

ARMENIA RENEWABLE RESOURCES AND ENERGY EFFICIENCY FUND
C H A R T E R

I. General Provisions

1. The Armenia Energy Efficiency and Renewable Energy Fund [hereinafter referred to as the Fund] is a non-profit, non-commercial institution established due to voluntary asset contributions from the Founder, with no membership.
2. The Fund is established in accordance with the requirements of the Civil Code of the Republic of Armenia, Laws “On Funds” and “On Renewable Resources and Energy Efficiency Fund”, and shall operate in accordance with the Constitution of the Republic of Armenia, international agreements of the RA, Laws and other legal acts of the RA, decisions of the Board of Trustees of the RA and the present Charter.
3. The Founder of the Foundation is Republic of Armenia [hereinafter referred to as the Fund].
4. The initial asset of the Fund is AMD 22,362,874.
5. The Fund is operating without time-limit.
6. The relations between the Founder and the Fund are regulated by the Legislation of the RA and the present Charter.
7. The potential beneficiaries of projects implemented by the Fund may be:
 - a) management bodies of multi-apartment buildings, including other managing organizations and physical persons
 - b) economic entities (associations)
 - c) secondary schools
 - d) individuals.

8. The name of the Fund is:

Complete name in Armenian: Հայաստանի վերականգնվող էներգետիկայի և էներգախնայողության հիմնադրամ

Short name in Armenian: ՀՎԷԷՀ

Complete name in Russian: Ôñà Áîçèíàéçüîé Ýíäðàðèè è Ýíäðèíàáðæèéçü Àðèèè

Short name in Russian short: ÔÂÝÝÀ

Complete name in English: Armenia Renewable Resources and Energy Efficiency Fund

Short name in English short: R2E2 Fund

9. The Fund office is located at 1 Melik-Adamyán, Yerevan 375010, Republic of Armenia

I. The Fund objective

10. The key objectives of the Fund are to:
- a) facilitate investments in Renewable Energy and Energy Efficiency sectors;
 - b) promote the development of EE and RE market in Armenia;
 - c) reduce adverse anthropogenic impacts on the environment and human health;
 - d) develop activities focused on energy safety and increasing of energy system reliability;
 - e) in case of obtaining respective authority under the RA Legislation, initiate loan and credit projects promoting the sector development on behalf of the state, based upon the Agency Contracts signed with the state.

II. Activities of the Fund

11. The Fund shall implement the following activities:
- a) participation in renewable resources and energy efficiency policy development;
 - b) making proposals for legal reforms focused on renewable resources and energy efficiency market development;
 - c) Contributing to the establishment and development of new industry infrastructure and organization of services;
 - d) Training and capacity building for private entrepreneurs and auditors, energy service companies (ESCO), financial institutions (FI) and home owner associations (HOA) and capacity building related to renewable resources and energy efficiency sector investments;
 - e) Awareness campaign on renewable resources and energy efficiency new technologies;
 - f) Organization of credit and loan projects in renewable resources and energy efficiency sectors pursuant to respective international contracts and authorities given by the Government of the RA;
 - g) Organization of financing in renewable resources and energy efficiency sectors;
 - h) Financing of residential and industrial energy efficiency projects;
 - i) Financing of renewable resources and energy efficiency projects through credits and grants;
 - j) Contributing to reduction of adverse anthropogenic impacts on the environment and human health through development of renewable resources and energy efficiency sectors, including the identification of Clean development mechanism projects of Kyoto Protocol;
 - k) Other activities aimed at raising of national energy safety,
 - l) Expertise and approval of projects submitted to the Fund, financing of their implementation, tenders for selection of consultants, suppliers and contractors (preparation of terms of reference and bidding documents) and organization, preparation and signing of all project implementation related expenses.
 - m) Preparation of reports on projects implementation and submission to respective organizations;
 - n) Supervision of works anticipated by the project, supervision of the Contractor,
 - o) Management of remunerations within the project framework.

III. Legal status of the Fund

12. The Fund is established and obtains the status of a legal entity upon its state registration.
13. The legal capacity of the Fund is effective from the moment of its establishment and terminates from the moment of liquidation.
14. The rights and responsibilities of the Fund shall be specified by the law “On Funds” (hereinafter the law), international agreements, decisions of the BOT and present charter.
15. The Fund, in case of implementation of projects within the framework of international agreements, as legal entity implementing the Projects mentioned in part II of present charter shall use privileges specified by the international agreements.
16. The Fund

- 1) shall have separated property,
 - 2) its own balance sheet,
 - 3) may open banking accounts in banks of the RA and other states in AMD and /or/ foreign currency, manage respective banking accounts specified by contracts under the Agency Contracts,
 - 4) shall have a legal round stamp, letterhead and logotype,
 - 5) The Fund may obtain in its name and implement property and personal non-property rights, may incur liabilities related to it,
 - 6) and may appear in court as claimant or respondent.
17. Under the Fund law, with the purpose of performance of sectors and issues anticipated by the charter, has a right to
- 1) procure, possess, use and dispose of the property and income received from them in any manner not prohibited by the law;
 - 2) assist physical and legal entities materially in a manner defined by the law and present charter;
 - 3) manage its financial resources at its own discretion, including attraction of loans, credits;
 - 4) sign contracts with the RA and bear the responsibilities related to them;
 - 5) obtain information from state management and local self-governmental bodies in a manner defined by the law;
 - 6) establish branches, representative offices and institutions;
 - 7) establish organizations or be their participants with the purpose of implementation of commercial activities;
 - 8) perform other activities not prohibited by the law.

The Fund has other rights defined by the law.

Under the projects, the Fund may be involved in the following commercial activities in the following manner

- a. financial and legal consulting;
- b. financial intermediation,
- c. performance of activities,
- d. trading of energy equipment

18. The Fund shall:

- 1) operate in compliance with the Constitution of the RA, laws and other legal acts, as well as this present charter;
- 2) maintain its accounting and tax accounting, organization and maintenance of the Fund documents,
- 3) submit information and reports in the manner established by RA legislation to relevant bodies.
- 4) carry out other obligations defined by the legislation.

19. The Fund carries its civil rights, including its protection rights at its own discretion.

20. The rights of the Fund shall be limited only in cases defined by the law and the rules defined by the law.

21. The Founder bears no responsibility for the liabilities of the Fund and the Fund bears no responsibility for the liabilities of the Founder. The Founder of the Fund bears responsibility for liabilities connected with their establishment occurred before the state registration of the Fund.

IV. Fund property and expenses

22. The Fund has separate assets as its property and with such property is fully responsible for its liabilities. The assets delivered to the Fund by the Founder is the property of the Fund. The Fund uses this asset in a manner defined by its Charter.
23. The Fund may own real and movable property, financial means, local and foreign currency.
24. The sources of the property of the Fund are:
 - a. investment of the Founder;
 - b. Donations/grants from persons and legal entities, including international financial institutions and legal entities;
 - c. Financing from state budget of the RA;
 - d. Grants,
 - e. Sources of the Fund or sources received from commercial activities of economic organizations with their participation;
 - f. Other sources not prohibited by the RA legislation.
25. The Fund shall not use its property for the benefit of the Fund members of the bodies and employees of the Fund, except for payments required for salaries of the employees and compensation of the expenses of the members of the bodies of the Fund.
26. The Fund expenses:
 - 1) expenses focused on constitutional purposes;
 - 2) administrative expenses.The administrative expenses of the Fund form 20% of the Fund's annual total expenses.
27. The Fund shall issue an annual report on its property.

V. Governance Bodies of the Fund

28. The Fund carries out its activities through its body.
The Fund bodies are:
 - a) BOT
 - b) Director

VI. Board of Trustees

29. The Board of Trustees (hereinafter referred to as BOT) is the primary governance body of the Fund, which manages the activities of the Fund in accordance with the requirements of the RA.
30. The Fund comprises 10 members. The members of the board may not be members of other body of the Fund.
31. The initial composition of the Fund shall be appointed by the Founder. The BOT members authority remains valid for 2 years. The same person may be appointed as the Board member without any limitations.
32. The BOT member may be compensated for the expenses related to the incurring the liabilities of the Fund member. The compensation order is defined by the BOT.
33. The authority of the Board members cease:
 - a) based upon the application, since the next day of application submission;
 - b) undue fulfilment of liabilities, at least $\frac{3}{4}$ votes of BOT members,
 - c) death and acknowledging disability,
 - d) completion of term, if not extended.

34. The BOT performs its operation through meetings. The required quorum for the BOT meetings is at least half of members of the BOT. Decisions of the BOT are made by a qualified (2/3) majority of the members present, as specified in para. e, f, g of clause 38.
35. BOT meetings can be organized by the Chairman on regular basis but not less than quarterly. The meetings may also be convened upon the request of at least 1/3 of the members of the BOT, within 30 days since request. Provided the chairman of board does not organize a meeting in the specified time, the meeting may be organized by the person requested it. The board meetings may be conducted via e-mail or other communication methods.
36. The minutes of the BOT Meetings should be recorded.
37. If the issue connected with property or other interests of any member of the BOT or person related to him is under discussion, the referred member may not vote. If the issue connected with property or other interests carries regular or continuous character, the termination of authorities of the BOT member is becoming a matter of discussion of the BOT. The statement "Property or other interests" and the bases of their occurrence are set by the decree of BOT.
38. The Fund liabilities:
 - a) Adopt strategic project(s) of the Fund,
 - b) Approve the budget, modifications and annual financial reports, reports for the Fund activities and operations;
 - c) Approve the property management rule;
 - d) Adopt decision on reorganization of the Fund;
 - e) Select new BOT members and make decision on termination of members' authority ahead of time,
 - f) Appoint the Chairman of the BOT and the Fund Director and terminate their authorities ahead of time,
 - g) Approve management staff of presented by the Fund Director,
 - h) Adopt decisions on making amendments or additions in the Fund Charter, approving the Charter with new edition;
 - i) Make decisions on establishment of organizations or participation in them, as well as establishment of the branches and institutions and adopt decisions on approval of their charters;
 - j) Supervise financial-technical activity of the Fund;
 - k) Discuss the reports of the Fund Director on quarterly basis,
 - l) Supervise the fulfillment of assignments;
 - m) Select the Fund auditor;
 - n) Implement other authorities in accordance with RA legislation and this Charter.

The Fund should have access to all Fund related documents.

39. The issue of powers of the BOT may not be assigned to other body.
40. Chairman of Board shall:
 - 1) organize the Board activities,
 - 2) organize and chair meetings;
 - 3) organize drafting of minutes.

The chairman of BOT shall be appointed by the BOT members.

41. In case of absence of the chairman, his responsibilities shall be assumed by one of the members by the BOT decision.

V.II Fund director

42. The FD is responsible for management of the entire day-to-day operation of the Fund. The director organizes fulfillment of the BOT decisions.
43. The responsibilities of the Director involve management of all activities, except for the matters defined by the law and this Charter.
44. The FD shall first be appointed by the Founder.
45. The FD is appointed for the period of four years with possibility of extension. The rights and responsibilities of the FD are defined by the law and this charter.
46. The FD responsibilities include:
 - 1) Manage Fund's assets, including financial resources, sign contracts on behalf of the Fund,
 - 2) Represent the Fund in the RA and foreign countries,
 - 3) Act without power of attorney and give letter of attorney,
 - 4) Sign contracts as duly specified (as well as work contracts),
 - 5) Open settlement accounts (as well as in foreign currency) and other accounts,
 - 6) Submit the internal regulation, charters of organizations founded by representation offices, institutions and the Fund organizational structure and staff of the Fund for the BOT approval.
 - 7) Make orders, assignments, obligatory instructions and supervise their performance,
 - 8) employ and dismiss the Fund employees,
 - 9) apply reward and disciplinary actions towards the Fund employees,
 - 10) perform other authorities envisaged by the law, the charter and the assignments of the Founder.
47. The FD may have a remunerated position in other organization only after obtaining the approval of the BOT.

VI. Accounting and Financial Reporting

48. The Fund shall maintain its accounting and provide financial and statistical statements and reports, tax and other obligatory charges calculations, declarations in the manner established by RA legislation.
49. The Fund is in charge for organization of accounting, its status and reliability, timely submission of annual reports, financial and statistic reports specified by the law and other legal acts to state management bodies, as well as reliability of information furnished to the Fund bodies and other persons in accordance with law, other legal acts and this Charter.
50. The financial audit of the Fund shall be conducted by independent auditors at least annually. By the request of 1/3 of Board members, special audit may be conducted. The auditors are selected via tender and approved by the BOT.
51. The supervision over requirements of law by the Fund shall be conducted by the Ministry of Justice of the RA, and in cases defined by the law by other authorized state bodies under their powers and procedures defined by the legislation.
52. Within 6 months following the end of each financial year, the Fund shall publish in media (that publishes information on legal entities state registration):
 - 1) the report on its operation
 - 2) its annual financial reports

3) auditor's opinion on financial reports (provided the cost of Fund assets do not exceed AMD10 million) .

53. The Fund shall inform the Ministry of Justice of the RA within 15 days after publication of reports. In case of incomplete publication of reports, the Fund is warned about the removal of defects.

IX. Reorganization and Liquidation of the Fund

54. The Fund may be reorganized by the decision of the BOT in cases and in a manner defined by the legislation of the Republic of Armenia.
55. The Fund may be liquidated by the decision of the court through claims of interested persons. The Fund shall be liquidated in cases and a manner established by the legislation of the Republic of Armenia.
56. In case of liquidation of the Fund, and after satisfying the requirements of the creditors, its property shall be directed at the purposes described in the Charter, and if not possible, to the state budget of the RA.