

Statutes of the Estonian Hotel and Restaurant Association

I GENERAL PROVISIONS

1. Estonian Hotel and Restaurant Association (hereinafter "Association") is an employers' voluntary non-profit organization which upholds democratic principles and unites natural persons and legal entities operating in the hotel and restaurant industry.
2. Activities of the Association proceed from the initiative and joint actions of its founders and members, elections of its governing bodies and periodical reporting by the elected leaders to the members. After the establishment of the Association, its activities shall be promoted by its members and sponsors.
3. The Association shall co-operate with state, scientific and cultural institutions, non-profit organisations and movements, artistic unions as well as with other institutions, companies, organisations and individuals, who are interested in the activities of the Association, in the Republic of Estonia and other countries
4. The Association is a legal person in private law; it has a seal with its name and requisite bank accounts.
5. The Association has its insignia.
6. The official name of the Association is:
 - in the Estonian language: Eesti Hotellide ja Restoranide Liit;
 - translation into the English language: Estonian Hotel and Restaurant Association.
7. The registered office of the Association is Tallinn, Republic of Estonia.

II OBJECTIVES AND MAIN ACTIVITIES

8. The objective of the Association is to concert and co-ordinate operations of its members from the hotel and restaurant industry, with the aim to elaborate a common strategy for the improvement of customer services and enhancement of business operations.

Main activities shall be as follows:

- to represent and safeguard the interests of the Association's members in dealings with public and governing authorities, in relations with other legal entities and individuals, as well as to represent the Association and its members in court, arbitration board and arbitral tribunal;
- to participate in the drafting of legislation affecting the Association and its members (incl. publication of its position in relevant matters);
- to represent the Association's members in their relations with tourist and other organisations and associations as well as with hotels and restaurants in the Republic of Estonia and abroad;
- to extrapolate and disseminate service-related and business practices;
- to conduct market research and customer surveys and to elaborate appropriate recommendations;

- to organise further training in the area of hospitality and catering business
- to disseminate information about the activities of hotels and restaurants, incl. publication and distribution of promotional and other print material.

9. The Association shall co-operate with similar associations in the Republic of Estonia and in other countries.

10. The Association may publish and release printed communications about its activities, also print and publish promotional brochures and other relevant literature.

11. The Association may organise all kinds of events which are not in conflict with its statutes and laws of the Republic of Estonia.

12. The Association shall pursue economic activities to the extent necessary for the attainment of its statutory objectives and for the implementation of material (financial) programs.

Economic activities of the Association should be neither an end in itself nor a source of enrichment. All collected revenues should be used for the development of statutory activities. The main purpose of the Association shall not be earning of income from economic activity nor distribution of earned profits among its members.

13. For the attainment of its statutory objectives, the Association is entitled to make use of modern information technology means (communication and computer technology, etc.)

14. For the building-up of its assets and technical base, the Association has the right to organise necessary training courses, exhibitions and displays and to publish relevant reference material.

15. The Association has the right to lease and acquire land in the Republic of Estonia under the conditions provided by law.

16. The Association has the right to conclude with legal persons and individuals from the Republic of Estonia and other countries necessary sale and purchase, insurance, credit, transport, storage and authorisation agreements, contracts for services as well as commission, commercial lease, employment and other contracts related to its main activities.

17. For the attainment of its statutory objectives, the Association has the right to set up business units, open branches and representations.

18. The Association may independently perform export and import operations and other foreign trade transactions.

19. The Association is independent in determining prices to be used in its economic activities and the currency for settlement purposes.

20. The Association has the right to open and close settlement accounts as well as current and special accounts in banks, to undertake financial transactions and assume loans, incl. foreign currency loans.

III MANAGEMENT OF ASSOCIATION

21. The highest body of the Association is the General Assembly of its members which is convened by the Board at least once in each year. Members of the Association must be informed of the forthcoming General Assembly in writing at least one month before the meeting.

22. An Extraordinary General Assembly may be called for upon the resolution of the Board or at the written request, with the indication of the grounds, of at least 1/10 (one-tenth) of the voting members of the Association.

23. The General Assembly has a quorum if at least 50% of the voting members of the Association attend it.

In the event of less than 50% attendance by the voting members of the Association, the Board shall convene a new meeting of the General Assembly, with the same agenda, within three weeks. The new meeting of the General Assembly shall be competent to adopt resolutions, irrespective of the number of attending members, but only on condition that at least two voting members are present at the meeting.

24. Resolutions of the General Assembly shall be deemed adopted if voted for by at least 2/3 (two-thirds) of the voting members attending the meeting. Each member of the Association has one vote. A voting member can confer by written proxy its representation and voting right at the General Assembly to a representative. Only another member of the Association can act as a proxy.

25. If necessary, the Board may decide to resort to the mail voting procedure for some issues which, according to these statutes, fall within the competence of the General Assembly. If the mail voting procedure is used, decisions of the General Assembly shall be deemed adopted if voted for by all the voting members of the Association

26. The General Assembly shall approve the overall policy of the Association, annual reports of the chairmen of the Board and the Audit Committee. The General Assembly shall provide guidelines on the rates of entrance and membership fees as well as on all matters pertaining to the activities of the Association.

The General Assembly powers are:

- * to determine the numeric composition of the Board and elect the Board members;
- * to define the main activities and their format;
- * to alter the statutes of the Association, to approve the amended statutes;
- * to examine the management report on the activities of the Association;
- * to elect the auditing body (auditors) and approve its reports;
- * to check how the Board has spent the funds of the Association;
- * to approve the annual budget of the Association and the budget discharge report;
- * to dissolve the Association;
- * to set up a liquidation committee.

* The General Assembly holds the power to make decisions also on other issues relative to the activities of the Association.

27. The General Assembly shall elect by anonymous vote the Board of the Association for a three-year term.

28. Resolutions of the General Assembly are binding on the Board.

29. Between the meetings of the General Assembly, the affairs of the Association are managed by the Board. The Board is constituted of the number of members determined by the General Assembly, but not less than three members. The Chairman of the Board is a board member

30. The Board shall ensure the ongoing administration of the Association through its elected chairman. The powers of the Chairman of the Board shall expire with the termination of the mandate of the Board elected for the term designated by the present statutes or with the re-election of the chairman during the current term of the Board. Upon expiration of the mandate of the Board, the powers of the Chairman of the Board shall remain in force until the elections of the new Board

31. The Board shall decide on the acceptance of new members to the Association and the suspension or termination of membership.

32. The Board is responsible for the use and disposal of the financial and tangible assets of the Association.

The Board powers are:

- * to draft annual budgets of the Association and present them for approval to the General Assembly;
- * to elect a chairman from among its members;
- * to nominate the Management Board of the Association (see Art. 40);
- * to give its statement on management reports of the General Manager;
- * to supervise the use of the Association' s funds;

- * to report to the General Assembly;
- * to decide on setting up business units, branch offices, representations and foundations of the Association;
- * to decide on agreements/contracts in matters beyond the scope of the main activities of the Association;
- * to decide on agreements/contracts between the Association and its members;
- * to determine the rate for membership fees, payment deadlines and payment procedure in accordance with the guidelines of the General Assembly;
- * to endorse all rules and instructions established for the management of internal affairs of the Association (job descriptions, by-laws, etc.);
- * to nominate the General Manager, Deputy Manager and Chief Accountant of the Association;
- * to convene the General Assembly of the members of the Association at the time and pursuant to the procedure provided for in Articles 21 and 22 of these statutes;
- * to represent the Association in dealings with other legal and natural persons in the Republic of Estonia and other countries.

The Chairman of the Board shall use and dispose of financial and tangible assets of the Association in accordance with the budget of the Association and resolutions of the Board.

The Chairman of the Board, his/her deputy and the General Manager have the primary signature authority on behalf of the Association. As a general rule, financial documents shall be co-signed by the Chief Accountant of the Association.

The Board has a quorum when more than half its members are present. Resolutions of the Board are adopted by simple majority. In the event of equal distribution of votes, the chairman's vote shall be decisive. The Board may adopt a decision without calling a meeting if all members of the Board support it by mail vote.

34. The Board is accountable to the General Assembly.

35. Board meetings shall be convened by the chairman at least once in each quarter of the year.

36. The Chairman of the Board or his/her deputy or members of the Board jointly shall represent the Association in dealings with other legal and natural persons. Should a Management Board be formed, the General Manager may represent the Association within the scope of authority granted to him/her by the Board of the Association in accordance with Articles 32, 36 and 37 of these statutes.

37. The Chairman of the Board is responsible for:

- * day-to-day management of the Association and decisions which do not fall within the exclusive competence of the General Assembly or the Board of the Association;
- * ensuring the implementation of decisions of the General Assembly and the Board;
- * agreements and contracts of employment with the paid employees of the Association (incl. signing contracts of employment with the General Manager, his/her deputy and Chief Accountant after the receipt of the Board's confirmation to the proposed candidates);
 - * hiring, release and dismissal of employees;
 - * disposal of the Association's assets and funds;
 - * issuance of letters of authority;
 - * opening of current accounts and other bank accounts;
 - * giving of directives and orders;
 - * promotion of other activities which are necessary for the attainment of statutory goals of the Association;

38. The Chairman of the Board is accountable to the Board, the Audit Committee and the General Assembly.

39. In the absence of the Chairman of the Board, the chairman shall designate in writing a Board member to act as his/her alternate.

The Chairman of the Board shall also determine the routine tasks and duties of other Board members.

40. The Board may nominate a Management Board and delegate the functions of the Chairman of the Board, as set forth in Articles 32, 36 and 37 of these statutes, fully or partially to the General Manager, thus fully or partially releasing the Chairman of the Board of the above duties. The General Manager and his/her deputy are accountable to the Board of the Association.

IV MEMBERSHIP

41. The following establishments operating in the Republic of Estonia may join the Association:

41.1. Accommodation and catering establishments and their associations:

- individual hotels and restaurants, other officially certified and recognised accommodation and catering establishments; their chains and associations;

41.2. Commercial undertakings, institutions and their associations that are related to hospitality and restaurant industry:

- associations of and individual companies which are suppliers and service providers to hotels and restaurants;

- hoteliers' schools and other educational establishments which provide training to hotel and restaurant workers;

- research institutions which conduct market and customer surveys for hotels and restaurants;

- tourist companies and their organisations;

- upon the decision of the Board, other commercial undertakings, institutions and organisations which respect the statutes of the Association.

Establishments and their associations which join the Association pursuant to Article 41.1 of these statutes, shall become full members of the Association.

Commercial undertakings, institutions and their associations which join the Association pursuant to Article 41.2 of these statutes, shall become affiliated members.

Full members have the right to speak and vote. Affiliated members have only the right to speak. Full and affiliated members of the Association enjoy equal rights and obligations, except in cases stipulated in these statutes.

42. The decision on acceptance of members shall rest with the Board of the Association. The membership status of a new member shall become operative after the payment of the entrance fee.

Should a member of the Association undergo re-organisation but its membership status is maintained on the basis of consistency of the statutes, no entrance fee is charged and any membership dues paid by the reorganised member shall be transferred to the account of the member replacing it. If the reorganised member had failed to pay membership dues or had other arrears, the membership status of its replacement, which became affiliated on the strength of consistency of the statutes, shall become operative only after the payment of the debt.

Members of the Association are entitled to resign from the Association at any time by notifying the Board thereof in writing.

Members resigning on their own initiative in the middle of the fiscal year, are still obliged to settle the membership fees for that fiscal year and shall be considered resigned from the Association starting from the next fiscal year.

The Board shall consider the expulsion of any member of the Association who, by the end of the fiscal year and for no good reason, has failed to pay membership dues and other debts due for the preceding year(s).

Any member expelled or resigning from the Association is obliged to fulfil all the liabilities which arose during its membership term and to eliminate the debts. Entrance and membership fees shall not be refunded to the expelled or resigning member of the Association.

43. Members of the Association, who are legal persons, are represented in their interaction with the Association by a manager or a person who has been designated and invested with full authority by the manager /governing body) of the member organisation.

V RIGHTS OF MEMBERS

44. Members of the Association are entitled to:

- propose from among the members of the Association candidates to the governing bodies of the Association, be elected thereto and participate in the formation of other bodies of the Association;
- submit proposals and inquiries to the bodies of the Association;
- participate in the events organised by the Association;
- use the Association insignia in accordance with the established rules;
 - engage in the economic activities and management of the Association as set out in these statutes and have always free access to the documentation of the Association.

VI OBLIGATIONS OF MEMBERS

45. Members of the Association are obliged to respect and observe the statutes of the Association, to pay membership dues and abide by the by-laws of the Association.

VII ASSETS, FINANCIAL AND ECONOMIC ACTIVITIES

46. Assets of the Association shall consist of tangible assets and financial resources and be formed of:

- entrance fees and membership dues (the rate to be determined by the Board) ;
- income from economic activities;
- voluntary contributions from legal persons and individuals;
- income from operations of business units set up by the Association;
- other income;

47. Revenue of the Association as well as fixed and current assets acquired with the above funds shall be held in joint ownership by the members of the Association. Members of the Association have no right to the property of the Association; likewise, the Association has no right to the property of its members.

The Association shall not be liable for any proprietary obligations of its members nor shall the members have any liability for the proprietary obligations of the Association.

48. The fiscal year of the Association is the calendar year.

49. Assets of the Association shall be used to:

- organise the work of the Association;
- pay for contract work;
- remunerate individuals with whom the Association has employment relations;
- acquire fixed and other assets;
- establish special foundations;
- provide financial assistance to the members of the Association, if deemed necessary (on the basis of the resolution of the Board).

The Association has the right to establish funds for specific purposes.

50. Keeping of accounts of the Association shall be organised in accordance with the laws of the Republic of Estonia. The General Assembly may establish with its resolution internal bookkeeping and accounting rules.

VIII INTERNAL AUDIT

51. For the auditing of the activities of the Association, the General Assembly shall elect a three-member Audit Committee for a three-year term. The committee shall audit the documentation as well as financial accounts and business activities for the reporting period. It shall elect a chairman from among its members.

52. The mandate of the Audit Committee shall end with the meeting of the General Assembly where the report from the Audit Committee shall be examined.

53. Internal audits shall be performed in the Association at least once a year.

IX ALTERATION OF STATUTES

54. Proposals for amendments to the statutes of the Association must be approved by the Board of the Association. The Chairman of the Board shall present the amendments, after their approval by the Board, to the General Assembly. The Board is obliged to notify in writing all the members of the Association about the planned alteration of the statutes at least two weeks before the meeting of the General Assembly. In order for the statutes to be amended, at least 2/3 (two-thirds) of the voting members must vote in favour.

X DISSOLUTION

55. The dissolution of the Association shall be decided by the General Assembly. In order for the declaration of dissolution to be valid, at least $\frac{3}{4}$ (three-fourths) of the voting members of the Association must vote in favour.

The dissolution of the Association shall be carried out pursuant to the procedure provided by the law of the Republic of Estonia.

56. For the dissolution of the Association, the General Assembly shall appoint a liquidation committee. The committee shall decide the distribution of the existing assets between the members of the Association or their delivery to third parties

The statutes have been adopted at the foundation meeting of the Estonian Hotel and Restaurant Association on February 12, 1992, the amendments approved by the General Assembly on March 30, 1994.

The statutes have been aligned with the Non-profit Associations Act and the whole document with the amendments approved by the General Assembly on March 3, 1997.

Amendments have been entered into the articles of association as approved by the General Assembly on April 9, 2001.

Amendments have been entered into the articles of association as approved by the General Assembly on April 1, 2008.

Amendments have been entered into the articles of association as approved by the Extraordinary General Assembly on November 9, 2010.

Amendments have been entered into the articles of association as approved by the General Assembly on March 1, 2012.