

BUDAPESTI FESZTIVÁLZENEKAR
ALAPÍTVÁNY
(BUDAPEST FESTIVAL ORCHESTRA FOUNDATION)

DEED OF FOUNDATION
Consolidated Version

In this Deed of Foundation the Founder designated below hereby establishes a foundation to pursue a long-term public interest and to make available the assets required to achieve the purpose of the foundation. The Foundation is a legal person.

I. The Foundation's details:

- 1.) Founder: Budapesti Fesztiválzenekar Egyesület (Budapest Festival Orchestra Association; reg. no.:1925, Order No. of the Metropolitan Court: 13.Pk.61378/90).
- 2.) Foundation's name: Budapesti Fesztiválzenekar Alapítvány (Budapest Festival Orchestra Foundation).
- 3.) Foundation's seat: H-1033 Budapest, Polgár str. 8-10., Flórián Udvar, Building B. Floor 0.
- 4.) Purpose of the Foundation¹: to operate the Budapest Festival Orchestra in order to promote the Hungarian musical culture, in particular to develop the highest possible standard of musical life in Budapest, and to provide support to establish the conditions required for the Operation of the Foundation.

The Foundation is engaged in public-benefit activities in connection with the public function:

- determined in Point a)-b) of Section 121 of Act No. XX of 1991 to support the maintenance of community cultural traditions and values, the activities of communities organised for education and social life, and the achievement of cultural purposes to improve the population's lifestyles; in addition, to support the art institutions, the public art initiative to improve the conditions of artistic creation and to help the establishment and preservation of artistic values;
- for cultural service, in particular to ensure the public library services; to support film theatre and performing arts organisations, to protect the cultural heritage; to support the domestic public cultural activities determined in Point 7 of Subsection 1 of Section 13 of the Act No. CLXXXIX of 2011;
- determined in Subsection 7 of Section 3 of the Act No. XCIX of 2008 to operate performing arts organisations in order to promote the enforcement of the right to education set forth in the Constitution of Hungary.

- 5.) Foundation's duration: the Foundation is established for an indefinite period of time.
- 6.) Foundation's representatives²: the Chairman of the Board of Trustees of the Foundation, the Managing Director and the Deputy Managing Director; and an employee appointed by the Board of Trustees.

¹ Amended by the Founder's Resolution No. 2/2014.05.09.

² Amended by the Founder's Resolution No. 1/2018.04.06.

II. Operation of the Foundation³:

1.) The Foundation's revenue is derived from:

- the assets assigned to the Foundation by the Founder and the management thereof
- donations (payments) from Hungarian or foreign legal persons and private individuals joining the Foundation
- the support of the Municipality of Budapest
- other sources.

The Foundation only carries out business activities on an ad-hoc and supplementary basis, and only to achieve its public-benefit purposes, which can never be jeopardised as a result. Any profit generated during its operations is not distributed, but instead is used for cultural public-benefit activities. The Foundation is authorised to conduct financial management activity, with the condition that it must prepare a financial management policy before carrying out such activities. The investment policy is approved by the Board of Trustees after seeking the opinion of the Supervisory Board. Investment activities may be carried out for financial management purposes and may include activities carried out in conjunction with securities.

In order to define the scope of the financial management activities, the Board of Trustees will adopt a resolution in accordance with the financial management policy on 15 December every year. This resolution authorises the Managing Director to carry out activities related to securities for financial management purposes.

2.) The initial capital of the Foundation is HUF 100,000 (one hundred thousand Hungarian forints) as provided by the Founder within 15 days of the registration of the Foundation.

In pursuing its purposes, the Foundation may only use the interest on the HUF 75,000,000 contribution (seventy-five million Hungarian forints) provided by Budapest Bank Rt. following the registration of the Foundation. This restriction does not affect the utilisation of other contributions.

3.) Other resources:

The Foundation may generate revenue from various concerts and other musical activities to maintain its operations. As part of this activity, the Budapest Festival Orchestra operated by the Foundation regularly gives concerts in Budapest and, as a representative of Hungarian culture, it also regularly performs outside of Hungary in major centres, series and festivals of the international music scene.

4.) State aid:

The Foundation is entitled to receive state aid.

5.) Utilisation of the Foundation's assets⁴:

Utilisation of the return on the Foundation's assets and other income paid to the Foundation is at the discretion of the Managing Director in line with the purposes of the Foundation and based on the annual plan.

The utilisation of assets must be reviewed each year, retrospectively, by the Board of Trustees.

The Managing Director shall prepare the annual plan and budget of the Orchestra. The Board of Trustees shall approve the annual budget and each year shall review the implementation of the plan retrospectively in accordance with the financial legislation in force.

III. Organisation of the Foundation

1. Board of Trustees

³ Amended by the Founder's Resolution No. 1/2018.04.06.

⁴ Amended by the Founder's Resolution No. 1/2018.04.06.

The members of the Board of Trustees of the Foundation were appointed by the Founder and the Mayor of Budapest upon the establishment of the Foundation.

The first meeting of the Board of Trustees was convened by the Mayor of Budapest; during its first meeting the Board of Trustees accepted its rules of procedure, based on which it holds its meetings and carries out its activities.

Obligations and tasks of the Board of Trustees

Main tasks of the Board of Trustees:

- 1.) To increase the financial resources of the Foundation in line with its purposes;
- 2.) To check retrospectively each year the general artistic activities of the Foundation, based on the purposes of the Foundation;
- 3.) The appointment and removal of the Music Director of the Orchestra;
- 4.) To approve the annual budget and the annual report and to accept the public-benefit status report prepared simultaneously;
- 5.) To appoint persons carrying out business management related activities for the Foundation.

The Board of Trustees is responsible for approving the individual / certain programmes (projects) related to the management of the Foundation and for adopting decisions in general asset management related matters in accordance with the Foundation's purposes.

The Board of Trustees may establish sub-committees to handle the above mentioned programmes. The members, numbers and duties of sub-committees, as well as the rules of operation of the sub-committees, shall be determined by the members of the Board of Trustees with a simple majority.

Members of the Board of Trustees

The members of the Board of Trustees are appointed by the Founder for a definite period of maximum 5 years.⁵

A person who

- falls under the prohibitions set forth in Section 3:22 of the Civil Code;
- is a close relative or domestic partner of the Founder or any member of the Board of Trustees;
- is in employment with the Foundation to perform an activity other than his/her assignment or is in any other work-related legal relationship, or the relative of such person;
- benefits from the target-specific assistance of the Foundation, or is the beneficiary of the Foundation, or is the relative of such person;
- for a period of three years after the dissolution of another public-benefit organization, previously served as an executive officer for at least one year within a two-year period prior to the dissolution of such public-benefit organization:
 - a) which was terminated without succession without settling any tax and customs debt owed to the state tax and customs authority;
 - b) against whom significant tax arrears have been assessed by the state tax and customs authority;
 - c) that was sanctioned previously by the state tax and customs authority by store closure, or received a financial penalty imposed in lieu of such store closure; or whose tax number the state tax and customs authority has suspended or withdrawn pursuant to the Act on the Rules of Taxation;

cannot be the member of the Board of Trustees.⁶

The members of the Board of Trustees shall report as per the Founder's request. The Founder shall evaluate the work of the Board of Trustees and Foundation-related activities based on the reports and afterwards shall adopt a decision on the composition of the Board of Trustees.

⁵ Amended by the Founder's Resolution No. 1/2014.05.09.

⁶ Amended by the Founder's Resolution No. 2/2014.05.09.

The Board of Trustees has at least 7 (seven), but not more than 25 (twenty-five) members.⁷

During the existence of the Foundation, the Budapest Festival Orchestra Association shall be represented by 1 (one) full member on the Board of Trustees. The Founder and his/her close relatives may not have a majority on the Board of Trustees.⁸

The members of the Board of Trustees (with the indication of the names and addresses) are listed in the Annex of this Deed of Foundation.⁹

The Chairman and Deputy Chairman of the Board of Trustees is appointed by the Founder.¹⁰

The members of the Board of Trustees can put forward their own recommendations to the Founder, through a resolution adopted with a simple majority, for the appointment of a person to the Board of Trustees or for their removal from it (as a result of the evaluation of the report).

The members of the Board of Trustees shall perform their duties free of charge.

The mandate of members of the Board of Trustees terminates:

- a) upon the expiry of the duration of the mandate in the case of mandates for a definite period of time;
- b) if the mandate is subject to some condition for being terminated, when the condition is fulfilled;
- c) by removal;
- d) upon resignation;
- e) upon death or dissolution of the executive officer without succession;
- f) if the executive officer's legal capacity is limited, meaning that he cannot discharge his functions;
- g) upon the occurrence of any grounds for exclusion or any reason which gives rise to a conflict of interest.

The holder of the Founder's right is entitled to remove the member of the Board of Trustees before the expiry of his/her mandate in the case of a direct endangerment to the achievement of the Foundation's purposes.¹¹

Meeting of the Board of Trustees

The Meeting of the Board of Trustees shall be held at least once (1) every year, and is convened by the Chairman of the Board of Trustees. Any member of the Board of Trustees is entitled to request the convening of the Meeting of the Board of Trustees, and in doing so must indicate the purpose and the reason. In the case of such a request, the Chairman of the Board of Trustees has to convene the meeting within 8 (eight) days from the receipt of the request. If the Chairman of the Board of Trustees does not fulfil this obligation, the requesting member of the Board of Trustees is entitled to convene the meeting of the Board of Trustees.¹²

The Meeting of the Board of Trustees is convened by the Chairman of the Board of Trustees or, in his/her absence, the Deputy Chairman is entitled to convene the meeting.

The Meeting of the Board of Trustees shall be called by means of a written invitation indicating the agenda, which should be sent 8 (eight) days prior to the Meeting of the Board of Trustees.

The meetings of the Board of Trustees are public.

⁷ Amended by the Founder's Resolution No. 1/2014.05.09.

⁸ Amended by the Founder's Resolution No. 1/2014.05.09.

⁹ Amended by the Founder's Resolution No. 1/2018.04.06.

¹⁰ Amended by the Founder's Resolution No. 1/2014.05.09.

¹¹ Enacted by the Founder's Resolution No. 1/2014.12.

¹² Amended by the Founder's Resolution No. 1/2014.05.09.

The Meeting of the Board of Trustees has a quorum if more than half of the members of the Board of Trustees are present.¹³

A member of the Board of Trustees is entitled to exercise his/her member's rights in the Meeting by way of using electronic communication devices instead of attending in person, provided that such electronic communication equipment continually ensures the identification of the member and the mutual and unrestricted communication between the members. The discussions and the resolutions of the Meetings held by way of electronic communication devices shall be recorded so that they can be retrieved at any time in the future. Where a resolution adopted by the Board of Trustees has to be submitted to the Court, which keeps the registry of civil organisations, the minutes of the Meeting shall be recorded and it shall be signed by the Managing Director.¹⁴

A Meeting of the Board of Trustees reconvened due to a lack of quorum shall have a quorum on the issues of the original agenda if at least 1/3 of the members are present.¹⁵

The resolutions of the Board of Trustees are generally adopted with a simple majority of the members present. An exception from this rule is public statements made on behalf of the Board of Trustees as a body; this requires the unanimous affirmative vote of all members participating in the voting.

In the case of a tied vote, the resolution must be considered as not adopted.¹⁶

In case difficulties arise in connection with convening the Board of Trustees, the Chairman may order the adoption of a resolution in writing.

Records shall be kept on the decisions of the Board of Trustees, their content, date, scope, the numbers and the names of those voting for and against the decisions; those affected by the decisions shall be informed in writing without delay. The decisions must be published on the website of the Foundation within 15 days of their adoption. Persons are prohibited to vote in connection with a resolution of the Board of Trustees, if by virtue of such resolution: (i) the person is released from obligations or responsibility, or (ii) the person gains any other benefit, or the person has any other interest in the transaction to be concluded. Any non pecuniary service that is available to the general public within the framework of the Foundation's target-specific assistance shall not be construed as a benefit.¹⁷

The Music Director of the Orchestra and the Managing Director shall participate in the meetings of the Board of Trustees, without voting rights. Any person who is construed as necessary, and is invited by the Chairman of the Board of Trustees or the Music Director, may be present in the meetings of the Board of Trustees on an ad-hoc or permanent basis, without voting rights.

The Foundation is represented by the Chairman of the Board of Trustees who executes the resolutions of the Board of Trustees; between meetings of the Board of Trustees he makes decisions in all issues that do not fall under the exclusive competence of the Board of Trustees or the Orchestra's management.

If the Chairman is unable to discharge his duties, his tasks shall be performed by the deputy Chairman.

The Board of Trustees may authorise employees to represent the Foundation, and should state the method and the scope of the exercising of the representation right by indicating relevant matters. When designating the scope of matters, the Board of Trustees cannot provide a right to general authorization to any employee.¹⁸

¹³ Amended by the Founder's Resolution No. 1/2014.05.09.

¹⁴ Amended by the Founder's Resolution No. 1/2014.05.09.

¹⁵ Amended by the Founder's Resolution No. 1/2014.05.09.

¹⁶ Amended by the Founder's Resolution No. 1/2014.12.

¹⁷ Amended by the Founder's Resolution No. 2/2014.05.09.

¹⁸ Amended by the Founder's Resolution No. 2/2013.11.14.

2. Council of the Board of Trustees

The Council of the Board of Trustees consists of the Chairman and Deputy Chairman of the Board of Trustees, and a member representing the Founder. The task of the Council is to advise both the Chairman and the Board of Trustees, and to help them in the preparation of decisions. The meetings of the Council are convened – at the request of any council member - by the Chairman. The Council adopts its decision with a simple majority, otherwise it defines its own rules of operation.

3. Board Secretary¹⁹

The Board of Trustees may elect a Board Secretary to carry out - along with the Chairman and Deputy Chairman of the Board of Trustees - all tasks related to convening, organizing and documenting the meetings of the Board of Trustees. The Board Secretary shall be compensated for this activity as determined by the Board of Trustees.

4. Supervisory Board

The Supervisory Board is the supervisory body of the Foundation. This body is independent of the Board of Trustees and consists of 3 members.

A person may not be a member of the Supervisory Board or an auditor of the Foundation if the person is:

- a) chairman or member of the decision making or the executive body;
- b) in a employment relationship or other relationship for the purpose of conducting work that is aimed at performing tasks outside of the scope of his present mandate, if there is no statutory provision to the contrary;
- c) a receiver of the Foundation's target-specific assistance, excluding the cases of non-pecuniary service that are available to the general public;
- d) a close relative of the persons defined in points a)-c).²⁰

The Supervisory Board defines its own agenda.

The Supervisory Board monitors the operations and the management of the Foundation. In the sphere of this activity it may request reports from the Board of Trustees, information from the employees of the Foundation, and it may view and examine the documents of the Foundation and the Board of Trustees as well as the books of the Foundation.

Members of the Supervisory Board may participate in the meetings of the Board of Trustees with consultation rights.

The Supervisory Board shall notify the Board of Trustees and initiate its convocation if it learns:

- of any violation of law in the course of the Foundation's operation or any other event (negligence) severely affecting the interests of the Foundation, where a decision from the Board of Trustees is required to eliminate, overcome or alleviate any resulting consequences, or
- of any fact establishing the liability of Board of Trustees or Supervisory Board members.

The Board of Trustees shall be convened within 30 days if requested by the Supervisory Board. In case this deadline lapses, the Supervisory Board is entitled to convene the Board of Trustees. If the

¹⁹ Amended by the Founder's Resolution No. 1/2018.04.06.

²⁰ Amended by the Founder's Resolution No. 2/2014.05.09.

Board of Trustees does not take the action necessary to ensure that lawful operations are restored, the Supervisory Board must notify the legal supervisory body.

5. Management of the Orchestra

Managing Director²¹

For the purposes of carrying out administrative tasks, the Board of Trustees shall nominate a Managing Director and a Deputy Managing Director for a definite period out of the employees of the Foundation in a resolution adopted with a simple majority, in order to organise and direct the activity of the Orchestra.

The Managing Director and the Deputy Managing Director are executive officers. The Managing Director and the Deputy Managing Director are the legal representatives of the Foundation and independently exercise their authority to represent. Limitations to the representative authority of the Managing Director or the Deputy Managing Director or setting a condition on or requiring an approval for their statement does not apply to third parties, unless the third party is or should be aware of the limitation or the necessity of the occurrence of the condition or the approval.

The Managing Director is exercising the employer's rights, thereby it is authorised to hire and to terminate the employment relationships of employees.

The Managing Director and the Deputy Managing Director:

- 1.) keeps the books of the Foundation,
- 2.) carries out the financial tasks related to managing the Foundation
- 3.) performs payments
- 4.) carries out any other tasks related to the activity of the Orchestra, as set by the Board of Trustees or the Music Director.

The Music Director

For the artistic direction of the Orchestra, the Board of Trustees shall nominate a Music Director with a simple majority, with whom the Managing Director must conclude a contract.²²

Tasks of the Music Director:

- 1.) defining the artistic direction of the Orchestra and other activities related to the Orchestra,
- 2.) planning the programmes of the Orchestra,
- 3.) cooperating with the Managing Director,
- 4.) defining the number of Orchestra members and choosing the members,
- 5.) contracting Orchestra members and making recommendations for terminating their contracts,
- 6.) conducting some of the concerts of the Orchestra, making proposals for contracting guest conductors for the other concerts.

The Managing Director and the Music Director shall cooperate during their work.

Any disputes between them shall be resolved amicably. If they are unable to reach an agreement they shall submit the dispute to the Board of Trustees for a decision.

IV. Dissolution of the Foundation

- 1.) The Foundation shall cease to exist if
 - a. it has fulfilled its purpose,
 - b. the court terminates the Foundation based on the petition by the office of the public prosecutor

²¹ Amended by the Founder's Resolution No. 1/2018.04.06.

²² Amended by the Founder's Resolution No. 1/2014.05.09.

- c. if fulfilling the purpose of the Foundation becomes impossible, the court finds that the managing body jeopardises the purposes of the Foundation and the Founder does not nominate a new Board of Trustees,
- d. the court orders the merger of the foundations – upon a joint request from the founders (joining another foundation or merging into another foundation).

2.) If the Foundation is terminated without a legal successor, the Board of Trustees shall appoint one or more liquidators to assess the remaining assets of the Foundation. From the assets subsequently designated as available, the Founder is entitled to receive the initial capital provided to the Foundation, while any excess assets shall be used to support foundations pursuing similar objectives.

V. Miscellaneous provisions

- 1.) In order for this Deed of Foundation to become valid, it must be registered at the Municipal Court of Budapest to take effect.
- 2.) From the signature of this Deed of Foundation, the Founder is bound by his statements and is only relieved if the registration is refused.
- 3.) Only the Founder may amend the provisions of the Deed of Foundation. The Founder may take the amendments proposed by the Board of Trustees into account.
- 4.) The Foundation operates independently of political parties, does not directly conduct any political activity and it does not provide funding for political parties.
- 5.) The operations of the Foundation are public and it shall disclose the ways it receives and uses support to achieve its objectives in its report in accordance with the provisions of law, and on its website. The Foundation guarantees the continuous accessibility of the data disclosed on its own webpage at least until the publication of data concerning the following second business year. Anyone may access the documents created in connection to the operation of the Foundation, the annual reports and the public benefit annexes, and may copy these at his/her own cost. The concerned parties may access the decision of the Board of Trustees in connection to benefits.²³
- 6.) Questions not addressed in the Deed of Foundation will be governed by the provisions of Act V of 2013 on the Civil Code (Ptk.), Act CLXXV of 2011 on the Freedom of Association, on Public Benefit Status, and on the Activities of and Support for Civil Society Organizations, Governmental Decree No. 350/2011. (XII. 30.) on the management of civil societies, collecting of funds, and certain questions considering the public benefit status, and all other prevailing statutory provisions considering the structure and operation of foundations.²⁴

Budapest, April 17, 2019.



BUDAPEST FESTIVAL ORCHESTRA ASSOCIATION

Founder

Represented by:

Dr. Eszter Bánffy

²³ Amended by the Founder's Resolution No. 2/2014.05.09.

²⁴ Amended by the Founder's Resolution No. 1/2014.05.09.

Before us as witnesses:

Name: **VIKTÓRIA MANDL**
Address: H-9097 **MEZŐÖRS, HUNYADI U. 6/A**

Signature: *[signature]*

Name: **ESZTER WILSON**
Address: H-5123 **JÁSZÁROKSZÁLLÁS,
HORTOBÁGYI U. 1/A**
Signature: *[signature]*

Clause:

I, the undersigned Dr. Róbert Dezső attorney (Szecskay Attorneys at Law, H-1055 Budapest, Kossuth tér 16-17.), as the legal representative of the Budapest Festival Orchestra, hereby confirm that the consolidated version of the Deed of Foundation is identical to the amended version of the Deed of Foundation. The reason for drawing up a consolidated version of the Deed of Foundation was the amendment of the annex of the Deed of Foundation through Founder's Resolution dated 17 April 2019.

Budapest, **April 25**, 2019

[signature]

[stamp:

Szecskay Attorneys at Law
H-1055 Budapest V., Kossuth tér 16-17.
Dr. Róbert Dezső
[illegible]

Annex

The Board of Trustees and the Supervisory Board of the Foundation

**The Board of Trustees ²⁵
Until December 31, 2021**

Name	Address
András Simor - Chairman	H-1026 Budapest, Ábrányi Emil u. 3.
dr. Eszter Bánffy	H-1025 Budapest, Fajd utca 2/B.
István Boros	H-1028 Budapest, Fuvola utca 20/B.
Sylvia Toth	98000 Monaco, 39 Avenue Princesse Grace
Dr. András Szecskay	H-1055 Budapest, Kossuth tér 16-17. III/2.
Zoltán Varga	1125 Budapest, Városligeti fasor 24. Remete út 10/B. 1. em. 15.
Strohmayer Johann Friedrich	H-1051 Budapest, Felhő u. 11 József Attila utca 10. 3 em. 20.
Edina Éva Heal	H-1021 Budapest, Széher út 90.
Péter Besenyi	5100 Jászberény, Szent Imre herceg út 63.
Bernhard Hulla	Walteggasse 6/17., 1040 Bécs, Ausztria
Gábor István Illés	H-8600 Siófok, Kossuth Lajos utca 56.
Nicholas John Kabcenell	H-1122 Budapest, Széchenyi-emlék út 7 Tóth Lőrinc utca 5.
György Vámos	H-1025 Budapest, Sarolta u. 4.

Authorized representative from the members of the Board of Trustees: András Simor - Chairman, individual right

The Chairman of the Board of Trustees has authorization to individually dispose of the Foundation's bank account.

**The Supervisory Board
Until December 31, 2021²⁶**

Name	Address
Csaba László - Chairman	H-1026 Budapest, Sodrás utca 4.
Dr. Jalsovszki Pál	H-1124 Budapest, Koszta J. u. 26.
Ádám Terták	H-1015 Budapest, Szabó Ilonka u. 11.
Beáta Juvancz	H-1037 Budapest, Laborc u. 28/b

²⁵ Amended by the Founder's Resolution No. 1/2018.12.31., No. 3/2018.12.31. and No. 1-2/2019.04.17.

²⁶ Amended by the Founder's Resolution No. 2/2018.12.31. and No. 3/2018.12.31.