

ARTICLES OF ASSOCIATION OF THE PUBLIC INSTITUTION “KAUNAS 2022”

CHAPTER 1 GENERAL PROVISIONS

1. Public Institution “Kaunas 2022” (hereinafter the “Institution”) is a non-profit public legal entity of limited civil liability, the activities of which shall be governed in accordance with these Articles of Association (hereinafter the “Articles of Association”), Civil Code of the Republic of Lithuania, Law on Public Institutions of the Republic of Lithuania (hereinafter the “Law on Public Institutions”) and other legal acts and relevant legislation.
2. The legal form of the Institution: public institution.
3. Period of the activities of the Institution: unlimited.
4. Financial year of the Institution shall correspond to the calendar year (from January 1 to December 31).

CHAPTER 2 OPERATIONAL OBJECTIVES OF THE INSTITUTION

5. Operational objectives of the Institution:
 - 5.1. implement the cultural programme “Kaunas European Capital of Culture 2022”, preparing and coordinating various cultural and educational events, programmes, as well as ensuring their dissemination in Lithuania and abroad;
 - 5.2. develop collaboration between Lithuanian and foreign legal and natural persons that carry out projects in the fields of culture, art, informal education and creative industries;
 - 5.3. organise and support projects of civic initiatives, community building and promotion of participatory culture;
 - 5.4. organise projects related to the professional development, informal education, development of critical thinking, scientific research, publishing, development of youth competences and other education and self-expression in the social and cultural fields;
 - 5.5. initiate projects dedicated to entrepreneurship, innovativeness, development of local and international partnerships, and characterised by the ability to contribute to the development of creative industries on local and international levels.
6. The Institution shall conduct its activities in the fields of culture, art, education and social affairs.
7. Types of activities of the Institution:
 - 7.1. cultural education;
 - 7.2. creative, arts and entertainment activities;
 - 7.3. artistic creation;
 - 7.4. operation of arts facilities;
 - 7.5. performing arts;
 - 7.6. libraries, archives, museums and other cultural activities;
 - 7.7. amusement and recreation activities;
 - 7.8. travel agency, tour operator and other reservation services and related services;

- 7.9. travel agency and tour operator activities;
 - 7.10. publishing activities;
 - 7.11. research and development;
 - 7.12. advertising and market research;
 - 7.13. translation and interpretation activities;
 - 7.14. retail trade.
- 8. The Institution reserves the right to undertake any other legal economic commercial activity, which is integral to its operational objectives.
 - 9. The Institution must have all the licences (permits) required in accordance with the legislation to carry out certain activities.

CHAPTER 3

PROCEDURE FOR ADMITTING NEW STAKEHOLDERS

- 10. A person can become a new stakeholder either accepted as a new stakeholder or having acquired (inherited, purchased or otherwise gained) the rights of the stakeholder.
- 11. Procedure to admit a new stakeholder is as follows:
 - 11.1. A person who wishes to become a stakeholder shall submit to the Head of the Institution an application to become a stakeholder. The application of a person must include his or her data (full name, personal number, address of the place of residence or the correspondence address; the name, legal form, code, address of the registered office of a legal person, the name and surname of the representative thereof), explicit approval of the objectives of the activities of the Institution and the estimated contribution to the capital of stakeholders (if the contribution is to be made in money) or value (if the contribution is to be made in tangible or intangible assets (in euro) as well as the estimated deadline to make the contribution.
 - 11.2. New stakeholder shall be admitted by the decision of the General Meeting of Stakeholders.
 - 11.3. When the General Meeting of Stakeholders adopts the decision to admit a stakeholder, the person who has requested it, shall become a stakeholder after making the contribution to the Institution indicated in its application.
- 12. A person which has been granted the rights of the stakeholder shall become a stakeholder in accordance with the following procedure:
 - 12.1. The stakeholder shall inform in writing the Head of the Institution about the acquisition of the stakeholder rights and submit a document or an extract thereof confirming the acquisition of stakeholder rights. In case the extract is submitted, it must include the parties of the transaction granting the stakeholder rights, the object of the transaction, its date, also the value of contributions to the stakeholder capital of the stakeholder, which has transferred its rights, provided it is stated in the document confirming the stakeholder acquisition of rights. The notice must feature: stakeholder which has transferred the rights (name of the natural person, personal number, place of residence or correspondence address; name of the legal entity, registered address, code, full name of the representative); acquisition of stakeholder rights.
 - 12.2. The size of the contribution to the stakeholder capital to be made by the entity, which has become a stakeholder, shall be equal to the value of contributions made by the stakeholder, which has transferred its rights.

13. When the entity which requires to become a stakeholder performs actions indicated in subsection of 11.3 herein or when the entity which has gained the rights of the stakeholder performs actions indicated in the subsection 12.1 herein, within 2 working days, the Head of the Institution shall record the new stakeholder and the value of the contribution thereof into the documentation of the Institution, taking into consideration the provisions established in subsection 11.3 of Articles of Association or the date of the acquisition of stakeholder rights as indicated in the documents listed in subsection 12.1 herein as well as the conditions listed in subsection 12.2 herein.
14. Having performed actions indicated in section 11 herein, the new stakeholder shall be issued a document confirming the value of its contributions.
15. Property and non-property rights of the stakeholder of the Institution shall be established in the Articles of Association, the legislation of the Republic of Lithuania and other relevant legislation.

CHAPTER 4 PROCEDURE FOR TRANSFERRING RIGHTS OF A STAKEHOLDER TO OTHER PERSONS

16. The stakeholder must inform the Head of the Institution about its intention to transfer the rights of the stakeholder in writing (stating the sale price of stakeholder rights).
17. Within 5 days after receiving the notice from the stakeholder, the Head of the Institution shall inform other stakeholders of the Institution via the means indicated in Section 28 herein (naming the stakeholder selling the stakeholder rights and selling price of stakeholder rights) and in accordance with the procedure indicated herein, convenes the General Meeting of Stakeholders to adopt the decision regarding the stakeholder of the Institution which shall acquire the stakeholder rights.
18. If during the General Meeting of Stakeholders, it becomes evident than none of the stakeholders of the Institution is acquiring the stakeholder rights for the price established, the entity which intends to transfer the stakeholder rights can sell them to another person.
19. Stakeholder rights of state and municipal institutions can be sold or transferred to other entities in cases established in and in accordance with the procedure set out in the Law on Public Institutions and other legislation governing management, exploitation and administration of state and municipal assets.

CHAPTER 5 PROCEDURE OF TRANSFERRING STAKEHOLDERS' CONTRIBUTIONS TO THE INSTITUTION

20. Stakeholder contributions shall be transferred to the Institution in accordance with the following procedure:
 - 20.1. Money shall be transferred to the account of the Institution;
 - 20.2. Tangible and intangible assets shall be transferred to the Institution by issuing a statement of transfer and acceptance of assets; the statement shall be signed by the person transferring the assets (founder, stakeholder, person which desires to become the stakeholder) and the Head of the Institution. The assets transferred must be accompanied by the report of evaluation of the assets in question and drawn up no later than 6 months

prior to the transfer of the assets to the Institution. Valuation of assets shall be carried out at the expense of the owner of the assets transferred.

CHAPTER 6 BODIES OF THE INSTITUTION

21. The bodies of the Institution are as follows:
 - 21.1. The General Meeting of Stakeholders;
 - 21.2. The single person management body: The Head of the Institution shall be director;
 - 21.3. The collegial advisory body – the Board of the Institution (hereinafter the “Board”).
22. The General Meeting of Stakeholders deals with the questions assigned as its competences in the Law on Public Institutions and the General Meeting of Stakeholders and adopts the decisions in relation to:
 - 22.1. The Institution joining or establishing other legal entities;
 - 22.2. Admission of new stakeholders of the Institution;
 - 22.3. Adoption of the management structure, the list of posts, post description of the Head of the Institution;
 - 22.4. Adoption of the operational strategy of the Institution;
 - 22.5. Adoption of the specifications for the vacancy notice for the post of the Head of Institution;
 - 22.6. confirmation of the list and qualification requirements for other positions to which the employees of the Institution are hired on a competition basis;
 - 22.7. confirmation of the procedure for hiring employees for other positions in the Institution on a competition basis and in accordance with relevant legislation;
 - 22.8. composition of the Board, electing and revoking the members of the Board;
 - 22.9. confirmation of the size of remuneration paid for Board members for their activities in the Board and payment procedure thereof;
 - 22.10. establishing criteria to evaluate the performance of the Institution.
23. The decisions of the General Meeting of Stakeholders shall be made by the simple majority of stakeholders participating in the meeting, except the decisions which must be adopted by votes of no less than 2/3 of all stakeholders participating in the meeting:
 - 23.1. regarding the confirmation of reorganisation and conditions thereof of the Institution;
 - 23.2. regarding the restructuring of the Institution;
 - 23.3. regarding the liquidation or recall thereof of the Institution;
 - 23.4. regarding other decisions that must be adopted by the qualified majority of no less than 2/3 of stakeholders participating in the General Meeting of Stakeholders in accordance with the Law on Public Institutions or the requirements established in other relevant legislation.
24. The General Meeting of Stakeholders shall be convened and organised by the Head of the Institution.
25. The regular General Meeting of Stakeholders shall be convened annually by the Head of the Institution no later than within 4 months after the close of the financial year.
26. The notice informing about the convening of the General Meeting of Stakeholders must feature the date of the meeting, its time, place, agenda and drafts of the resolutions suggested. If the majority of stakeholders approves it, the agenda of the General Meeting of Stakeholders can be supplemented by the items suggested by stakeholders. The stakeholders

must have an opportunity to familiarise themselves with the documents and other information related to the agenda of the meeting before it starts.

27. The right to convene the extraordinary General Meeting of Stakeholders shall belong to the Head of the Institution and no less than 1/2 of all stakeholders of the Institution. The initiators of the extraordinary General Meeting of Stakeholders shall submit a request to the Head of the Institution featuring the reasons to convene it as well as the aims thereof and suggest the agenda, time, place of the meeting and drafts of resolutions. Head of the Institution shall convene the extraordinary General Meeting of Stakeholders no later than within 20 working days upon the receipt of the request.
28. The Head of the Institution shall inform all the stakeholders about the General Meeting of Stakeholders no later than 10 days prior to the day of the meeting (the notice must feature the reasons and aims of the meeting, include suggestions regarding the items of the agenda, dates, places and drafts of resolutions suggested). The said information shall be sent by registered mail provided by the stakeholder to the Institution, by hand delivery or through electronic means of communication. In the absence of a quorum, the General Meeting of Stakeholders shall be considered as failed to have taken place and no later than within 30 days after such meeting, in accordance with the procedure set herein, the repeated General Meeting of Stakeholders must be convened.
The stakeholders must be notified about it no later than within 5 days before the day of the repeated General Meeting of Stakeholders. The reconvened General Meeting of Stakeholder has the right to adopt decisions in relation to items of the agenda of the meeting that has failed to take place, irrespective of the number of members participating in the General Meeting of Stakeholders.
29. The General Meeting of Stakeholders can be convened beyond the deadlines established in Section 28 herein, if all stakeholders submit their written consent.
30. The decisive votes in the General Meeting of Stakeholders are cast by all stakeholders of the Institution. In the General Meeting of Stakeholders, Kaunas City Municipality shall have four votes, while other stakeholders shall have two. If the Head of the Institution is not a stakeholder, he or she can participate in the General Meeting of Stakeholders without the right to vote. Upon the approval of stakeholders of the Institution, other persons shall also be able to participate in the General Meeting of Stakeholders without the right to vote. A stakeholder of the Institution shall have a right to authorise another person to represent it and cast a vote in the General Meeting of Stakeholders or carry out other actions on behalf of the entity authorising it.
31. Minutes of the General Meetings of Stakeholders must be taken. The minutes shall be delivered to the stakeholders no later than within 10 working days. The minutes must feature: the time and place of the General Meeting of Stakeholders, the number of stakeholders who have participated in the meeting, indication whether the quorum was present, voting results and decisions adopted. Stakeholders participating in the General Meeting of Stakeholders (or representatives thereof) shall be registered by signing in the list of participants. The list of the participants of the General Meeting of Stakeholders shall be added to the minutes together with the voting ballots of stakeholders who have cast their votes in advance and in writing.
32. Procedure for appointing and recalling the Head of the Institution shall be the same as established in the Law on Public Institutions. The Head of the Institution shall be selected through the vacancy notice. On behalf of the Institution, the employment contact with the

Head of the Institution shall be drawn up and terminated by a person authorised by the General Meeting of Stakeholders.

33. Besides the functions established in the Law of Public Institutions and the Articles of Association, the Head of the Institution performs functions listed in the job description as well as the following functions:
 - 33.1. organises the activities of the Institution and issues orders regulating the operations of the Institution in accordance with his/her competence;
 - 33.2. in accordance with relevant legislation, manages and uses assets owned, entrusted or provided under the lending right to the Institution and administrates it;
 - 33.3. acts on behalf of the Institution in relations with other entities, enters into transactions on behalf of the Institution, signs financial documents, opens and closes bank accounts in banks and credit institutions;
 - 33.4. prepares the project of the operational strategy of the Institution and then submits it for information for the Board and for the approval of the General Meeting of Stakeholders;
 - 33.5. prepares and submits to the General Meeting of Stakeholders the set of annual financial statements and activity report of the Institution for the previous financial years. It must feature the information listed in the Law on Public Institutions and other information that the General Meeting of Stakeholders has decided to request at its own discretion.
 - 33.6. prepares the annual operational plan of the Institution and after informing the Board about it, manages its implementation;
 - 33.7. submits proposals for the General Meeting of Stakeholders regarding the management structure of the Institution and the description of job positions, the list of job positions to which the employees are hired through the competition and their qualification requirements, as well as rules governing organisation of competitions for positions, to which the employees are hired on the competition basis and projects of performance assessment criteria of the Institution;
 - 33.8. adopts rules governing the internal rules of procedure of the Institution;
 - 33.9. hires and dismisses employees of the Institution, enters into and terminates their employment contracts, establishes remuneration and the system thereof, in accordance with legislation, incentivize them or applies disciplinary measures;
 - 33.10. ensures compliance with legislation governing safety and health of employees;
 - 33.11. approves regulations of Institution divisions, branch offices and representations, provided they are established in accordance with the decision of the General Meeting of Stakeholders;
 - 33.12. approves post descriptions of Institution employees; post descriptions of employees listed in subsection 22.7 shall be approved only after receiving approval from the General Meeting of Stakeholders.
34. Responsibility of the Head of the Institution shall be regulated by the Law on Public Institutions, other legislation, Articles of Association and post description.
35. When there is no Head of the Institution appointed, his/ her functions shall be carried out by an employee of the Institution, in whose job description such function is included, or other employee of the Institution appointed by the Head of the Institution.
36. Head of the Institution or other employee of the Institution that carries out the functions of the Head of the Institution, in cases when there is no person in this position, shall be responsible in accordance with legislation for failure to perform or improper performance of functions delegated.

37. Board is a collegial advisory body of the Institution elected for 4 (four) year-long term of office by the General Meeting of Stakeholders.
38. The Board shall consist of 10 (ten) members in accordance with the decision adopted by the General Meeting of Stakeholders and the following procedure:
 - 38.1. candidates to the Board shall be delegated by:
 - 38.1.1. Stakeholder Kaunas City Municipality – 3 (three) members;
 - 38.1.2. Stakeholder association “Tempo Academy of Culture” – 2 (two) members;
 - 38.1.3. Stakeholder Kaunas District Municipality – 2 (two) members;
 - 38.1.4. Head of the Institution – 1 (one) member;
 - 38.1.5. Government of the Republic of Lithuania – 2 (two) members.
 - 38.2. Within 10 days after the registration of the Institution, subjects indicated in the subsections 38.1.1–38.1.2 herein or after the dismissal of the Board (or individual members thereof) or after their term of office is over, shall submit to the General Meeting of Stakeholders their candidates and proofs of their consent to be elected to the Board.
 - 38.3. Having received the approval of the General Meeting of Stakeholders, the Head of the Institution shall inform subjects indicated in the subsections 38.1.2–38.1.3 herein by registered mail (sent to the registered office or other indicated address) or by hand delivery about their right to submit candidates to the Board and within 20 days after receiving such information, inform the Institution in writing about its candidate(s) to the Board and his/her (theirs) consent to be elected to the Board of the Institution. If no information is provided by the deadline regarding the suggested candidate(s), it shall be considered that the subject has not exercised its right to suggest a candidate to the Board. The notice indicated in this subsection shall be sent under the same conditions in cases, when Board members of subjects indicated in subsections 38.1.2–38.1.3 herein shall be revoked or lose their rights at the end of their term.
39. The number of the terms of office of the Board shall not be limited. The General Meeting of Stakeholders can dissolve the entire Board or dismiss its individual members before the end of their term of office. A new member shall be suggested by the same subject which has previously suggested the member now dismissed. If no more than a half of the members of the Board are changed, the new members shall be appointed for the remaining term of office of the Board.
40. Competence of the Board:
 - 40.1. At the submission of the Head of the Institution, to analyse the annual action plan of the Institution and submit proposals regarding the means of their implementation;
 - 40.2. Analyse the annual activity reports and financials statements of the Head of the Institution;
 - 40.3. Analyse and assess the strategy of the Institution and submit proposals to the Head of the Institution and the General Meeting of Stakeholders in relation to it;
 - 40.4. Submit proposals to the Head of the Institution and the General Meeting of Stakeholders regarding the determination of evaluation criteria of Institution’s activities;
 - 40.5. Submit proposals to the Head of the Institution and the General Meeting of Stakeholders regarding the amendments and supplementation of the Articles of Association;
 - 40.6. Submit conclusions regarding collaboration, participation in various organisations on a membership basis;

- 40.7. Analyse programmes prepared, their estimates and submit proposals for the Head of the Institution regarding the implementation of these programmes, priorities and relevance of the use of funds of the Institution;
- 40.8. Submit proposals to the General Meeting of Stakeholders regarding bonuses, premiums and incentives assigned to the Head of the Institution;
- 40.9. Analyse other questions delegated to the Board by the General Meeting of Stakeholders.
41. Board members can be remunerated for their activities in the Board by the decision of the General Meeting of Stakeholders of the Institution and in accordance with relevant legislation.
42. The Board shall be governed by its chair, elected from the members of the Board by them during their term of office.
43. The Board shall act in accordance with the Rules of Procedure confirmed by it. The Board shall confirm its Rules of Procedure during its first meeting. The Rules of Procedure of the Board can be changed under the proposal of the stakeholders of the Institution, Head of the Institution or Board members, if more than a half of Board members agree with this change.
44. The Board shall adopt its decisions during the meetings. Board meetings shall be chaired by the Chair of the Board. Board meetings shall be convened at no less than 2 (two) times per year. Initiative right to convene the Board meeting shall belong to the Chair of the Board or no less than 2 (two) members of the Board.
45. Board members must be informed about the Board meeting to be convened by registered mail or by hand delivery or electronic communication means, indicating the place, time, date and agenda of the meeting no later than before 7 (seven) days before the meeting. Board meeting can be convened without following the deadlines established in this section, if all members of the Board express their consent in writing or through electronic means of communication.
46. The Board meeting shall be valid, if more than 1/2 of all members of the Board shall participate in it. The decisions shall be adopted by an open vote, or if requested by more than 1/2 of all Board members participating in the meeting, secret voting by the simple majority of all Board members participating in the meeting. In case of a tie, the Chair of the Board shall be the casting vote.

CHAPTER 7

PROCEDURE OF BRANCH AND AGENCY ESTABLISHMENT AND TERMINATION

47. Decisions regarding the establishment of Institution's branches and agencies and termination thereof, as well as the adoption of their articles of association shall be adopted by the General Meeting of Stakeholders.

CHAPTER 8

PROCEDURE FOR SUBMITTING DOCUMENTS AND OTHER INFORMATION ABOUT ACTIVITIES OF THE COMPANY TO STAKEHOLDERS

48. At the stakeholder's written request, the institution shall grant it access to information and/or submit it the copies of the documents within 7 days from the receipt of the request. The stakeholder shall have the right to examine the documents on working hours of the institution at its office or another location indicated by the Head of the Institution, where the documents

are stored. Copies of the said documents can be sent to a stakeholder by registered mail, provided by the stakeholder to the Institution, or via electronic means of communication or by hand delivery. In cases of significant nature affecting the Institution, stakeholders must be informed by registered mail or by hand delivery.

49. Institution documents, their copies or other information shall be provided to the stakeholders free of charge. The Head of the Institution shall be responsible for the submission of information to the stakeholders of the Institution.

CHAPTER 9 PROCEDURE FOR PUBLISHING NOTICES AND ANNOUNCEMENTS

50. Those notices of the Institution, which shall be made public, shall be published in the electronic publication Public Notices of Legal Persons issued by the State Enterprise Registry Centre.
51. Other notices of the Institution shall be sent to the Stakeholders and other persons via the registered mail or hand delivery. When notices are sent to the stakeholder by registered mail, they shall be sent to the address the stakeholder has provided for the Institution. Urgent notices can be transferred via the electronic means of communication, sending the originals to the addressee within two working days via the registered mail or hand delivery.
52. Timely delivery and serving of the notices shall be the responsibility of the Head of the Institution.

CHAPTER 10 PROCEDURE FOR SUBMITTING INFORMATION ABOUT ACTIVITIES OF THE PUBLIC INSTITUTION TO THE PUBLIC

53. No later than within 5 working days after the ordinary General Meeting of Stakeholders, performance report of the Institution together with the set of financial statements, and in cases when the Institution has been audited, together with the audited set of financial statements and the auditor's report, shall be submitted to the Registry of Legal Entities and announced on the website of the Institution, provided it has one.
54. Other information that must be available for the society and determined by the General Meeting of Stakeholders shall be published on the website of the Institution, provided the Institution has one.
55. The Head of the Institution shall be responsible for publishing the information about the activities of the Institution for the society, as well as its timely renewal.
56. Third parties must be able to become acquainted with the activity report of the Institution and other information available to the public at the registered office of the Institution during its working hours.

CHAPTER 9 PROCEDURE FOR AMENDING ARTICLES OF ASSOCIATION

57. Articles of Association shall be amended in accordance with relevant legislation. The right of the initiative to change and supplement the Articles of Association belongs to the Head of the Institution and its Stakeholders.

58. The amended Articles of Association shall come into force on the day they are registered in the Register of Legal Entities.

Articles of Association signed on 30 November 2017 in Kaunas.

Director of Administration of Gintaras Petrauskas
Kaunas City Municipality

Director of Administration of Antanas Nesteckis
Kaunas City Municipality

Head of the Association Vaida Venckutė-Nagė
“Tempo Academy of Culture”
(Kultūros tempo akadēmija)