Decision No. 3 of the Minister of Education and Research from 9 February 2012 Statutes of the Estonian Research Council Foundation

Amended by SA Eesti Teadusagentuur

Decision of the Board from 23 May 2014

Approved 16 July 2014

By the Minister of Education and Research

STATUTES OF THE ESTONIAN RESEARCH COUNCIL

Chapter 1

GENERAL PROVISIONS

1.1. The Estonian Research Council Foundation (hereinafter: Foundation) has been established in public interests to support the execution of national research policies.

1.2. The official name of the Foundation is the Estonian Research Council, *Eesti Teadusagentuur* in Estonian.

1.3. The foundation has been established by the Republic of Estonia, the rights of a founder were exercised by the Ministry of Education and Research (hereinafter: Ministry).

1.4. The Foundation is a legal person governed by private law, and is guided in its activities by the laws of the Republic of Estonia and other legal acts and these statutes as well as the statutes of the European Union and other donors.

1.5. The Foundation has no beneficiaries. The foundation cooperates with the country’s governmental institutions, Estonia’s education, research and development institutions and other organisations. Cooperation with the Ministry is carried out according to the agreements signed between the Ministry and Foundation.

1.6. The Foundation has been established for an unspecified term.

1.7. The financial year of the Foundation starts on 1 January and ends on 31 December.

1.8. The Foundation is based in Tartu. The Foundation may have representations to fulfil the needs proceeding from its objective.

Chapter 2

 THE PURPOSE OF THE FOUNDATION

2.1. The main purpose of the Foundation is financing basic and applied research, research and development through distributing grants, and supporting the implementation and development of the national research policy, assessing the effectiveness and impact of the grants, and organising participation in international programmes according to the resources allocated under Estonian, European Union and other international programmes and within the framework of the national responsibilities imposed on the Foundation with a contract under public law. In addition, it analyses the public availability of the outcome of research and its societal impact, and the development of international research cooperation.

2.2. In order to achieve its purpose, the Foundation shall:

2.2.1. organise and perform the evaluation of research grant applications

2.2.2. make proposals to the Minister of Education and Research about the distribution of grants or changes to their volume

2.2.3. distribute personal research grants

2.2.4. organise the performance of obligations taken in order to participate in research programmes, including international research programmes

2.2.5. assess the effectiveness of grants and their impact on society

2.2.6. monitor and assess the public availability of research information created via the use of research grants, the emergence and use of intellectual property and the adherence to the ethical principles and good practices inherent to research

2.2.7. organise the evaluation of the research and development activities of the Estonian research and development institutions

2.2.8. process the Estonian Research Information system as an authorised processor

2.2.9. participate in the preparation of national and EU research and development programmes, coordinate and implement the programmes approved by the Ministry

2.2.10. forward information on research organisations, programmes and foundations to Estonian researchers, and advise research and development organisations on the preparations to the participation and participation in the respective programmes and projects

2.2.11. prepare, perform and order research necessary for performing its objectives, organise seminars and training courses

2.2.12. represent Estonian researchers at international research organisations with Estonian participation

2.2.13. introduce the achievements of Estonian research to the public and interest groups in Estonia and abroad

2.2.14. organise activities popularising research and the profession of a researcher

2.2.15. hand out and intermediate awards and approvals connected to research and development and the popularisation of those activities, and organise national research competitions

2.2.17. establish normative documents for performing its tasks, if these have not been regulated by other legal acts

2.2.18. organise other activities necessary for achieving the Foundation’s objective.

Chapter 3

 THE BOARD OF THE FOUNDATION

Part 1

 General provisions

3.1. The Board of the Foundation (hereinafter: Board) plans the activities of the Foundation, organises its governance and monitors the Foundation’s activities.

3.2. The Board:

 3.2.1. appoints and removes the members of the Management Board. In accordance to the final date of the Management Board’s term of office, the Chairman of the Board organises an election of the new Management Board at least three months before the expiry of the term of office of the Management Board, and guarantees that a Management Board member’s contract for a specified period is signed with the new member of the Management Board within a month

 3.2.2. decides upon the conditions of the remuneration of the Management Board members, the amount of remuneration and payment procedure

 3.2.3. represents the Foundation in disputes and transactions with Management Board members, as well as with persons represented by the members or with persons the governing body of which includes a member of the Management Board

 3.2.4. approves the membership of the Evaluation Committee of the Estonian Research Council for up to three years, in coordination with the Minister of Education and Research

 3.2.5. monitors the correctness of the Foundation’s accounting, the existence of property, the conformity of the Foundation’s actions with the law, these statutes and the decisions of the Board or imposes the duty of monitoring on appropriate third persons

 3.2.6. if necessary, demands reports from the Management Board on the Foundation’s governance and its economic situation and other important matters tied to the activities of the Foundation, as well as the preparation of the management report and balance sheet

 3.2.7. presents a report on the activities of the Foundation to the executor of the rights of a founder twice a year and immediately informs the executor of the rights of a founder of the serious deterioration of the Foundation’s economic situation and any changes in important circumstances concerning the activity of the Foundation

 3.2.8. approves the Foundation’s budget and the Foundation’s annual activity plan and operational objectives no later than by the beginning of the financial year

 3.2.9. appoints the Foundation’s auditor for up to two years, and decides upon the auditor’s remuneration

 3.2.10. approves the annual report

 3.2.11. elects the Chairman of the Board

 3.2.12. approves the procedure for the use and disposal of the Foundation’s assets

 3.2.13. prescribes the Board’s rules of procedure

 3.2.14. approves the Management Board’s rules of procedure

 3.2.15. forms structural units needed for achieving the Foundation’s objectives. A structural unit may include one or several subunits.

3.3. The Management Board needs the approval of the Board in order to perform operations that are outside the scope of daily economic activity, first and foremost for the following operations and legally binding acts:

 3.3.1. becoming a member of a non-profit organisation

 3.3.2. taking a loan and entering into finance lease agreements

 3.3.3. performing transactions that exceed the limits of the budget approved by the Board.

3.4. The Board has a right to:

3.4.1. get information from the Management Board about the activities of the Foundation, demand the preparation of a management report and balance sheet from the Management Board

3.4.2. examine all the documents of the Foundation, check the correctness of accounting, the existence of assets and compliance of the Foundation’ s activities to legal acts and statutes.

3.5. The amount of remuneration received by a member of the Board and the Chairman of the Board and payment procedures are prescribed by the Minister of Education and Research, taking into consideration the conditions stated in State Assets Act and the conditions laid down on the basis of that Act.

If the obligations stated in point 3.14.5 or 3.14.6 of the Statutes are not fulfilled, the Minister of Education and Research may decide to suspend the remuneration of the Chairman of the Board, or to reduce payment proportionally according to the period during which the said obligation was not performed.

3.6. A member of the Board, appointed by the Minister of Education and Research, is required to inform the Chancellor of the Foundation’s plans to perform transactions or activities that go beyond usual economic activity, as well as of other transactions or activities that may have fundamental importance or consequences.

Part 2

Requirements for the Foundation’s Board member candidates, the number of Board members and term of office, appointment of Board members, their resignation and removal.

3.7. The Board consists of up to seven (7) members. The members of the Board are appointed and removed with the decision of the Minister of Education and Research, taking into consideration the requirements to a Board member stated in point 3.8. The Minister of Education and Research is guided by the proposal of the Minister of Finance while appointing one of the members of the Board. The term of office for a Board member is five (5) years.

3.8. A Board member’s authority commences on the day the decision with which they are appointed a Board member enters into force, and ends on the day they are removed from the Board.

3.9. A member of the Board cannot be:

3.9.1. a self-employed person, who is engaged in the same economic activities as the Foundation

3.9.2. a partner of a general partnership or a general partner of a limited partnership engaged in the same economic activities as the Foundation

3.9.3. a person, whose shares or stocks make up at least 1/10 of the share or stock capital in a commercial undertaking that is engaged in the same economic activity as the Foundation

3.9.4. a member of the governing body of a commercial undertaking that is engaged in the same economic activity as the Foundation, unless it is a public undertaking, or a commercial undertaking that is a part of the same group as the aforementioned undertaking

3.9.5. a person whose wrongful acts or failure to act have brought on a person’s bankruptcy and less than five (5) years have passed since the declaration of bankruptcy

3.9.6. a person whose wrongful acts or failure to act have brought on the withdrawal of an activity licence issued to a legal person and less than five (5) years have passed since the withdrawal of the activity licence

3.9.7. a person with a prohibition on business and less than five (5) years have passed since the expiry of the prohibition on business

3.9.8. a person whose wrongful acts or failure to act have caused damage to a legal person and less than five (5) years have passed since the compensation of the damage

3.9.9. a person who has been punished for an economic criminal offence, criminal official misconduct or a criminal offence against property, and the information concerning the punishment has not been deleted from the criminal records database

3.9.10. a person who has significant commercial interests tied to the Foundation that are expressed, among other ways, in the qualifying holding of this legal person in the meaning of Section 9 of the Securities Market Act, or in belonging to the governing body of a commercial undertaking that is an important buyer or seller of goods, a service provider or a contracting entity to the Foundation.

3.10. The Minister of Education and Research has the right to remove a Board member at any time, regardless of the reason. The Minister of Finance may, at any time, regardless of the reason, make a proposal to the Minister of Education and Research to remove the member of the Board they recommended and to appoint a new member of the Board. A member of the Board does not receive compensation upon removal from the Board.

3.11. Members of the Board have a right to resign from the Board at their request. A member of the Board announces their wish to resign to the minister who made the appointment recommendation, or the Minister of Education and Research, and to the Chairman of the Board in writing at least one (1) month in advance. A Board member’s authority expires in accordance to the point 3.7.

3.12. The court may, at the request of an interested person or of its own initiative, appoint or remove members of the Board, if the person required to either appoint or remove a Board member does not perform their obligation.

Part 3

 Chairman of the Board

3.13. The Board elects the Chairman of the Board from among its members. The Chairman’s election meeting is considered to have a quorum if at least 2/3 of the Board members participate in the vote.

3.14. In the absence of the Chairman of the Board, they are substituted for by a member of the Board appointed by the Chairman. If the Chairman of the Board has not appointed a substitute, the Chairman shall be replaced by the oldest Board member.

3.15. The Chairman of the Board:

3.15.1. organises the Board’s activities, convenes and presides over Board meetings, decides upon the meeting place and the issues discussed at the meeting

3.15.2. makes proposals to the Board to make decisions on issues within the sphere of competence of the Board

3.15.3. concludes contracts based on the decisions of the Board and on behalf of the Foundation with the members of the Management Board and represents the Foundation in other instances stated in the law and these statutes

3.15.4. should the need arise, organises making decisions without convening a meeting and informs all members of the Board of such decisions

3.15.5. presents an agenda of the meeting to the Minister of Education and Research and Minister of Finance at least three (3) working days before the meeting is to take place, and a copy of the minutes together with the meeting’s materials one (1) month after the Board meeting is held

3.15.6. in the case of making a Board decision without convening a meeting, presents to the Minister of Education and Research and Minister of Finance the draft decision at the same time that it is sent to the members of the Board, and the record of vote or voting results within five (5) days after the vote.

Part 4

 Board meeting

3.16. Board meetings are regular and extraordinary. Regular Board meetings take place according to need, but at least four (4) times a year. An extraordinary Board meeting is called immediately if it is demanded by a Foundation Board member, the Management Board or the auditor. The place where the meeting is held is the location of the Foundation, unless decided otherwise by Board members.

3.17. Regular meetings must be announced to the Board members at least seven (7) calendar days in advance. Extraordinary meetings need to be announced to the Board members at least five (5) calendar days in advance. Convening a meeting is announced via mail or e-mail to the address given by the appointer of the Board member.

3.18. The convening notice must include:

 3.18.1. the time and place of the meeting

 3.18.2. the meeting’s agenda

 3.18.3. other important matters concerning the meeting.

3.19. The Board meeting is considered to have a quorum if all Board members have been appropriately invited and over a half of the Board members are in attendance, unless stated otherwise by the law or these statutes.

3.20. Minutes are taken during Board meetings, considering the requirements set by the Minister of Finance on the preparation of a Foundation Board’s minutes and on the information written down in the minutes. All members of the Board that attend the Board meeting shall sign the Board meeting minutes.

Part 5

 Decision of the Board

3.21. The Board makes decisions during a Board meeting. Each member of the Board has one vote. Generally a member of the Board does not have the right to abstain from voting or remain neutral, except in the case when the decision being voted upon affects the Board member. Voting is open.

3.22. The Board’s decision is considered to be adopted when it achieves a simple majority, unless the statutes prescribe a larger majority requirement. In the case of the equal distribution of votes, the decisive vote belongs to the Chairman of the Board or the member of the Board substituting for the Chairman.

3.23. Amendments to the statutes are decided by a 2/3 statutory majority, the budget is approved by a 2/3 majority of those present at a meeting. Taking a loan for the Foundation or entering into a financial lease contract is approved by the Board only with a unanimous resolution of all the Board members.

3.24. The Board may make a decision without convening a meeting. In order to make a decision without convening a meeting, the Chairman of the Board sends the draft decision to the members of the Board and sets a date for the written response, which cannot be shorter than three (3) working days.

3.25. The decision made without convening a meeting is deemed to be adopted if more than a half of the members of the Board vote for it in writing. The Chairman of the Board organises the preparation of the record of vote, taking into consideration the requirements prescribed by the Minister of Finance, the document must, among other things, include the adopted decisions along with the voting results, specifying by name the members of the Board who voted for the decision. Written statements of the Board members are added to the record of vote. The copy of the record of vote is forwarded to the members of the Board within seven (7) calendar days at the latest.

Chapter 4

 THE MANAGEMENT BOARD OF THE FOUNDATION

Part 1

 General provisions

4.1. The Management Board manages and represents the Foundation and disposes of its assets according to the statutes and within the authority limits provided to it by the Board. The Management Board follows the legal orders of the Board.

4.2. The Management Board:

 4.2.1. manages the foundation efficiently and economically in view of the activity plan, adhering to the budget, a working internal control system, the creation and implementation of a human resources policy and quality management

 4.2.2. guarantees the preparation of the Foundation’s organisation-based development plan for at least a medium term perspective

 4.2.3. compiles the Management Board’s rules of procedure and submits this to the Board for approval

 4.2.4. submits a list of auditors and Board members to the register and notifies the register of changes in the information submitted to the register

 4.2.5. submits an overview of the Foundation’s activities and economic status to the Board within a month following a calendar quarter

 4.2.6. submits a description of the internal control system to the Board once a year

 4.2.7. organises the Foundation’s accounting

 4.2.8. prepares the Foundation’s budget, activity plan and measurable annual objectives and submits these to the Board for approval at least one month before the beginning of the financial year

 4.2.9. monitors the implementation of the Foundation’s budget

 4.2.10. compiles the Foundation’s annual report

 4.2.11. submits the annual report to the auditor to be checked and then to the Board to be approved. It submits a copy of the annual report to the Ministry, Ministry of Finance and National Audit Office within no more than three (3) months from the end of the financial year and the audited annual report to the register within six months after the end of the financial year

 4.2.12. provides an opinion to the Board on appointing an auditor and establishing the procedure for the remuneration of the auditor

 4.2.13. provides the Board an opinion on approving the Evaluation Committee membership

 4.2.14. submits, if needed, a request for a Board meeting

 4.2.15. organises the technological service of the Foundation’s Board meetings

 4.2.16. holds competitions for the distribution of grants

 4.2.17. enters into contracts on behalf of the Foundation and issues letters of authority

 4.2.18. enters into contracts of employment on behalf of the Foundation and terminates them

 4.2.19. should the need arise, includes experts in the Foundation’s work and organises the remuneration for their work

 4.2.20. approves the normative documents regulating the organisation of the Foundation’s work in compliance with the laws and other legal acts, if approval is not in the competence of the Board

 4.2.21. approves the staff of the boards, commissions and other organs that regulate the Foundation’s activities, unless they have been approved by other legal acts

 4.2.22. distributes personal research grants and organises the evaluation of their proper use on the basis of the decisions of the Evaluation Committee

 4.2.23. forwards proposals to the Minister of Education and Research on behalf of the Foundation for distributing institutional research grants on the basis of the decisions of the Evaluation Committee

 4.2.24. establishes the principles for the calculation of general expenses in view of implementing research topics and the amounts of general expenses on the basis of the proposal of the Evaluation Committee and in coordination with the Ministry of Education and Research

 4.2.25. performs other tasks necessary for achieving the Foundation’s objectives, unless stated otherwise in laws or these statutes.

Part 2

 Members of the Management Board

4.3. The Foundation’s Management Board has up to two (2) members. The members of the Management Board are appointed and removed by the Board, who also enters into the Management Board member contract with them.

4.4. The Chairman of the Management Board is appointed by the Board in coordination with the Minister of Education and Research. The Chairman of the Management Board may be a person with a Ph.D. or an equivalent foreign qualification whose previous activity for promoting Estonian research has been in accordance with the academic tradition and research ethics, and aimed at increasing the quality of Estonian research as a whole.

4.5. The Chairman of the Management Board organises and manages the activities of the Management Board.

4.6. The members of the Management Board are appointed for five (5) years. The Board may remove a member at any time, regardless of the reason. The removal of a Management Board member is decided with a 2/3 majority of the Board. The rights and obligations proceeding from the contract entered into with the Management Board member end according to the contract.

4.7. A member of the Management Board cannot be a person:

 4.7.1. whose wrongful acts or failure to act have brought on a person’s bankruptcy within the previous five (5) years

 4.7.2. whose wrongful acts or failure to act have brought on the withdrawal of an activity licence issued to a legal person within the previous five (5) years

 4.7.3. having been punished with a prohibition on business within the last five (5) years

 4.7.4 whose wrongful acts or failure to act have caused damage to a legal person and less than five (5) years have passed from the compensation for the damage

 4.7.5. who has been punished for an economic criminal offence, criminal official misconduct or a criminal offence against property. This prohibition is not applied if the information has been deleted from the criminal records database

 4.7.6. who has significant commercial interests tied to the Foundation that are expressed, among other ways, in the qualifying holding of this legal person in the meaning of Section 9 of the Securities Market Act, or in belonging to the governing body of a commercial undertaking that is an important buyer or seller of goods, a service provider or a contracting entity to the Foundation.

4.8. A member of the Management Board may represent the Foundation alone and issue letters of authority for performing legally binding acts or representing the Foundation. Members of the Management Board do not have the right to conclude transactions with themselves or with a person that they represent or a person, if the Management Board member is a member of the representative organ of that person, also transactions that would give reason to suspect them of relationships involving the risk of corruption. The right of a member of a Management Board to represent the Foundation can be limited with a decision of the Board.

4.9. Members of the Management Board have the right to resign from the Management Board at any time at their request. The member of the Management Board wishing to resign shall submit a written request to the Chairman of the Board at least thirty (30) calendar days in advance.

4.10. The conditions for the remuneration of the member of the Management Board and the payment procedure are determined by the Board.

 4.10.1. The member of the Management Board may be remunerated for only according to the Management Board member contract entered into with them. If the member of the Management Board performs other tasks necessary to the Foundation in addition to the tasks of a member of the Foundation’s Management Board, these may only be remunerated for if it has been prescribed in the Management Board member contract.

 4.10.2. The members of the Management Board may receive additional remuneration considering the efficiency of their work. The size of the additional remuneration must be grounded in achieving the objectives set for the Foundation. The total additional remuneration paid during the financial year may not exceed the double average monthly remuneration paid to the member of the Management Board during the previous financial year

 4.10.3. Members of the Management Board may only receive termination payment when removed upon the initiative of the Board before their term of office has been concluded. A termination payment may be paid in the amount of up to three monthly fees of the Management Board member effective at the time.

Chapter 5

THE EVALUATION COMMITTEE OF THE FOUNDATION

Part 1

General provisions

5.1. The Evaluation Committee of the Foundation is a council of experts consisting of up to 15 acclaimed members from various fields of research and development that evaluates grant applications.

5.2. The formation of the Foundation’s Evaluation Committee and its rules of procedure are provided with the regulation of the Minister of Education and Research.

5.3. The Evaluation Committee compiles an overview of its work every three years and publishes it in the Estonian Research Information System.

5.4. The members of the Evaluation Committee may be remunerated for their work according to their tasks and the economic situation of the Foundation on the basis of a contract.

Part 2

The Chairman of the Evaluation Committee

5.5. The Chairman of the Foundation’s Management Board is the Chairman of the Evaluation Committee by position. The Chairman of the Evaluation Committee does not receive remuneration for performing the tasks of a member of the Evaluation Committee.

Part 3

Members of the Evaluation Committee

5.6. The members of the Evaluation Committee are not employees of the Foundation.

5.7. The members of the Evaluation Committee confirm in writing that they are independent in their work, do not represent the organisation that nominated them or the interests of their employer in the Evaluation Committee, and keep the information they have received during their work in the Evaluation Committee confidential.

5.8. A member of the Evaluation Committee informs the Chairman of the Evaluation Committee of their connection to the grant application the Evaluation Committee needs to decide upon at the earliest opportunity.

Part 4

The tasks of the Evaluation Committee

5.9. The Evaluation Committee participates in performing the tasks and obligations connected to the activity of the Foundation, which have been prescribed in laws, legal acts prescribed under those laws and these statutes with the decision of the Foundation’s Management Board, including:

 5.9.1. making propositions to the Foundation’s Management Board on the formation of expert committees and their composition

 5.9.2. making propositions for the distribution of institutional research grants and the continuation of the research grants, which are forwarded to the Minister of Education and Research by the Foundation’s Management Board

 5.9.3. making propositions for determining the conditions for receiving institutional research grants and describes those conditions, which the Foundation’s Management Board forwards to the Minister of Education and Research

 5.9.4. making propositions to the Foundation’s Management Board for the distribution of personal research grants and the continuation of personal research grants

 5.9.5. making propositions to the Management Board of the Foundation for determining the conditions for receiving personal research grants

 5.9.6. making propositions to approve the evaluation results of the research and development activity of research and development institutions.

5.10. The Evaluation Committee does not evaluate the research topic listed in an institutional research grant application, if its leader or main performer is a member of the Foundation’s Evaluation Committee, nor does it issue a financing proposal for it.

Part 5

Funding the research and development activity of a member of the Evaluation Committee

5.11. A research topic, the leader or main performer of which is a member of the Evaluation Committee, shall receive an institutional grant with the decision of the Minister of Education and Research, based upon the amount of the grant of the year preceding the time when the person became a member of the Evaluation Committee, and it can be changed, if:

 5.11.1. the amount of funds allocated from the state budget is changed, proportionally to the change in the amount of funds allocated from the state budget for the distribution of grants

 5.11.2. the applicant has applied for increasing the grant amount owing to joining several research topics

 5.11.3. other important and justified reasons are present.

5.12. When allocating a personal research grant to a member of the Evaluation Committee, the Foundation proceeds from the type and amount of the allocated grant from the year before the time the person became a member of the Evaluation Committee, and it can be changed proportionally to the change in the amount of funds allocated from the state budget for the distribution of grants.

Chapter 6

 THE AUDITOR, INTERNAL CONTROL AND INTERNAL AUDITOR OF THE FOUNDATION

6.1. The number of the Foundation’s auditors is determined and the auditor(s) are appointed by the Board, who also decides upon the payment procedure regarding the auditor(s). The Board has the right to remove the auditor(s) at any time, regardless of the reasons.

6.2. An auditor may be appointed for a term of two years. The auditor’s consent is needed for the appointment of the auditor.

6.3. The Foundation’s Management Board guarantees the work of the internal control system. The executor of the rights of a founder may demand a special audit and use the subunit of the organisation they manage for it.

6.4. The Foundation forms the position of an internal auditor or buys the services of the internal auditor from a company of auditors, if the Foundation’s balance sheet total is greater than two million euros or the income of the financial year is greater than two million euros at the balance sheet date of the financial year. The Foundation has a right to waive the creation of the position of an internal auditor or the purchase of the services of a company of auditors, if it may be economically sound in the opinion of the Board. Such a decision from the Board must be previously coordinated with the Ministry of Education and Research.

6.5. An audit committee is formed with the Foundation, if at least three indicators of the financial year in the Foundation’s annual report exceed the indicators stated in Subsection 13 (3) of the Auditors Activities Act.

6.6. The audit committee is an advisory body in the domains of accounting, auditor control, risk management, internal control and internal audit, monitoring and the preparation of the budget and activity plan and the performance thereof, as well as the legality of the activities.

6.7. The formation of the audit committee and the prescription of the rules of procedure and the principles of remuneration are based upon the Auditors Activities Act and its implementing provisions.

Chapter 7

 ASSETS OF THE FOUNDATION

7.1. The Foundation is the owner of its assets. The Foundation’s assets are used for achieving the Foundation’s purpose. The possession of the Foundation’s assets, their use and disposal is in the competence of the Management Board and performed by it in accordance with the law and these statutes, taking into account the restrictions resulting from the decision of the Board, these statutes and legal acts.

7.2. The foundation has no right to grant loans or secure debt obligations.

7.3. The assets of the Foundation consist of:

 7.3.1 the assets transferred to the Foundation based on the Foundation’s resolution

 7.3.2 appropriations, donations, subsidies and other funds allocated by third persons for specific purposes

 7.3.3 funds accrued by the Foundation owing to the implementation of the concluded contracts or in other ways through the activity of the Foundation

 7.3.4 other proceeds.

7.4. Non-monetary assets transferred to the Foundation are received by the Management Board. The Management Board performs the necessary procedures for the transfer of the assets to the possession of the Foundation and prepares the necessary documents. Monetary assets transferred to the Foundation must be paid to the Foundation’s bank account. The precise procedure for the transfer of assets may be decided upon by the Foundation’s Board.

7.5. A contract may be entered into with a person transferring assets to the Foundation for specific purposes should the person wish it, in which the transferor’s legal demands on the purpose and manner of the use of the assets and the obligation to pay a contractual penalty taking into consideration the requirements on the acquisition of immovable property or of the right of superficies free of charge stated in the State Assets Actare listed. The transferor will be given a report on the use of the assets, should the person wish for it.

7.6. The Foundation’s settlements are made through the State Treasury.

7.7. The Foundation’s funds are used for:

 7.7.1. the research grants given to research and development institutions to guarantee the consistency of research and development activities and to support the research done by working groups or individuals, to update the necessary infrastructure and maintain it

 7.7.2. financing national research, development and technology programmes

 7.7.3. participating in the activities of international research organisations, as well as for the purposeful financing of research projects performed in the framework of international cooperation

 7.7.4. financing activities and awards connected to the popularisation of research

 7.7.5. the remuneration for the work of all the Foundation’s employees, Board and Management Board members and experts

 7.7.6. financing other activities necessary for the performance of the Foundation’s purpose.

 7.7.7. A balanced budget is prepared about the Foundation’s income and expenses, which corresponds to the Foundation’s financial plan, the budget position rules stated in Section 6 of the State Budget Act, the net debt rule stated in Section 10, and the restrictions stated in Section 11

 7.7.8. The Foundation compiles and presents a financial plan according to the requirements stated in Section 12 of the State Budget Act, which forms a basis for the compilation of the Foundation’s budget.

7.8. In the agreement on the acquisition of an immovable or superficies interest for no charge, the Foundation assumes the obligation to use the assets for a specific purpose, and to pay the contractual penalty, in accordance with the provisions in Section 33 of *State Assets Act*.

Chapter 8

 AMENDING THE STATUTES

8.1. The right to amend the statutes belongs to the Board in coordination with the executor of the right of a founder.

The statutes may be amended to consider changed circumstances and keeping in mind the Foundation’s purpose.

8.2. The Board adopts the decision for amending the statutes and forwards it to the executor of the rights of a founder of the statutes for approval, together with the extract of the Board decision and the amendments the Board decided upon. The executor of the rights of a founder approves the amendments to the statutes in a return letter.

8.3. The decision to amend the statutes is deemed to be approved by the Board when at least 2/3 of the Board members have voted for it and the executor of the rights of a founder has given a prior approval for amending the statutes.

Chapter 9

 DISSOLUTION, MERGER AND DIVISION

9.1. The dissolution of the Foundation is decided upon by the executor of the rights of a founder in accordance with the corresponding authorisation issued by the Government of the Republic. The Foundation is dissolved, when the achievement of the Foundation’s purpose has become inexpedient or impossible.

9.2. The Board must file a bankruptcy petition for the Foundation if it is revealed that the obligations the Foundation has taken exceed its assets.

9.3. The dissolution of the Foundation is performed in accordance to the law.

9.4. The Foundation is dissolved or merged with another foundation at the request of the State.

9.5. The Foundation cannot be dissolved or merged with another foundation without the state’s consent.

9.6. After satisfying all the demands of the creditors, the remaining assets of the Foundation are transferred to the Republic of Estonia.

9.7. The Foundation participates in, acquires and disposes of holdings in undertakings, forms other foundations, merges or is divided only according to the prior decision of the founder.

9.8. The Foundation participates in a commercial undertaking only if its activity is directly connected to the achievement of the Foundation’s purpose.