

VeChain Foundation Governance Charter

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1. Overview

Although decentralization is the well-known cornerstone of blockchain technology, in its pure form it has obvious defects leading to inefficiency and poor capacity to conduct fast iterations. We believe scalability issues relating to blockchain are not linked to technical problems but to consensus concerns of governance. Continuous updates and additions to the features and functions of blockchain are a natural product of the evolution of the technology, its use cases, and its applications.

A proper governance system, with transparency and operational efficiency, will enable continual and rapid innovation.

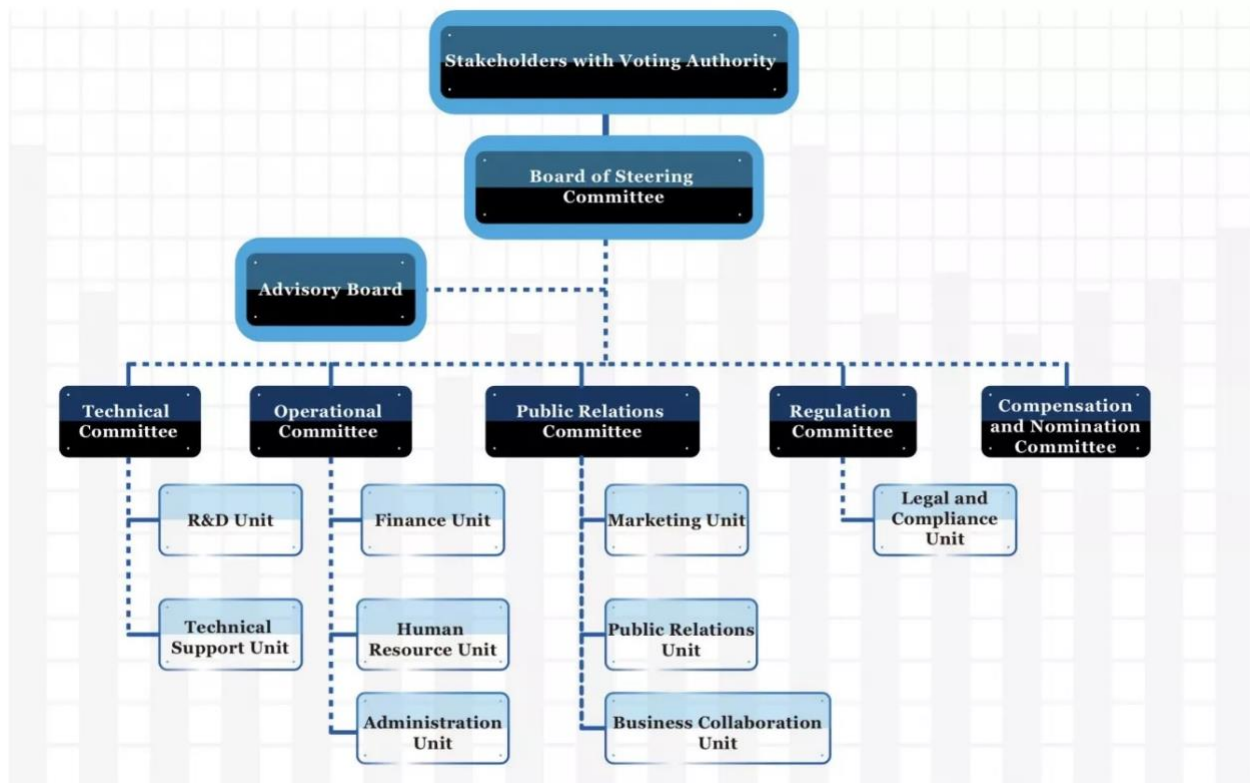
In order to achieve the main goal of operating a decentralized public blockchain with the capacity to scale and at the same time complying with regulators, governments and to meet the needs of large enterprises, the next step in VeChain's decentralization journey is to improve its governance model with the ability for continuous iterations alongside rapid progression in ecosystem development. To achieve this new governance consensus, we aim to identify the right stakeholders and determine how such stakeholder classes will be represented and how the authority to make decisions will be allocated.

It is important that such a governance model is both efficient and cost-effective, while resulting in consensus and decisions that balance the views of all stakeholders of the blockchain. The following Governance Principles and Charters are adopted by the VeChain Foundation to serve as a flexible framework to assist the Board of Steering Committee (referred to as, the "Board" or "SC") in the exercise of its responsibilities.

These Governance Principles reflect the Board's commitment to monitor the fairness and effectiveness of policy and decision making for the Foundation and should be interpreted in the context of all applicable laws, VeChain Foundation charter documents and other governing legal documents and are subject to modification from time to time by the Board.

2. Governance Structure

The VeChain Foundation is a nonprofit entity, committed to the development, governance and advancement of the VeChain ecosystem. The decentralized operating mechanism of the blockchain technology grants the Foundation a unique governance structure. The diagram below provides a stylized view of the Foundation’s current governance structure.



VeChain Foundation Governance Structure

The Board of Steering Committee is the governing body of the VeChain Foundation. It is selected by Stakeholders with Voting Authority. The Steering Committee lays out the critical strategies and selects functional committee chairs to oversee the operational units of the Foundation. However, for fundamental subjects which could cause a significant impact on the Stakeholders, the all stakeholder voting is required. The fundamental subjects are as follows:

1. The election of the new Board of Steering Committee
2. Fundamental change to the consensus mechanism of the VeChainThor blockchain (updates or enhancements on the existing PoA consensus are not included)
3. Modification to the generation velocity of VTHO via holding VET
4. Other subjects that the Board of Steering Committee deem necessary for the all stakeholder voting

3. Stakeholders with Voting Authority

3.1 Stakeholders

In the VeChain ecosystem, stakeholders with voting authority is comprised of three categories i.e. Authority Masternodes, Economic X Nodes and Economic Nodes. Each category has different voting authority. The stakeholders can be individuals, corporations, government agencies, non-profit organizations and other institutions with a stake in the VeChain ecosystem, additionally Authority Masternode holders must go through Foundation's identity verification and background check. The stakeholder voting mechanism ensures the inclusiveness of all designated stakeholders in the VeChainThor Blockchain ecosystem.

Authority Masternodes

Authority Masternodes are network maintainers of the VeChainThor blockchain, and each of the node operator must hold at least 25,000,000 VETs at any given time. Currently, there are 101 active Authority Masternodes held by either corporations or individuals whose identities have been verified by the Foundation. Authority Masternodes are the only nodes that are authorized to pack blocks on the VeChainThor blockchain and they are rewarded by 30% of the transaction fee in each block.

Economic X Nodes

Economic X Nodes and Economic Nodes were created as the Foundation's initiative at the early stage of the ecosystem. Each node holder needs to stake a minimum amount of VETs and wait for the maturity period according to the node type and tier. The status of Economic X Node and Economic Node is tokenized according to [VIP181 standard](#) and managed via open source [the VeChainThor Node smart contracts](#).

Economic X Node holders lie at the center of the VeChain community. The initiative was started on March 20, 2018 in a way that no new Economic X Node can be created, and Economic X Nodes can only upgrade their node tier. Therefore, the total number of Economic X Nodes will only decrease over time. Economic X Node holders are considered as long time supporters of the VeChain ecosystem. More information about Economic X Nodes can be found [here](#).

There are four tiers of Economic X Nodes:

Node Tier	Minimum VET Holding	Maturity Period
Mjolnir X Node (MX)	15,600,000	90 Days
Thunder X Node (TX)	5,600,000	60 Days
Strength X Node (SX)	1,600,000	30 Days
VeThor X Node (VX)	600,000	No new VeThor X Node can be created

Economic Nodes

While the number of Economic X Nodes can no longer increase, any VET holder can apply to become an Economic Node at any time. Any VET address above the minimum holding requirement can apply via the VeChainThor Node smart contract and wait for the maturity period before the creation or upgrade is completed. More information about the Economic Nodes can be found [here](#).

There are three tiers of Economic Nodes:

Node Tier	Minimum VET Holding	Maturity Period
Mjolnir Node (M)	15,000,000	30 Days
Thunder Node (T)	5,000,000	20 Days
Strength Node (S)	1,000,000	10 Days

3.2 Stakeholder category and the voting authority model

The following table summarizes different categories of stakeholders and their corresponding voting authority.

Category	Node Tier	Minimum VET Holding	Votes per Node (in-category)	Voting Authority
Authority Masternodes (AM) <i>*KYC required</i>	N/A	25,000,000	1 AM vote	40%
Economic X Nodes (XN)	MX	15,600,000	26 XN votes	40%
	TX	5,600,000	10 XN votes	
	SX	1,600,000	3 XN votes	
	VX	600,000	1 XN vote	
Economic Nodes (EN)	M	15,000,000	15 EN votes	20%
	T	5,000,000	5 EN votes	
	S	1,000,000	1 EN vote	

All the above statuses are managed on the VeChainThor blockchain, stakeholders are responsible for keeping their status active in order to participate in the voting and have their vote authority calculated accordingly.

Active Authority Masternode holders (AM)

Each active AM holder staking a minimum of 25,000,000 VETs in the Authority Masternode collateral address has 1 vote. The total voting authority for all AM holders accounts for $\omega_{AM} = 40\%$ of overall voting authority.

Economic X Node holders (XN)

Economic X Nodes are comprised of four tiers i.e. Mjolnir X Node (MX), Thunder X Node (TX), Strength X Node (SX), VeThor X Node (VX). The minimum VET holding of each active Economic X Node differs based on the node tiers. Each VX Node has 1 vote and the number of votes per node increases with the node tier.

- Mjolnir X Node: 26 votes
- Thunder X Node: 10 votes
- Strength X Node: 3 votes



- VeThor X Node: 1 vote

The total voting authority for all XN holders accounts for $\omega_{XN} = 40\%$ of overall voting authority.

Economic Node holders (EN)

Economic Nodes are comprised of three tiers i.e. Mjolnir Node (M), Thunder Node (T), Strength Node (S). The minimum VET holding of each active Economic Node differs based on the node tiers. Each S Node has 1 vote and the number of votes per node increases with the node tier.

- Mjolnir Node: 15 votes
- Thunder Node: 5 votes
- Strength Node: 1 vote

The total voting authority for all EN holders accounts for $\omega_{EN} = 20\%$ of overall voting authority.

Aggregation

The final voting result V can be computed as:

$$V = \omega_{AM}V_{AM} + \omega_{XN}V_{XN} + \omega_{EN}V_{EN}$$

where V_{AM} , V_{XN} , and V_{EN} stand for the voting results for categories AM, XN, and EN. All the weights satisfy $\omega_{AM} + \omega_{XN} + \omega_{EN} = 1$ and their values can be adjusted by the Steering Committee when deemed appropriate. The vote of a single address can only be counted towards the category based its highest status. Through this equation an example result for EN may be split 15% “Yes” and 5% “No” in a Yes or No vote.

3.3 All Stakeholders Voting

Prior to an all stakeholder voting event, the Foundation will announce detailed rules such as voting day, voting period and minimum participation rate of each stakeholder category. Because all of the stakeholder statuses are managed on the VeChainThor blockchain, on the voting day, stakeholders with an active status in any of the three categories are eligible to cast their votes via the VeVote platform. Their votes will be counted towards the voting authority in the corresponding stakeholder category.

In addition, for any voting event to be considered as effective and not to be manipulated by a small percentage of stakeholders, the participant rate in each stakeholder category at the end of the voting period needs to be above a predefined threshold according to the voting announcement. If the participation rate does not meet the minimum requirement in one stakeholder category, the voting authority of that category will be allocated to the higher stakeholder category(ies) proportionally. If there are not enough Authority Masternode holders participating in the voting, its



voting authority will be allocated to the Steering Committee. However, if none of the stakeholder categories meets the minimum participation requirement, a new voting event would be initiated. To ensure the efficiency of governance at the early stage of the platform, the Steering Committee reserves the right to make the decision among the Steering Committee members if the voting event fails twice in a row.

New Board of Steering Committee Election

According to the Foundation Governance Charter, the term for the Steering Committee is two years. Therefore the election of the new board of Steering Committee will happen every two years from the launch of the VeChainThor blockchain mainnet.

The nomination committee, with assistance from the administrative unit, will announce the detailed rules and timeline of the whole election process in advance. The existing members of the Steering Committee are by default considered as candidates for the new Board. The nomination committee will nominate candidates based on the size of the Steering Committee. In addition, the nomination committee will review and assess the applications received from public and add qualified applicants as candidates. In case that the number of qualified candidates exceeds twice the proposed number of the new board, a preliminary all stakeholder voting will be conducted to shrink the number of qualified candidates from public applications. Please see section 4.2.3 for more detailed rules.

A final shortlist will be announced by the nomination committee before the final election. The new Board of Steering Committee should be elected by all eligible stakeholders with voting authority two months before the term of the existing Board ends. The nominees will be ranked by number of votes and the membership will be granted to the candidates with the highest number of votes, based on predetermined Board size and composition rule. The results of the election will be announced by the nomination committee within 48 hours of ballot end time.

4. The Board of Steering Committee

4.1 Mission

VeChain Foundation is a non-profit entity, committed to the development, governance and advancement of the VeChainThor blockchain. The Steering Committee is the governing body of the VeChain Foundation. They define the important strategies and select functional committee chairs to oversee the operation of the Foundation. Designed for visibility, inclusiveness, transparency and efficiency, the Foundation will ensure the development, innovation, coordination and advancement of the VeChainThor blockchain ecosystem.

The Board believes that all committee members represent the balanced interests of the multiple stakeholders as a whole.

The Board represents the VeChainThor blockchain stakeholders' interest in long-term development of the technical infrastructure, business expansion, and VET value enhancement. The Board also recognizes the important role the Foundation plays in the blockchain ecosystem and the importance of providing active governance, designed to ensure the safety and soundness of the operations within the VeChainThor blockchain. The Board is responsible for establishing the general oversight and framework, including the design of the operating rules of the blockchain, intended to achieve these goals.

The Board's principal functions are to:

- 1) Propose and organize all stakeholder voting events for fundamental issues of the VeChainThor Blockchain
- 2) Execute the on-chain governance operations and ensure proper decision making process is followed
- 3) Review, approve, and monitor the Foundation's major strategic, technical, financial, and business activities
- 4) Provide strategic guidance based on the report of the functional committees in various areas
- 5) Review, modify and approve the governance principles of the Foundation
- 6) Review, approve and monitor the Foundation's annual budget, financial status including VET holdings, use of proceeds and its major transactions
- 7) Review, approve and monitor the procedure of nomination and election of the Steering Committee members, functional committee chairs and the General Secretary of the Foundation

- 8) Review, approve and monitor the operation model of VTHO (operating cost basis of the VeChainThor Blockchain) and valuation model of VET

4.2 Membership

4.2.1 Size, Composition and Criteria

Size of the Steering Committee. The number of committee members will be determined from time to time by the Board, ranging between 7, 9, 11 and 13. The nomination functional committee or any member of the Board of Steering Committee can make recommendations regarding the size of the Board, as appropriate. The size of the Board is designed to ensure it maintains the appropriate expertise, diversity and representation from different stakeholders to effectively oversee the Foundation's operation while maintaining compliance with applicable regulatory requirements.

Board Composition. Based on the multi-stakeholders' nature of blockchain, Board members are divided into two categories:

- 1) Stakeholder Members are representatives from Authority Masternodes, developers, enterprise users, and business partners. Stakeholder Members of the Board that belong to the same entity, including the VeChain Foundation, cannot occupy more than 50% of the committee seats;
- 2) Independent Members are individuals who do not belong to the above definition of stakeholder member. At least one seat should be allocated to independent members.

Board Membership Criteria. The Board seeks members from diverse professional backgrounds with a broad spectrum of expertise that benefits the strategic guidance of the Foundation. Board members should have the characteristics essential for effectiveness as a member of the Board, including but not limited to:

- 1) Integrity, objectivity, sound judgment and leadership
- 2) The relevant expertise and experience required to offer advice and guidance to the development strategy of the Foundation
- 3) The ability to make independent analytical inquiries, collaborate effectively and contribute productively to the Board's discussions and deliberations
- 4) A commitment to enhancing the long-term value of the VeChainThor Blockchain for stakeholders
- 5) An understanding of the Foundation and blockchain operation, strategy and challenges
- 6) The willingness and ability to devote adequate time and effort to Board responsibilities and to serve on Committees at the request of the Board

7) Is not a Disqualified Person as defined below

A “Disqualified Person” is any person who is convicted by government criminal laws, or does not satisfy the KYC verification requirements, or is charged by other relevant regulations and bylaws.

General Secretary (GS). The General Secretary is elected by the Board of Steering Committee to be the contact and responsible representative of the Board. The General Secretary must be a member of the Steering Committee and is responsible for guiding and coordinating the communications between functional committees and the Steering Committee.

The first Steering Committee members and general secretary were selected by the founders and subject to all the Steering Committee charter.

4.2.2 Term, Retirement and Termination

Term: The term for the Steering Committee is two years fixed.

Retirement: The Board does not favor a mandatory retirement age for members. If any member of the Board cannot continue as a member during the term, the member should submit a written application to the Board stating the circumstances that do not allow continuation. Stakeholder members would count as independent members of the Board upon their resignation, removal or retirement as an employee of the stakeholder company. The stakeholder members who transfer their employment from one stakeholder to another would count towards the quota for new stakeholders they work for.

Termination: The members of the Board will be immediately terminated if the member 1) becomes disqualified as defined above; 2) has missed two board meetings without valid reasons; 3) have missed the annual meeting without valid reasons.

In the case of termination or voluntary leave within the fixed term, the members of the advisory board, in a predetermined order, will substitute the seat until the end of the fixed term. The substitute member cannot automatically become a candidate for the new board unless nominated during the nomination process as below.

4.2.3 New Board Nomination and Election

Nomination: To ensure the stability of the Foundation, the existing members of the Steering Committee are automatically considered as candidates for the new Board. In the case of an existing member being unwilling to take the candidacy, the member should submit a written notice of withdrawal to the nomination committee.

The nomination committee can nominate up to 3 candidates (for the election of a new board with the same size) or 5 candidates (for the election of a new board with an increased size). We also allow people to apply to be candidates via written application, and the Foundation will define the

process to assess the qualifications of the applicants and let the community vote for the candidates to be included in the shortlist of nominees.

The total number of shortlisted nominees cannot exceed twice the proposed number of the new board. The composition of the nominees shall be proportional to the composition of the new board. The shortlisted nominees shall be announced at least two months before the election by the nomination committee.

Election: the new Board of Steering Committee will be elected by eligible stakeholders with voting authority, two months before the term of the existing Board ends. The nominees will be ranked by number of votes and the membership will be granted to the candidates with the highest number of votes, based on predetermined Board size and composition rule. The results of the election will be announced by the nomination committee.

4.3 Conduct of the Board of Steering Committee Meetings

4.3.1 Number of Meetings

The Board shall hold a minimum of four scheduled meetings per year. In addition to the regularly scheduled meetings, unscheduled Board meetings may be called, upon proper notice, at any time to address specific needs of the Foundation. The unscheduled Board meetings can be called upon from the chairs of the functional committee, members of the Steering committee, through the coordination of the General Secretary.

4.3.2 Selection of Agenda Items

The General Secretary, in coordination with the supporting administrative staff, should establish the agenda for Board meetings. Any member of the steering committee, the functional committee and the advisory board may request an item be included on any meeting agenda. One of the four scheduled Board meetings is designated as the annual meeting, scheduled one month before the fiscal year end of the Foundation.

The Agenda for Board Annual Meeting:

- 1) Review and approve the Foundation's one-year and five-year strategic plan
- 2) Review and approve the proposals of technical, operational and public relations development for next year
- 3) Review and approve the Foundation's annual budget
- 4) Review and approve any adjustments to the content of the governance principles
- 5) Review and approve any new appointment of functional committee members and leaders of the functional units

- 6) Review and approve the operation model of VTHO (operating charge basis of the VeChainThor Blockchain) and value estimation of VET
- 7) Any other agenda items.

The Agenda for Other Scheduled Board Meeting:

- 1) Review new development of the Foundation and the progress towards the long-term strategic plan;
- 2) Review new development and challenges on the technical, operational, public relations and legal committees
- 3) Any other agenda items

4.3.3 Attendance

All members of the Steering Committee are expected to attend and participate in all Board and applicable committee meetings. For the annual meeting, all members should attend in person, unless there are special circumstances that do not allow the member to attend the meeting in person. In that case, the member should attend telephonically and notify the designated supporting administrative staff or the General Secretary in advance of the annual meeting.

For the other scheduled and unscheduled board meetings, members may attend in person or by voice or video calls. In the case that a member is unable to attend a meeting in person or by telephone or video, the member should notify the designated supporting administrative staff or the General Secretary in advance with written explanations of the circumstances.

4.3.4 Distribution of Materials & Board Presentations

It is important for board members to have appropriate materials on topics that are to be discussed sufficiently in advance of the meeting date. Board members can generally expect to receive summaries and/or slides of presentations several business days in advance of the meetings to enable proper preparation. Members should review material distributed in advance of such meetings. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

For each of the scheduled agenda items, the related person-in-charge should make a clear presentation to the board with supporting materials and slides.

4.3.5 Attendance of Non-Members

The Board believes that attendance of key advisors, functional committee and unit leaders augments the meeting process and effectiveness. Members of the Advisory Board, functional committee and other functional unit employees may attend certain sessions of Board meetings by the invitation of the General Secretary.

Such persons should be prepared to respond to questions posed by Board members relating to their areas of expertise. Attendance of such individuals allows the most knowledgeable and accountable personnel to communicate directly with the Board.

4.3.6 Minutes

The conclusions and decisions of the Board and Committees as well as any directives to functional units shall be recorded in the minutes of their meetings. The minutes of each meeting of the Board and its Committees shall be presented to and approved by the Board or the applicable Committee customarily at its next meeting. Signed Committee minutes shall be included in the Board materials as soon as possible after being approved by the Committee and signed by the applicable Chair and General Secretary.

4.4 Board Compensation

Members of the steering committee from the VeChain Foundation shall not receive additional cash compensation for service on the board.

Other stakeholder and independent members of the committee are compensated competitively as similar entities. The Steering Committee will periodically review the level and form of the independent board member compensation.

To ensure alignment and motivate the board members, a fixed amount of VTHO should be issued to all the members (except members from VeChain Foundation) of the steering committee and functional committee chairs, reviewed by the compensation committee.

The Foundation will cover all travel expenses and accommodation for board members who are not located in the board meeting city at the time of each meeting.

5 Advisory Board

5.1 Composition

The Foundation seeks members from diverse professional backgrounds with a broad spectrum of expertise to serve on the Advisory Board. The advisors are selected by the board of Steering Committee based on diversity and expertise.

5.2 Membership

The advisors must be independent with no direct association with any stakeholder of the Foundation. In the case of an advisor becoming associated with a stakeholder, the advisor should resign as a member of the Advisory Board upon his association.

Members of the Advisory Board, in a predetermined order, serve as standby members for members of the Steering Committee in the case of termination or voluntary leave of any existing Board member during the current term. The substitute members for the Board will serve until the end of the current term. The substitute member cannot automatically become a candidate for the new Board unless nominated by the nomination committee.

6 Functional Committees

6.1 Committees

The Board has established the following Committees: Technical, Operational, Public Relations, Regulation, Compensation and Nomination. Each of the committees should be chaired by one of the Board of Steering Committee members or Advisory Board members and include key managers of the functional units as members. The Compensation and Nomination Committee should be chaired by an independent member of the Board of Steering Committee or a member from the Advisory Board. Committee assignments and the designation of Committee Chairs should be based on the members' knowledge, interests and areas of expertise.

The Board may, from time to time, form a new committee or disband a current committee depending on the circumstances. In addition, the Board may decide to form ad hoc committees or working groups from time to time and determine the composition and areas of responsibility of such committees.

6.2 Functional Committee Meetings

All standing committees shall meet regularly during the year and receive reports from Foundation personnel on developments affecting the Committee's work. The Committee Chairs, as necessary, shall establish the frequency and length of Committee meetings. Committee members are expected to prepare for, attend, and participate in all Committee meetings and should use their best efforts to attend in person. When necessary, a member who is unable to attend in person may attend by telephone if appropriate under the circumstances. A member who is unable to attend a meeting in person and wishes to participate by telephone or video is expected to notify the Chairman of the Committee in advance of the meeting.

6.3 Committee Reports to the Board

The Board agenda shall include regular reports from the Chairs of each of its Committees on their proceedings and deliberations. The Committees shall bring to the Board for consideration those matters and decisions which the Committees judge to be of special significance. These Committees shall additionally provide a written annual report to the Board on their key activities during the year. The written report will provide confirmation that the Committee has met all of its obligations under its Charter.

6.4 Functional Committees

6.4.1 Technical Committee

The technical committee comprises the core VeChain Blockchain technology developers. It has the following responsibilities:

- 1) Plan for the current and future development of the VeChainThor Blockchain, carry out the development and testing of the planned new technologies and report to the steering committee about the developmental progress
- 2) Prepare technical documents, develop tools for and support individual or enterprise developers to develop applications on the VeChainThor Blockchain
- 3) Monitor the status of the VeChainThor Blockchain and analyze and respond to any emergency to maintain system stability
- 4) Monitor the usage of the VeChainThor Blockchain, collect usage and market data, work with economists to improve the economic model and suggest possible model parameter adjustment and report to the steering committee
- 5) Identify future blockchain-related research areas, conduct internal research projects, collaborate with research institutions on joint research projects and publish results in international conferences and journals

6.4.2 Operational Committee

The Operational Committee has the following responsibilities:

- 1) Set up policies of reporting, and refine the responsibilities for the functional units. The committee gives oversight to the following: the Finance Unit; the Human Resource Unit; and the Administration Unit
- 2) Together with the key managers of the finance unit, prepare budget plan, financing proposal, distribution plan and financial report to the Board of Steering Committee
- 3) Together with the key managers of the Human Resource Unit, lay out the personnel structure of all the functional units of the Foundation. Make recommendations on talent search, compensation and incentives. Prepare proposals to the Compensation Committee and the Board of Steering Committee
- 4) Together with the key managers of the Administration Unit, lay out the functional structure and responsibility of each department
- 5) Facilitate the communications of the functional units with the board of steering committee

- 6) Other responsibilities approved by the Board of Steering Committee

6.4.3 Public Relation Committee

The Public Relations Committee has the following responsibilities:

- 1) Promote the VeChainThor Blockchain and the Foundation with the community, stakeholders, business alliance and publicity
- 2) Provide guidance to the Foundation's legal and compliance departments
- 3) Retain healthy communications with the regulatory and supervisory departments of governments
- 4) Set up procedures to ensure reporting transparency
- 5) Deliver important documents and announcements to the VeChainThor Blockchain community, stakeholders, business alliance and publicity, when deemed appropriate by the Board of Steering Committee
- 6) Other responsibilities approved by the Board of Steering Committee

6.4.4 Regulation Committee

The Regulation Committee is responsible for ensuring the operating compliance of the Foundation to all relevant laws and regulations. Any important risk, challenge or issue should be included on the board meeting agenda.

The Regulation Committee is also responsible for supervising the internal audit for the daily operations to discover and report any wrong doings or situations of non compliance.

6.4.5 Compensation and Nomination Committee

The Compensation and Nomination Committee is responsible for setting the appropriate incentive system for the key managers of the functional units of the Foundation. The Committee shall establish procedures, subject to approval from the Board, to assess the performance of the management and apply incentive measures accordingly.

The Nomination Committee also has the responsibility of nominating candidates for the new Board of Steering Committee six months before the terms end of the existing board.

7 Communication and Disclosure

7.1 Communication with the Board

Interested parties wishing to communicate with the Board may send an email to foundationboard@vechain.com. You may also communicate with the members of the board by email address to any individual member of the board, the full board, a specific committee or the independent members as a group directed to the Foundation Executive Secretary.

All communications received will be compiled by the Foundation administrative unit and submitted to the Steering Committee on a quarterly basis or more frequently as appropriate. Emails received via foundationboard@vechain.com are screened for junk commercial email and general solicitation. If the communication does not involve an ordinary business matter as described below and a specific board member is named, the communication will be forwarded to that member. In order to expedite a response to ordinary business matters, the Steering Committee has authorized designated staff to receive, research and respond, if appropriate, on behalf of our members, including particular members or its non-employee members, to any communication regarding an application or service, referred to as an “ordinary business matter.” Any board member may review any such communication or response thereto.

7.2 Disclosure

To ensure the transparency of the operation of the Foundation, the board of Steering Committee will issue the annual and quarterly report to summarize the operation, new development, performance and potential risks of the Foundation. The board and committee composition and executives’ members should be disclosed in the annual report. Any significant event or changes in the Foundation’s operation, strategy and Board composition should be disclosed through communication platforms in a timely manner.

7.3 Ethics and Conflicts of Interest

The Board of Steering Committee has adopted a Conflict of Interest Policy. The Conflict of Interest Policy incorporates various provisions of applicable corporate law, regulations and other standards adopted by the Foundation to ensure that Board and committee decisions are not impacted by conflicts of interest. Members of the Board are expected to avoid any action, position or interest that conflicts with an interest of the Foundation, or gives the appearance of a conflict, in accordance with the Conflict of Interest Policy and any rules adopted by the Foundation.

When faced with a situation involving a potential conflict of interest, members of the Board are encouraged to seek advice from the General Counsel from the legal unit or from outside counsels designated by the General Counsel.