

## CHARTER OF AYB EDUCATIONAL FOUNDATION (NEW EDITION)

### 1. GENERAL PROVISIONS

- 1.1. The Ayb Educational Foundation (hereinafter referred to as "Foundation") is a non-commercial non-membership organization established on the basis of voluntary payments by citizens and legal persons, which brings together the capacities of those who recognize the importance of education in everyone's life and wish to create quality and diverse educational environment.
- 1.2. The Foundation acts on the basis of Republic of Armenia Constitution, Republic of Armenia legislation, Republic of Armenia international treaties and this Charter.
- 1.3. The Foundation acts across the entire territory of the Republic of Armenia and in foreign states, in compliance with the legislations thereof.
- 1.4. The Foundation is located at: Tbilisi highway 11/11, Yerevan, Armenia.
- 1.5. The official languages of the Foundation are Armenian, Russian and English.
- 1.6. The name of the Foundation is:
  - «Այբ» կրթական հիմնադրամ, in Armenian,
  - Образовательный фонд «Айб», in Russian,
  - "Ayb" Educational Foundation, in English,
- 1.7. The Founders of the Foundation are:
  - Ashot Aslanyan, RA citizen (passport No: AA0209301, issued on: 03.05.1995, by 004, residing at Gyulbenkyan 39b str., apt. 32, Yerevan, RA),
  - Davit Pakhchanyan, RF citizen (passport No: 45 03 881236, issued on: 16.08.2002, by 772-083, residing at: Lyublinskaya 169 str., apt. 35, Moscow, RF),
  - Aram Pakhchanyan, RF citizen (passport No: 45 03 554121, issued on: 05.09.2002, by 772-083, residing at: Novospassky 3 sidestreet, building 1, apt. 88, Moscow, RF),
  - Karo Sargsyan, RF citizen (passport No: 45 00 051213, issued on: 01.09.2000, by 772-063, residing at: Nov. Bashilovka 16 str., apt. 15, Moscow),
  - Karen Musaelyan, RA citizen (passport No: AG0536191, issued on: 17.08.2005, by 001, residing at: Demirchyan 40 str., apt. 137, Yerevan, Armenia),
  - David Yan, RF citizen (passport No: 45 04 897527, issued on: 29.01.2003, by 773-046, residing at: B. Kozlovsky 10 sidestreet, building 1, apt. 5, Moscow, RF),
  - Matevos Aramyan (passport No: AG0688670, issued on: 12.04.2006, by 011, residing at: Koghbatsi 83 str., apt 4, Yerevan, RA),

- Oktagon LLC (state registration number: 273.110.04386, number of certificate on state registration: 03 A 073845, state registration date: 25 October 2006, address: Koryun 19a str., Yerevan, Armenia), Director: Davit Sahakyan.

## **2. GOALS AND OBJECTIVES OF THE FOUNDATION**

**2.1.** The goals of the Foundation are:

- create high-quality, multifaceted and exemplary educational environment in Armenia,
- contribute to the development and improvement of the Armenian education system,
- assist the schoolchildren and youth in education and career development,
- assist the employees of the organizations in the educational field and protection of their interests.

**2.2.** The objectives of the Foundation are:

- pooling of resources from those who accept the supremacy of education and their management to implement the goals of the Foundation,
- encouragement and/or management of organizations and individuals that provide support to schoolchildren, youth and employees in the field of education, and/or manage or contribute to development of the education field,
- establishment and construction of educational institutions,
- development and implementation of educational programs, assistance to various initiatives,
- establishment and/or maintenance of organizations (commercial and non-commercial) acting in the education field.

## **3. POTENTIAL BENEFICIARY GROUPS OF THE FOUNDATION**

The potential beneficiary groups of the Foundation are:

- schoolchildren and youth,
- establishments in the educational field and their employees,
- organizations and NGOs that contribute to development of the education field, assist employees in the field of education, support schoolchildren and youth, or employees thereof.

## **4. TERM OF THE FOUNDATION'S ACTIVITY**

The Foundation is established for an indefinite term.

## **5. LEGAL CAPACITY OF THE FOUNDATION**

The Foundation:

- 5.1.** acquires a status of a legal entity from the moment of state registration of the Foundation,
- 5.2.** enjoys all rights and obligations set forth for a legal entity,
- 5.3.** has rights stemming from the activity goals that are envisaged by the charter, and obligations associated with that activity,

- 5.4.** owns separate assets and is liable for its obligations to the extent of the value of its assets.
- 5.5.** The source of the Foundation's assets may comprise:
- 5.5.1. Investments by the Founders,
  - 5.5.2. Donations and contributions from natural persons and legal entities, including those from foreign citizens, legal entities and international organizations,
  - 5.5.3. Cash flows from the state budget,
  - 5.5.4. Grants,
  - 5.5.5. Means accrued from the entrepreneurial activity of the Foundation or economic organizations established by the latter, or through participation in them,
  - 5.5.6. Donations, i.e. means accrued from the activity aimed at their collection (fundraising via cultural, educational and other events),
  - 5.5.7. Other appropriate means permitted by law.
- 5.6.** The provision of the means constituting the Foundation's assets is subject to approval or rejection by the Foundation.
- 5.7.** The Foundation may become a member of international and foreign non-state organizations, in compliance with the legislation of the Republic of Armenia and the Charter,
- 5.8.** The Foundation may acquire and exercise property and personal non-property rights, and bear liabilities,
- 5.9.** The Foundation shall have a separate balance sheet,
- 5.10.** The Foundation may act in the court as claimant and defendant,
- 5.11.** The Foundation shall be entitled to acquire assets, including securities, own and manage them and the revenues accrued thereof, by all means permitted by RA legislation,
- 5.12.** The Foundation shall be entitled to independently raise funds, including through borrowings, receive and give loans and grants, purchase and sell securities, property and non-property rights,
- 5.13.** The Foundation has the right to sign contracts in the RA and abroad,
- 5.14.** The Foundation has the right to independently choose its means of implementation of external activities,
- 5.15.** The Foundation shall enjoy other rights prescribed by RA legislation,
- 5.16.** The Foundation shall acquire and implement civil rights individually and in compliance with its interests,
- 5.17.** The Foundation can be subject to restriction of its rights solely in cases envisaged by law and in compliance with procedures envisaged by law.
- 5.18.** The Foundation has a round seal with its name in the Armenian and English languages and may have a logo and other means of identification.
- 5.19.** The entrepreneurial activity of the Foundation:
- 5.19.1. The Foundation may carry out entrepreneurial activity solely in cases when it serves the fulfillment of the goals underlying the establishment of the Foundation and is in line with them.

5.19.2. The Foundation may conduct entrepreneurial activity independently, via establishing business companies or participating in them.

5.19.3. The Foundation has the right to independently conduct solely the entrepreneurial activity types that are envisaged by its charter.

## **6. MANAGEMENT BODIES OF THE FOUNDATION**

The management bodies of the Foundation are:

- The Board of Trustees,
- The Executive Director

### **6.1. THE BOARD OF TRUSTEES OF THE FOUNDATION**

6.1.1. The Board of Trustees (BoT) is comprised of 7 (seven) members, who are elected from the three category groups set forth by the Charter. The BoT members shall elect the BoT Chairperson from among its members, by a simple majority of votes. The BoT may at any time re-elect its Chairperson or elect a new Chairperson, by the majority vote of the total number of its members.

6.1.2. The tenure of the BoT is two years, which is calculated starting from the appointment date of the BoT, as set forth by Clause 6.1.6 of the Charter. The powers of a BoT member assumed after the appointment of the BoT shall cease with the termination (completion) of the BoT's powers. In particular, the powers of the BoT members holding office as of the moment of the approval of the Charter's new edition shall be effective until the term specified in Clause 6.1.6. of the Charter, inclusive. After the end of the BoT's tenure, the BoT is authorized to discuss and take decisions only on issues relating to the appointment of the new BoT.

6.1.3. The first BoT shall be established by the Founders.

6.1.4. The powers of a BoT member shall be terminated:

6.1.4.1. on the basis of a written application by the BoT member; in this case, the powers shall be deemed terminated starting from the day following the submission of the application.

6.1.4.2. in case of improper fulfillment of a BoT member's duties<sup>1</sup>, at least by three-fourth of the votes of the other BoT members.

6.1.4.3. at the end of the tenure, where the Charter prescribes such term.

6.1.4.4. in case of termination of powers of half or more of the BoT members.

6.1.4.5. where the BoT member is deemed to be lacking active legal capacity by a court decision.

6.1.4.6. in case of death of a BoT member.

6.1.5. The composition of the BoT shall be approved by the BoT effective as of the date of forming the new BoT, in compliance with the Charter and the internal regulations established by the BoT.

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<sup>1</sup>Including in cases of non-fulfillment of the obligations specified in the BoT-approved internal regulations.

6.1.6. During the formation process of the BoT, the candidates shall be elected and approved based on compliance with the following 3 (three) category groups; in particular, the legal capacity of the board's new composition formed on the basis of category groups shall be effective starting from December 12, 2019 (beginning of the activity of the BoT's new composition).

- 1) Strategic Sponsor (involvement of a maximum of 1 BoT member),
- 2) Continuous Sponsor with a pledge to involve financial means (involvement of a maximum of 4 BoT members),
- 3) Continuous Sponsor (involvement of a maximum of 2 BoT members).

6.1.7. If the candidate nominated by the BoT meets the requirements of several category groups, they may be elected within all those category groups and stand for election for only one class rank of their preference<sup>2</sup>:

6.1.8. Provisions relating to formation of the BoT, as well as other peculiarities of the organization of their activity, shall be set forth by the BoT-approved internal regulations, by 1 October 2019. Each BoT member shall duly review the regulations and confirm with their signature that they accept the rights and obligations documented in the regulations that are assigned to them, as well as agree to exercise their powers exclusively within the scope of provisions stipulated by the regulations and the Charter of the Foundation.

6.1.9. The BoT meetings shall be convened by the BoT Chairperson not fewer than once a year. The BoT meetings may be convened upon the request of 1/3 of the BoT members by the BoT Chairperson, within 30 days from the moment of submission of the request. The BoT meetings may be held through the use of electronic mail and other communication means. In the event if the BoT Chairperson does not convene a meeting within the specified terms, the meeting may be convened by the persons having submitted such a request.

6.1.10. The resolutions of the BoT shall be adopted by the majority vote of the members participating in the meeting. The BoT has quorum for a meeting and adoption of a resolutions if more than half of the BoT members participate in such a meeting or adoption of the resolution. The BoT members may participate in the meetings or adoptions of resolutions in person or via telecommunications means.

6.1.11. The BoT Chairperson and other members shall not be deemed holders of office and shall fulfill their obligations without remuneration, on a pro bono basis. Compensation for BoT members may be determined only for the expenditures related to the fulfillment of responsibilities as BoT members. The compensation payment procedure shall be determined by the BoT.

6.1.12. The adoption of a decision on the issue of the membership of persons and/or entities with a right to advisory vote or sole right to participation at BoT meetings shall be reserved exclusively to the BoT by a simple majority of votes.

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<sup>2</sup>The peculiarities of the internal class elections and candidate requirements are stipulated by the Internal Regulations of the Foundation.

6.1.13. In the event of a vacant position of a BoT member, the election procedure shall be organized as follows:

1. In the event of termination of a BoT member's powers, a new member from the same category group shall be appointed by the active BoT in their place by two thirds of the BoT members' votes, no later than within 30 (thirty) days following the date of receipt of a BoT member's vacancy notification sent by the Executive Director.
2. No later than within 10 (ten) days from the date of notification on a BoT member's vacancy, the Executive Director of the Foundation shall notify the BoT members on the available vacancy and organize the filling of the vacant position, in compliance with the BoT-approved internal regulations.

6.1.14. In case of expiry of the office term or cessation of all the members' authorities, the election procedure for the new BoT composition shall be determined in accordance with the BoT-approved internal regulations, in accordance with the RA legislation.

## **6.2. CHAIRPERSON OF THE BOARD OF TRUSTEES**

6.2.1. The BoT members shall elect the BoT Chairperson by a simple majority vote. The BoT may re-elect its Chairperson or elect a new one at any time, by the majority of votes of all its members. The BoT Chairperson shall be elected for the term of activity of the BoT that elected them.

6.2.2. The BoT Chairperson shall:

- 6.2.2.1. organize the BoT's activities,
- 6.2.2.2. convene and chair the BoT meetings,
- 6.2.2.3. organize the keeping of the minutes of meetings.

6.2.3. In the event of absence of the BoT Chairperson, their responsibilities shall be executed by a BoT member designated by the BoT.

6.2.4. The powers of the BoT Chairperson may be terminated earlier than the set term by  $\frac{3}{4}$  (three fourths) of the total BoT members' votes, if the available evidence suggests activity by the BoT Chairperson contradicting the goals of the Foundation or improper fulfillment of responsibilities, as well as in other cases prescribed by RA legislation.

## **6.3. EXECUTIVE DIRECTOR**

6.3.1. The head of the executive body of the Foundation is the Executive Director of the Foundation, who is elected/ appointed to and dismissed from office by the BoT of the Foundation. The first Executive Director shall be appointed by the founders of the Foundation.

6.3.2. The Executive Director of the Foundation shall:

- 1) manage the assets of the Foundation, including the financial means, enter into transactions on behalf of the Foundation,
- 2) represent the Foundation in the Republic of Armenia and abroad,
- 3) act without power of attorney,

- 4) issue powers of attorney,
- 5) conclude agreements, including employment agreements, in the prescribed manner,
- 6) open settlement and other accounts in banks (including in foreign currency) for the Foundation,
- 7) submit, for the BoT's approval, strategic programs and suggestions on entrepreneurial activity types to be carried out by the Foundation (including by the Executive Director personally), internal work regulations, charters of separate subdivisions, institutions and business companies established by the Foundation, the administrative-organizational structure, the staff list, the budget and the annual activity and financial reports of the Foundation.
- 8) issue, within the scope of their powers, orders, binding and other instructions, and oversee their execution,
- 9) issue, in a prescribed manner, orders on appointment and dismissal of the staff of the Foundation, including directors and employees of the separate subdivisions and enterprises of the Foundation.
- 10) apply incentives and disciplinary measures to the employees,
- 11) assist the BoT Chairperson in their activities and manage day-to-day activities of the Foundation.

6.3.3. The rights and responsibilities of the Executive Director are stipulated in the provisions of the RA Law on Foundations, the Charter of the Foundation and the Agreement signed with the Executive Director. On behalf of the Foundation, the Agreement shall be signed by the BoT Chairperson or other BoT-authorized person.

6.3.4. The person to represent the Foundation according to the law and the Charter shall act in good faith and reasonably, in the interests of the Foundation.

## **7. THE POWERS OF THE BOARD OF TRUSTEES**

The powers of the BoT of the Foundation are:

- 7.1. Approval of the strategic program(s) of the Foundation,
- 7.2. Approval of the Foundation's budget and its amendments, annual financial reports and annual activity reports,
- 7.3. Approval of the procedure for the Foundation's assets (property) management,
- 7.4. Adoption of decisions on the reorganization of the Foundation,
- 7.5. Election of the Foundation's new BoT members,
- 7.6. Adoption of decisions on early termination of the powers of the Foundation's BoT members,
- 7.7. Elections of the BoT Chairperson, Director of the Foundation and other entities stipulated by the Charter and adoption of decisions on early termination of their powers,
- 7.8. Adoption of decision to apply to the court on the issue of liquidation of the Foundation, based on the decision by two-thirds of the BoT members' votes,
- 7.9. Appointment of the liquidation committee (liquidator) of the Foundation, determination of the liquidation procedure and terms, approval of the interim liquidation financial statements, approval of liquidation financial statements,

- 7.10. Adoption of decisions on amendments, addenda and new editions to the Charter of the Foundation,
- 7.11. Adoption of decisions on establishment of business companies and participation in them, as well as establishment of separate subdivisions and enterprises and approval of their charters,
- 7.12. Oversight of the financial and economic activity of the Foundation,
- 7.13. Annual hearings of the reports by the Director of the Foundation,
- 7.14. Oversight of the execution procedure of their decisions,
- 7.15. Selection of the person to conduct audit of the Foundation (auditor),
- 7.16. Approval of decisions on the remuneration of the persons involved in the management bodies of the Foundation,
- 7.17. Award of titles of the BoT's honorable members (the title of an honorable member is awarded to those who have considerably supported or can support in the implementation of the Foundation's goals, or whose membership can be considered support in itself),
- 7.18. Implementation of other powers envisaged by law, the Charter, as well as those not reserved to other bodies of the Foundation.

## **8. POWERS AND LIABILITIES OF THE MEMBERS OF THE BOARD OF TRUSTEES**

A BoT member's powers shall comprise:

- 8.1. Presentation of suggestions on the agenda and discussion items of BoT's meetings,
- 8.2. Development and presentation of the issues, suggestions and decisions intended for BoT's discussion,
- 8.3. Receiving information on any issue regarding the Foundation's activity,
- 8.4. Acceptance of compensation for the expenditures determined by the fulfillment of their duties,

A BoT member shall be obliged to:

- 8.5. Participate in the BoT meetings.
- 8.6. While fulfilling their duties, act in the interests of the Foundation.

## **9. DECISIONS BY THE BOARD OF TRUSTEES**

- 9.1. The BoT's decisions shall be adopted by the majority of votes of the members participating in the meeting, unless a larger amount of votes is envisaged by RA legislation and the Charter.
- 9.2. The decisions on the issues listed in subclauses 7.4., 7.5., 7.8., 7.9., 7.10. of Clause 7 of the Charter shall be taken by the 2/3rds of the BoT members' votes.

## **10. SEPARATE SUBDIVISIONS OF THE FOUNDATION**

- 10.1. To implement its statutory goals, the Foundation may establish separate subdivisions, i.e. branches and representations both in the Republic of Armenia and abroad.
- 10.2. The representations and branches shall not constitute legal entities and shall act based on the charters approved by the BoT of the Foundation.
- 10.3. The directors of the representations and branches shall be appointed by the Executive Director of the Foundation and shall act based on the latter's power of attorney.



## **11. ASSETS OF THE FOUNDATION**

- 11.1.** The assets of the Foundation are in the ownership of the Foundation.
- 11.2.** The Foundation may enjoy ownership with respect to any property, except for certain types of property which cannot be in ownership of legal entities, according to RA legislation.
- 11.3.** The amount and the value of the assets in the Foundation's ownership shall not be limited, except for cases envisaged by law.
- 11.4.** The Foundation shall be liable for its obligations with all property in its ownership.
- 11.5.** The tangible assets of the Foundation shall be formed on a voluntary principle.
- 11.6.** The provision of the resources to the Foundation shall be subject to approval or rejection by the latter.
- 11.7.** In accordance with the procedure prescribed by law and the Charter, The Foundation shall, at its own discretion, possess, use and manage the assets in its ownership, including alienation of the assets and transfer of the rights to use and manage them to third parties, as well as pledge or control them in any other way.
- 11.8.** The assets of the Foundation shall be subject to the RA protection and shall not be forfeited or confiscated, except for cases envisaged by RA legislation and international agreements.
- 11.9.** The assets donated to the Foundation by the Founder or other persons shall be deemed the property of the Foundation. The latter shall direct the assets toward the implementation of the goals envisaged by the Charter.
- 11.10.** The value of the initial assets of the Foundation comprises AMD 80.000 (eighty thousand), which was accrued from the proportional investments of the Founders.

## **12. REORGANIZATION AND LIQUIDATION OF THE FOUNDATION**

- 12.1.** The Foundation may be reorganized, i.e. merged or united, in cases envisaged by law and in accordance with the prescribed procedure, upon the decision by the BoT of the Foundation.
- 12.2.** The liquidation of the Foundation shall lead to its termination, without transfer of its rights and liabilities of the Foundation to third parties.
- 12.3.** A decision on the liquidation of the Foundation may be taken by the court, based on an application by interested parties.
- 12.4.** The Foundation may be liquidated if:
- 12.4.1. the property of the Foundation is not sufficient for the actualization of its activity and possibility to procure for the necessary property is not feasible,
  - 12.4.2. it is impossible to attain the goals of the Foundation or make the necessary changes within those goals,
  - 12.4.3. the Foundation has deviated from the goals envisaged by its Charter,
  - 12.4.4. the activity of the Foundation endangers the state and social safety, social order, public health and values, rights and freedoms of others,
  - 12.4.5. the Foundation has committed numerous and gross violations of law, or regularly implemented actions contradicting its statutory goals,

12.4.6. while establishing the Foundation, the Founder has committed significant falsifications and violations of law. The violations shall be deemed significant if those emerged following the registration of the Foundation and are grounds for rejection of the Foundation's registration, in compliance with Article 36 of the RA Law on "State registration of legal entities, separate subdivisions of legal entities, enterprises and individual entrepreneurs".

12.4.7. In other cases envisaged by law.

**12.5.** The liquidation of the Foundation shall be implemented according to procedure prescribed by RA Law on Foundations. In the event of liquidation of the Foundation, its assets shall be directed towards goals envisaged by the Charter of the Foundation, while in case of its impossibility, those shall be transferred to the state budget.

### **13. FINAL PROVISIONS**

The Charter consists of 14 (fourteen) pages<sup>3</sup>.

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<sup>3</sup> As is the original version in Armenian.