approves the budget, the ordinary and extraordinary financial statements and the annual report of the Institute,
 - decides on the adoption of the internal regulations under this Charter,
 - removes a member of the Executive Board who fails to perform the duties of a member of the Executive Board or violates the obligations set out in this Charter, the Statutes or the law or a decision of the Assembly;
 - on all other matters that do not fall within the competence of other bodies of the Institute.
- 9.10. The Executive Board meets at least once a year. Meetings of the Executive Board shall be convened and chaired by the Chairman or another member of the Executive Board elected by an absolute majority of the members present.
- 9.11. The Executive Board has a quorum if the absolute majority of all members of the Executive Board is present.
- 9.12. A decision of the Executive Board is adopted if an absolute majority of all members of the Executive Board agrees with it.
- 9.13. In the case of a decision on the removal of a member of the Executive Board pursuant to paragraph 9.9 of this Charter, on the election and removal of a Director, a two-thirds majority of all members of the Executive Board shall be required for the decision, provided that the member of the Executive Board being removed shall not participate in the vote and his vote shall not count towards the required quorum.
- 9.14. Minutes of each meeting of the Executive Board shall be taken and signed by the Chairman of the Executive Board. The Chairman of the Executive Board shall send the minutes to the Executive Board members. If the members of the Executive Board do not express any objection to the minutes within 14 days from the date of their delivery, they shall be deemed not to have any objection. Once the minutes have been approved by the Executive Board, they shall be sent to the Director and the founders.
- 9.15. In the event of a tie, the vote of the Chairman of the Executive Board shall prevail.
- 9.16. Meetings of the Executive Board, including voting and the adoption of decisions may be conducted using technical means (such as videoconferencing) or by per rollam voting.

- 9.17. Only a natural person of good character who is fully capable of exercising his/her legal capacity may be a member of the Executive Board.
- 9.18. Membership of the Executive Board is incompatible with the performance of the duties of the Institute's Director.
- 9.19. The Executive Board shall decide on the issuance of the statutes of the Institute, which shall regulate the internal organization of the Institute and the details of its activities.
- 9.20. Exercise of the office of a member of the Executive Board ends upon:
- expiration of the term of office,
 - resignation as a member of the Executive Board effective upon the date of delivery of the written resignation to the Director,
 - dismissal of a member of the Executive Board for breach of the obligations set out by law, this Charter, or in the event of failure to fulfil the obligations of a member of the Executive Board as set out in a decision of the Executive Board.,
 - restriction of legal capacity,
 - by death,
 - a certificate of bankruptcy of a member of the Executive Board.

10. Director

- 10.1. The Director shall be the statutory body of the Institute, who shall direct its activities, act on its behalf and decide on all matters not within the competence of the Executive Board and the Assembly.
- 10.2. The Director is elected and dismissed by the Executive Board. The Executive Board shall approve the contract of office of the Director, which shall be signed on behalf of the Institute by the Chairman of the Executive Board.
- 10.3. The Director shall receive remuneration for the performance of his/her duties, the amount of which shall be decided by the Executive Board.
- 10.4. The Director may only be a natural person of good character who is fully capable of exercising his/her legal capacity.
- 10.5. The Director is entitled to participate in the meetings of the Executive Board and the Assembly of the Founders in an advisory capacity.

10.6. The Director shall direct the activities of the Institute, unless this is reserved by law or the Charter to the Executive Board.

10.7. The Director in particular:

- manages the Institute's activities, their planning and evaluation,
- ensures the financing of the Institute,
- convenes meetings of the Institute's bodies,
- ensures the development of strategic and conceptual materials of the Institute,
- manages and coordinates the activities of the Institute,
- concludes, amends and terminates contracts on behalf of the Institute,
- submits to the Executive Board an activity report and a financial report for the previous period.

10.8. The Director acts on behalf of the Institute independently.

10.9. The founders appoint in this Charter the first Director:

- **Josef Urban, Ph.D.**, born on 31 October 1973, with permanent address at Tajovského 1257/3, Krč, 142 00 Prague 4, Czech Republic

11. Per rollam decision-making and use of technical means

11.1. If the members of a body resolve per rollam or by other technical means, the person authorized to convene the meeting of that body shall deliver the draft decision to each member at the e-mail address notified by such member to the Institute. The draft decision shall be deemed delivered to a member once it has reached the member's e-mail address or other contact address provided by the member to the Institute.

11.2. In the case of matters where the law requires official verification of the signature of a member of the body on his/her statement, per rollam decisions of members of the bodies outside the meeting of the body within the meaning of the relevant provisions of the law or European regulations shall be admissible only if the relevant messages containing the vote are accompanied by an officially verified signature or, if the relevant legislation allows for the replacement of the officially verified signature by an electronic signature, from the moment such legislation enters into force, or by a guaranteed electronic signature of the member of the body (in the case of voting by e-mail) or by another type of electronic signature.

12. Previous consent

- 12.1. The Director shall, in relation to the internal governance of the Institute, require the prior approval of the Executive Board for any legal acts by which the Institute acquires or disposes of ownership of immovable property, by which the Institute encumbers its immovable property, or by which the Institute undertakes obligations or disposes of assets in an amount exceeding CZK 5,000,000. Such approval may be granted by the Executive Board at a meeting or by per rollam resolution.

13. Acting for the Institute

- 13.1. The Institute shall be represented by the Director, who shall act externally on its behalf.
- 13.2. Signing for the Institute is done by the Director adding his/her signature and the designation of his/her position to the written or printed name of the Institute.

14. Management of the Institute

- 14.1. The Institute may also carry out other activities (so-called “complementary activities”) pursuant to Article 6 of this Charter, subject to the conditions that such complementary activities will achieve a more efficient use of the Institute’s assets and will not compromise the quality, scope and availability of the services provided.
- 14.2. The Institute may use its profits only to support the activities for which it was established and to cover the costs of its own administration.
- 14.3. The Institute shall not participate in the business of other persons without the prior consent of the Executive Board. The Institute shall not participate in the financial support of political parties or political movements.

15. Amendments to the Charter of the Institute

- 15.1. Any amendment to this Charter shall require the unanimous consent of all founders.

16. Dissolution and liquidation of the Institute

- 16.1. The Institute can be dissolved by a unanimous decision of the Executive Board, approved by all the founders unanimously.
- 16.2. In the event of the dissolution of the Institute, the liquidation balance of the Institute will be distributed to another nonprofit organization organized and operated exclusively for charitable, educational, or scientific purposes, or shall be used exclusively for public benefit purposes.

17. Final Provisions

- 17.1. Unless otherwise stipulated in the Charter of the Institute, the legal relations of the Institute shall be governed by the relevant provisions of the Civil Code.
- 17.2. A person who has not been finally convicted of a deliberate criminal offence shall be deemed to be of good character by this Charter.
- 17.3. If the decision of the founders is not possible, the Executive Board shall acquire their rights in relation to the Institute. The decision of the Executive Board to change the purpose of the Institute and its dissolution requires the approval of the court.
- 17.4. This Charter is executed in the Czech and English language, in case of any discrepancies, the Czech version shall prevail.

V/In _____ dne / on _____

V/In _____ dne / on _____

Robert Louis Veroff, Ph.D

Cezary Seweryn Kaliszyk, Ph.D.

V/In _____ dne / on _____

V/In _____ dne / on _____

Josef Urban, Ph.D.

Stephan Schulz, Prof. Dr.