

Annex 2

to Resolution on Foundation of Eesti Kontsert Foundation

**ARTICLES OF ASSOCIATION OF
EESTI KONTsert FOUNDATION**

1. GENERAL PROVISIONS

- 1.1. The name of the foundation is EESTI KONTsert FOUNDATION (hereinafter – “the foundation”).
- 1.2. The registered address of the foundation is Tallinn, Estonia.
- 1.3. The founder of the foundation is the Republic of Estonia, the founder’s rights on behalf of which are exercised by the Ministry of Culture.
- 1.4. The foundation is a performing arts institution within the meaning of the Performing Arts Institutions Act.
- 1.5. The foundation has its own seal and logo, the design and procedure for use of which are approved by the council of the foundation.
- 1.6. The foundation has an independent budget. Settlements of the foundation are performed through the State Treasury.

2. THE GOAL AND ITS ACHIEVEMENT

- 2.1. The goal of the foundation is preservation and development of the Estonian music culture.
- 2.2. In order to achieve the goal, the foundation:
 - 2.2.1. prepares and organises concerts, festivals, lecture concerts, competitions, music performances, training, cultural and educational projects, and initiatives aimed at achievement of other goals;
 - 2.2.2. organises performances of Estonian musical groups, bands and solo artists in Estonia and abroad, and performances of foreign artists and groups in Estonia, and creates possibilities for export of Estonian music.
 - 2.2.3. organises concerts in concert houses administered by the foundation and in different areas of Estonia with the goal of creation of possibilities for participation in musical culture also outside big cities and towns of Estonia;
 - 2.2.4. orders new compositions from composers and organises their premiers;
 - 2.2.5. organises work of musical bands which are residents of the foundation, and creates conditions for their creative development;
 - 2.2.6. issues grants intended for specific purposes for achievement of the goals of the foundation;
 - 2.2.7. accepts grants and donations for covering expenses related to achievement of the goal of the foundation;
 - 2.2.8. contributes to increasing awareness in the field of musical culture;
 - 2.2.9. organises activities of children and youth in the field of musical education, and actively cooperates with educational establishments providing musical education;
 - 2.2.10. develops its economic activities to the degree necessary for achievement of the goals states in the Articles of Association, taking into consideration restrictions established in the Foundations Act and in other laws and legal instruments. Economic activity of the foundation must not become a goal of its own or a source

- of income for the founders. All funds transferred to the foundation must be directed at development of the activity stated in the Articles of Association;
- 2.2.11. for the purpose of better achievement of the goals of the foundation, prudently administers and develops property used by the foundation, and if necessary leases the rooms used by the foundation for short-term and long-term use;
 - 2.2.12. performs other actions necessary for achievement of the goals of the foundation in accordance with legal instruments.

3. MANAGEMENT

- 3.1. The management bodies of the foundation are the council and the board.
- 3.2. The management body cannot include a member:
 - 3.2.1. whose wrongful action or failure to act resulted in bankruptcy of a person;
 - 3.2.2. whose wrongful action or failure to act resulted in declaration of invalidity of an activity license issued to a legal entity;
 - 3.2.3. who is a subject of a prohibition on business;
 - 3.2.4. whose wrongful action or failure to act caused damage to a legal entity;
 - 3.2.5. who was punished for an economic crime, criminal official misconduct or crime against property;
 - 3.2.6. who has significant commercial interest related to the foundation, which among other manifests in such person having a qualifying holding in such company within the meaning of Article 6 of the Securities Market Act, or being a member of the managing body of such company, which is a significant seller or purchaser of goods, or a service provider or customer of the foundation.
- 3.3. The restrictions listed in Subsections 3.2.1-3.2.4 of the Articles of Association remain in force for five years after declaration of bankruptcy, declaration of invalidity of an activity license, end of a prohibition on business or reimbursement of damage, and the prohibition stated in Subsection 3.2.5 of the Articles of Association does not apply to persons whose data concerning punishment was deleted from the criminal records database.
- 3.4. Members of the management body of the foundation cannot have a personal interest in receipt of benefits distributed by the foundation. In case of a conflict of interests, and in case of adoption of a decision on execution of a transaction between a board member of the foundation and the foundation, or initiation or termination of a judicial dispute against such member, such member of the management body of the foundation does not participate in adoption of a decision or voting regarding such question.

4. THE COUNCIL

- 4.1. The council plans operation of the foundation, organises its management and performs supervision over operation of the foundation.
- 4.2. The council can have up to seven members. Designation of the number of members of the council must be based on the goals of the foundation, volume of its assets and economic situation, and on the necessity to ensure effective performance of duties of the council regarding planning and organisation of operation of the foundation, and exercise of supervision over operation of the board.

- 4.3. The person exercising the founder's rights appoints members of the council, one of whom is a representative of the Ministry of Finance, for the term of up to three years.
- 4.4. The person exercising the founder's rights can recall a member of the council at any time irrespective of the reason.

4.5. The Council has the Competence for:

- 4.5.1. approval of the development plan of the foundation submitted by the board;
- 4.5.2. approval of the annual operation plan, operation goals and budget of the foundation not later than by the start of the business year, and their subsequent change;
- 4.5.3. approval of the annual financial year report, for which it is obliged to hear the sworn auditor who performed audit of the annual accounting report;
- 4.5.4. approval of the general procedure for use and management of assets of the foundation;
- 4.5.5. establishment of the working procedure of the council;
- 4.5.6. making of a proposal to the founder to recall the member of the council assigned by him, if such member is regularly absent from meetings of the council, or if a member hindered achievement of the goals of the foundation or caused damage to its good name, or repeatedly failed to fulfil his or her obligations, or if such member is unable to participate in work of the council, as well as in cases provided for by the law.
- 4.5.7. assignment and recall of the member of the board.
- 4.5.8. restriction or recall of the right of representation of a member who breaches requirements of the Articles of Association or a contract concluded with him or her;
- 4.5.9. establishment of the amount of remuneration paid to the member of the board and of the procedure for payment of such remuneration;
- 4.5.10. adoption of a decision on payment of a performance pay to the member of the board and establishment of its amount;
- 4.5.11. approval of composition of the creative council;
- 4.5.12. representation of the foundation in disputes and execution of transactions with the member of the board;
- 4.5.13. giving consent to the board for execution of transactions which fall outside of the scope of everyday economic activity, first and foremost, for execution of transactions which result in:
 - 4.5.13.1. transfer of immovables entered into the register or their encumbrance with real rights;
 - 4.5.13.2. taking of a loan and conclusion of capital lease contracts – in order to give consent all members of the council must adopt a unanimous decision at a meeting in which all members of the council participate;
- 4.5.14. making of a proposal to the founder for reorganisation of the foundation, however, only subject to consent of all members of the council;
- 4.5.15. performance of other actions belonging to its competence on the basis of legal instruments.

4.6. Requirements to Members of the Council

4.6.1. The following persons cannot be members of the council:

- 4.6.1.1. a sole proprietor who operates in the same field of economic activity as the foundation and is not a co-founder of the foundation;
- 4.6.1.2. an owner of a general partnership or a full owner of a limited partnership, who operates in the same field of economic activity as the foundation, unless such owner or a general partnership or a limited partnership with such owner's participation is a co-founder of the foundation;
- 4.6.1.3. a person a share or stock belonging to which represents at least 1/10 of the share or stock capital in a company which operates in the same field of economic activity as the foundation, unless such person or the company in which such person is a shareholder or stockholder is a co-founder of the foundation;
- 4.6.1.4. a member of a management body of a company operating in the same field of activity as the foundation, except for a company with participation of the state, a company belonging to the same group as such company, or a company which is a co-founder of the foundation.

4.7. Remuneration of a Member of the Council

- 4.7.1. Remuneration of members of the council of the foundation is established by the person exercising the founder's rights.
- 4.7.2. Equal remuneration is established for all members of the council. Bigger remuneration can be established for the chairman of the council. Additional remuneration can be established for the member of the board due to participation of such member in an audit committee provided for by the Auditors Activities Act or in activities of any other body. Remuneration is paid to a member of the council taking such member's participation in meetings of the council and activities of the body of the council into account.
- 4.7.3. If the chairman of the council does not perform the obligations arising from Section 4.8.8. of the present Articles of Association, the founder can decide to stop payment of remuneration to the chairman of the board or to reduce remuneration in proportion to the period during which such obligation was not performed.
- 4.7.4. If a member of the council is recalled from the council, no compensation is paid to such member.
- 4.7.5. Remuneration of a member of the council is not paid to a minister, assistant minister, secretary of state or county governor.

4.8. Work Procedure of the Council

- 4.8.1. Members of the council elect from their number a chairman and assistant chairman who substitutes the chairman when the latter is absent. The chairman of the council represents the council, organises its activities and chairs meetings of the council. The chairman of the council is elected by a majority vote of members of the council.
- 4.8.2. Ordinary meetings of the council are held according to necessity, however, at least once in three months. Members of the council are notified of the time and place

of the meeting, and of the meeting agenda, in writing at least 10 working days in advance.

- 4.8.3. An extraordinary meeting is called upon a written request of an auditor, member of the council or the board. A call for an extraordinary meeting is sent as a regular letter or electronically to every member of the council to the address stated by such member, at least 48 hours before the time of the meeting. The call must include the time and place of the meeting, and the meeting agenda.
- 4.8.4. A meeting of the council has a quorum if at least more than a half of the members of the council take part in it, unless the Articles of Association provide for presence of all members of the council.
- 4.8.5. The council can adopt decisions regarding the announced agenda also without a meeting, if more than a half of members of the council submit their positions in writing and participate in voting using a digital signature.
- 4.8.6. A decision of the council is adopted, if it received votes of more than a half of the members of the council who participated in the meeting, except where according to the Articles of Association adoption of a decision requires affirmative votes of all members of the council. Every member of the council has one vote. A member of the council does not have the right to refuse to vote or to abstain, except in cases stated in the Articles of Association or the law, where a member of the council does not participate in voting.
- 4.8.7. Minutes are taken at every meeting of the council, ensuring that the requirements stated in the State Assets Act are observed. The minutes must include decisions of the council, and copies of the meetings must be available for all members of the council. All members of the council who participated in the meeting sign the minutes of the meeting.
- 4.8.8. The chairman of the meeting must present the following to the Ministry of Finance:
 - 4.8.8.1. agenda of the meeting of the council at least three working days before the meeting is held, and a copy of the minutes with materials of the meeting within two weeks after the meeting of the council was held;
 - 4.8.8.2. if a decision of the council is adopted without call of a meeting, the draft decision of the council at the same time when it is sent to members of the council, and the voting record or voting results within five business days after voting.
- 4.8.9. In order to perform its duties, the council has the right to review all documents of the foundation and check correctness of accounting, availability of assets, as well as conformity of operation of the foundation with the law, the Articles of Association and decisions of the council.

5. THE BOARD

- 5.1. The board manages and represents the foundation.
- 5.2. The board consists of one member.
- 5.3. The term of powers of the member of the board is up to five years.
- 5.4. The member of the board is assigned and recalled by the council.
- 5.5. The council concludes a fixed-period contract with the member of the board, in which the rights and obligations of the member of the board, and remuneration for performance of duties of the member of the board are stated.

5.6. The Board has the Competence for:

- 5.6.1. representation of the foundation and assurance of its economic activities;
- 5.6.2. submission to the council of the foundation at least four times a year of a summary regarding creative activities, economic activities and economic situation of the foundation, as well as immediate notification of significant worsening of financial situation of the foundation, and of other significant circumstances related to economic activity of the foundation;
- 5.6.3. approval of the repertoire plan approved by the creative council;
- 5.6.4. approval of the composition and number of positions of structural units of the foundation, approval of subordination and substitution of employees;
- 5.6.5. conclusion, amendment and termination of employment contracts with employees of the foundation;
- 5.6.6. decision-making regarding use of means of the foundation, including decision-making regarding purchase, or other procurement, or transfer of assets of the foundation, and taking or giving loans on behalf of the foundation, within the limits and according to the procedure established by the council;
- 5.6.7. signature of documents on behalf of the foundation, and notification of the Non-Profit Associations and Foundations Register in cases and according to the procedure provided for by the law;
- 5.6.8. holding of negotiations, conclusion of contracts and assurance of performance of the concluded contracts.
- 5.7. In the course of management of the foundation the board follows lawful orders of the council, however, transactions which fall outside the scope of everyday operation of the foundation can be executed by the board only subject to consent of the council. Prior consent of the council is necessary first and foremost for execution of transactions listed in Section 4.5.14. of the Articles of Association.
- 5.8. The board has the right to represent the foundation in legal activities according to the competence established by the council. The right of the board to represent the foundation can be restricted by a decision of the council. Restriction of the right of representation does not apply to third persons.
- 5.9. Remuneration can be paid to the member of the board only on the basis of a contract concluded with such member of the board. If the member of the board in addition to duties of the member of the board of the foundation performs other duties necessary for the foundation, remuneration for performance of such duties can be paid only if such payment of remuneration is provided for in the contract with the member of the board.
- 5.10. Additional remuneration can be paid to the member of the board, taking into consideration work performance of such member. Amount of additional remuneration must be justified, however, achievement of the goals of the foundation must be taken into account. Total amount of additional remuneration paid during the financial year must not exceed fourfold amount of the average monthly remuneration paid to the member of the board during the previous financial year.
- 5.11. Severance pay can be paid to the member of the board when such member is recalled upon initiation of the council before expiry of the term of his or her

powers, if such payment was approved by the council. Severance pay can be paid within the amount of remuneration for three months effective at the time of recall of the member of the board.

6. THE EXECUTIVE PRODUCER AND THE REACTIVE COUNCIL

- 6.1. The manager of the creative council of the foundation is the executive producer.
- 6.2. The executive producer performs the following duties:
 - 6.2.1. plans creative activities of the foundation and prepared the seasonal programme;
 - 6.2.2. assures artistic level of the foundation on the basis of the goals of the foundation;
 - 6.2.3. reports to the creative council on matters concerning the seasonal programme and new planned creative initiatives.
- 6.3. The foundation has a creative council.
- 6.4. The task of the creative council is planning and assessment of creative activities of the foundation.
- 6.5. Members of the creative council include the member of the board, the executive producer as the creative manager of the foundation, a representative of the Ministry of Culture, preferably representatives of the Association of Estonian Professional Musicians, the Estonian Composers Union and the Estonian Music Council, as well as other representatives of musical public. Work of the creative council is managed by the member of the board of the foundation.
- 6.6. The creative council approves its rules of procedure.

7. STRUCTURE

- 7.1. The structure of the foundation is approved by the council upon a proposal of the board.

8. DEVELOPMENT PLAN

- 8.1. The foundation has a development plan which is prepared for at least four years.
- 8.2. The development plan states the mission and goals of the foundation, as well as activities and means for their achievement.
- 8.3. Preparation of the development plan and its amendment are organised by the board. The development plan or amendments made to it are approved by the council, and it is sent to the person exercising the founder's rights.

9. ASSETS AND THEIR MANAGEMENT

- 9.1. Assets of the foundation are comprised of the following:
 - 9.1.1. monetary funds and other assets transferred by the founder to the foundation;
 - 9.1.2. grants provided from the state budget according to possibilities provided in the annual State Budget Act;
 - 9.1.3. grants provided from the budget of the local government, foundations, support programmes, etc;
 - 9.1.4. proprietary gifts, donations and bequests;
 - 9.1.5. income from main activity and other economic activity;

- 9.1.6. transactions with movable and immovable property;
- 9.1.7. sale of products with own symbols;
- 9.1.8. income from lease of assets of the foundation;
- 9.1.9. other funds received from activities permitted by the law.
- 9.2. Value of non-monetary assets transferred to the foundation is assessed by expert examination or assessment certificate, which is ordered from persons possessing respective specialist knowledge and skills and providing expert examination or assessment services, unless the law establishes otherwise. Correctness of assessment of non-monetary assets is audited by the auditor, who submits his or her written opinion in this regard. Assets are transferred to the foundation on the basis of a certificate which is signed by the person transferring the assets or a person authorised by such person, and the member of the board of the foundation.
- 9.3. Assets transferred by the state to the foundation for performance of duties of the foundation stated in the law or the Articles of Association for free or at a price below normal value are used and managed according to provisions of Article 33 of the State Assets Act.
- 9.4. In order to achieve its goals, the foundation engages in economic activity within the limits permitted by the laws of the Republic of Estonia.
- 9.5. The foundation can take loans and conclude capital lease contracts only on the basis of a unanimous decision of all members of the council.
- 9.6. The foundation uses its income for achievement of its goals stated in the Articles of Association, and it does not give or provide security for loans to founders, members of the board or the council, and to persons having economic interests equal to the ones of the above persons, unless the law states otherwise.
- 9.7. The foundation does not establish or acquire participation in companies, and it cannot be a founder of other foundations. The foundation can become a member of non-profit associations and international organisations under a decision of the person exercising the founder's rights.

10. REPORTING AND AUDIT

- 10.1. Accounting of the foundation is organised by the board on the basis of legal instruments.
- 10.2. A financial year of the foundation starts on 1 January and ends on 31 December.
- 10.3. After the end of a financial year the board prepares the annual accounting report and the activity report, and submits them together with the auditor's decision to the council for approval. The approved annual financial report is signed by the member of the board.
- 10.4. The foundation undertakes to submit within three months following the end of a financial year a copy of the audited and approved annual financial year report to the person exercising the founder's rights, to the Ministry of Finance and to the National Audit Office. Together with the report the foundation also submits a summary regarding the way in which the council organised, managed and supervised operation of the foundation, which also states the amount of remuneration paid to members of the council and the board during the financial year.

10.5. The Auditor

- 10.5.1. The auditor of the foundation is nominated by the council for up to three years. The procedure for payment or remuneration to the auditor and recall of the auditor is decided upon by the council.
- 10.5.2. The person performing the founder's rights has the right to request from the foundation performance of a special audit.

10.6. The Internal Auditor

- 10.6.1. The foundation undertakes to assure effective application of the internal audit system and form a position of the internal auditor or purchase the service of an internal auditor from an auditing company, if as of the date of the balance sheet day of the reported year the balance sheet amount of the foundation is larger than two million euros, or if income for the reported year is larger than two million euros. A contract with the internal auditor is concluded by the chairman of the council.
- 10.6.2. The foundation has the right to refuse to create a position of the internal auditor or to purchase the service of an internal auditor from an auditing company, if the council believes that this is unreasonable from an economic point of view. A respective decision of the council must be approved by the person exercising the founder's rights in advance.

11. AMENDMENT OF THE ARTICLES OF ASSOCIATION

12.1. Merger and Division

- 12.1.1. The foundation can merge with another foundation only on the basis of a respective decision of the founder according to the State Assets Act as an acquiring foundation or foundation that is being acquired, if the articles of association of another foundation which acquires the foundation or is being acquired by the foundation provides for a possibility of a merger.
- 12.1.2. The foundation can be divided into foundations on the basis of a decision of the founder in accordance with the State Assets Act, and it can participate in division of foundations only if the articles of association of another foundation participating in the division provides for a possibility of division.

12.2. Dissolution

- 12.2.1. The foundation is dissolved by a decision of the founder or the court.
- 12.2.2. The foundation is dissolved under a request of the state. The foundation cannot be dissolved without an agreement of the state.
- 12.2.3. The foundation is dissolved under a decision of the founder due to the following reasons:

- 12.2.3.1.the foundation does not follow requirements established by the law and by the Articles of Association, and despite a written warning sent to the council, such breach is repeated during the calendar year;
- 12.2.3.2.the foundation lost its assets, and acquisition of sufficient assets in the near future is unrealistic;
- 12.2.3.3.in other cases established by the law.
- 12.2.4. After dissolution of the foundation, after satisfaction of all claims of creditors and depositing of money, the remaining assets are transferred to the founder.

first name and surname

signature