



THE BECC CORPORATE GOVERNANCE HANDBOOK

Setting out guidelines and best practice for the operations of the BECC.

ABSTRACT

A guide to the internal policies of the BECC, regarding the standards, responsibilities, and complaints; that apply to all staff, Members and Board Members of the British Estonian Chamber of Commerce.

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Members of the Board 2021

Introduction

The British Estonian Chamber of Commerce, also known by its legal name Briti Eesti Kaubanduskoda MTÜ (the “BECC”), is an organisation with over two decades of history and achievement. With any large organisation, communication and dispute resolution is key to the BECC’s effective management and function. In this handbook, the BECC Board outlines its vision for best practice for the BECC, how it should be run and the standards to which we should hold ourselves.

Within this handbook, you will find the legal responsibilities for both Members and Board Members but also the proposed bylaws of the BECC. It is important to highlight that these bylaws are dependent on the mandate of each Board when it is elected or by resolution at an Annual General Meeting, as these policies are not part of BECC’s Articles of Association.

The BECC Board hopes that by creating and publishing this document, we can demonstrate to our partners and Members the standards under which we operate. We invite our Members to consider adopting these same policies themselves or use this document to help develop their own internal policies.

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BECC Code of Ethics

The BECC Code of Ethics outlines what we expect of our Board Members, Members, staff, and partner organisations. In all of the BECC's professional dealings, we will try and apply these standards and hold people accountable when they are not adhered to. The BECC commits to::

1. Make every effort to comply with the laws of the Republic of Estonia.
2. Avoid knowingly assisting any party in violating any law of the Republic of Estonia.
3. Not knowingly pay or receive bribes or participate in any other unethical, fraudulent, or corrupt practices.
4. Keep business records in a manner that properly reflects the true nature of their business transactions and activities.
5. Ensure that members and associates do not abuse their position in the BECC for personal or business gain, without explicit and prior consent of the Board (examples: printing joint business cards; using BECC staff or BECC resources for any projects and tasks that are not related to the BECC's goals and activities).
6. Conduct itself to high standards of professionalism to reflect the best image of the BECC and uphold the professional standards of Estonia and the United Kingdom whilst respecting other cultures.
7. Interact with all Members and associates of the BECC respectfully and professionally.

Violations of this code and any associated sanctions will be determined by a majority vote of the Board of the BECC, at a Board Meeting, and may be referred to proper authorities where appropriate. In the case of Members of the BECC, any decisions of the Board regarding their conduct may be appealed to a General Meeting under the terms of the Articles of Association, which are annexed to this document.

Personal and Corporate Responsibilities

As well as the BECC's Code of Ethics, there are several legal responsibilities that are specific to both Members and Board Members. As stated in section 1 of the BECC Code of Ethics, all persons of the BECC are expected to 'make every effort to comply with the laws of Estonia and the EU', and these responsibilities should be taken seriously.

Member Responsibilities

Every natural person or legal person who is a Member of the BECC must comply with the Articles of Association of the BECC. The BECC shall comprise at least two Members unless the law or the Articles of Association change and prescribe a greater number of Members.

The Articles of Association determine the proprietary and other obligations of Members. Obligations may be imposed on Members only according to the procedures prescribed by the Articles of Association which are annexed to this document.

A Member of the non-profit association has two main responsibilities:

- (1) To recognise the objectives of the association and to comply with the Articles of Association and Comply with any resolution passed at a General Meeting and the Board when participating in the activities of the association; and
- (2) Pay the appropriate membership fee of the association.

Board Member Responsibilities

Duty of care

Duty of care is defined as an ongoing duty of each Board Member to act to the standard that a reasonably prudent and careful person is considered to have, and to furthermore act in the interests of the association and perform any necessary due diligence to the standard normally expected from a similar person, under similar circumstances.

This obligation means that a Member of the Board must act with utmost care and will be liable for any negligence in complying with any applicable laws, the Articles of Association, and the decisions of a General Meeting. Board Members shall perform their obligations with the diligence normally expected from a Member of a Management Board in the Republic of Estonia and of the United Kingdom.

Functions and duties

The competence of the Management Board includes any matters which arise as part of the operation of the BECC, such as, but not limited to, the following:

1. Organising the accounting for the BECC and ensuring it is done to a professional standard;
2. After the end of a financial year, preparing an annual report according to the procedure provided in the Accounting Act¹;
3. Submitting the annual report to the official register, together with information concerning the principal activity of the accounting year, according to the Classification of Economic Activities established on the basis of subsection 4 (6) of the Commercial Code² (within six months after the financial year);
4. Ensuring the compliance of the BECC's activities with applicable laws;
5. Calling an Annual General Meeting, and giving sufficient notice thereof;
6. Preparing the agenda for the Annual General Meeting and circulating it with sufficient notice before the Annual General Meeting;
7. Preparing the draft resolutions and guaranteeing the enforcement of the resolutions of the Annual General Meeting;
8. Drawing up a yearly BECC business plan and budget; and
9. Managing BECC assets in accordance with the requirements arising from the decisions of the law, statute, bylaws and resolutions of the Annual General Meeting.

Liability

Civil liability

In general, the liability of a Board Member is regulated by the Non-profit Associations Act³. Members of the Board who cause damage to the non-profit association by violation of their obligations shall be solely liable for compensation for the damage caused. A Member of the Board is released from liability if they prove that they have performed their obligations with diligence normally expected from a Member of the Management Board in the Republic of Estonia.

¹Available in English at: <https://www.riigiteataja.ee/en/eli/ee/530102013006/consolide/current>

²Available in English at: <https://www.riigiteataja.ee/en/eli/ee/504042014002/consolide/current>

³Available in English at: <https://www.riigiteataja.ee/en/eli/528052020003/consolide>

The limitation period for a claim against a Member of the Management Board is five years unless stipulated otherwise by the Articles of Association, from when the breach of the Board Member's duty of care occurred.

Standard of proof for bringing a claim

For the claim against a Member of the Board to be successful, the claimant will have to prove (1) existence of damage, (2) quantify the damage, and (3) establish a causal link between the breach of the duty and the damage. A Member of the Board will be exempt from liability if they prove that they acted with the diligence normally expected from a Member of the Management Board, though they may have directly caused such damage.

The law establishes that the Members of the Management Board are liable irrespective of the existence of guilt, and a force majeure clause is required to release the Members of the Management Board from their liability under these circumstances.

Liability of Members of Management Board for a non-profit association

Members of the Management Board shall be individually liable for damage caused to the non-profit association by submission of incorrect or inaccurate information or breach of other obligations, given by any statutory filings unless a Member of the Management Board proves that they were not aware nor should have been aware of the circumstances which caused the damage.

The BECC Complaints Policy and Procedure

The BECC Complaints Policy Introduction

The British Estonian Chamber of Commerce views complaints as an opportunity to learn and improve for the future. The process also provides us with a way to put things right for the persons or organisations that have made the complaint and maintain strong working relationships within the chamber. This document is for use by the Members of the BECC.

Our objectives with this policy are:

- To provide a clear, transparent, and fair complaints procedure that is easy to use for anyone wishing to make a complaint;
- To publicise the existence of our complaints procedure so that people know how to contact us to make a complaint;
- To ensure everyone at the British Estonian Chamber of Commerce knows what to do if a complaint is received;
- To make sure all complaints are investigated fairly and in a timely manner;
- To make sure that any complaints or disagreements are resolved, wherever possible, and maintain strong working relationships within the chamber; and
- To gather information which helps us to improve what we do.

Definition of a Complaint

A complaint is any expression of dissatisfaction about any aspect of the British Estonian Chamber of Commerce, whether justified or not. A complaint should be sent by email or in writing, clearly stating that it is intended as a complaint. It is imperative that such issues are raised in writing so that a written record of how it is dealt with can be established from the first instance.

Confidentiality

All complaint information will be handled sensitively, telling only those who need to know and following any relevant data protection requirements. As the Board of the British Estonian Chamber of Commerce may need to handle your complaint, they will be informed of the nature and detail of your complaint.

Responsibility

Overall responsibility for this procedure and its implementation lies with the BECC's Head of Compliance.

Policy Review

At the resolution of any complaint, the Board should discuss the effectiveness of this policy and reflect on whether any alterations can be made to improve best practices.

Miscellaneous

This policy is not intended to deal with actions of illegality or impropriety. If such behaviour is reported, the Head of Compliance and the Board reserve the right to deal with such matter summarily and refer them to the appropriate authorities.

Complaints Procedure

If you have a complaint, please write to the Head of Compliance or Chairman of the Board. Clearly state that you are making a complaint, the nature of the complaint, and the parties involved. We will have eight weeks to consider your initial complaint and provide you with a formal response.

What will happen next?

Stage 1

1. We will send you a letter or email acknowledging receipt of your complaint within three days of receiving it, enclosing a copy of this procedure.
2. We will then investigate your complaint. This will usually involve passing your complaint to our Head of Compliance, who will review the matter and speak to the Members or staff that are who are party to the complaint.
3. Our Head of Compliance will then invite you to a meeting to discuss and hopefully resolve your complaint. They will do this within 14 days of sending you the acknowledgement letter or email.
4. Within three days of the meeting, our Head of Compliance will write to you to confirm what took place and any solutions they have agreed with you.

5. If you do not want a meeting or it is not possible, our Head of Compliance will send you a detailed written reply to your complaint, including their suggestions for resolving the matter, within 21 days of sending you the acknowledgement letter or email.

6. At this stage, if you are still not satisfied, you should contact us again, and we will arrange for the Board to review the decision and complaint.

Stage 2

7. The Board will consider your complaint in full and write to you within 14 days of receiving your request for a review, confirming its final position on your complaint, and explaining its rationale.

8. The Board will then issue you a formal response to your complaint.

Stage 3

9. If you remain unsatisfied with the outcome, you may request a General Meeting be held to consider your complaint by leave of the Board or your rights as a Member under article 6.3.2 of the Articles of Association.

Annex 1: The British-Estonian Chamber of Commerce's Articles of Association.

- 1.1. **Name:** in Estonian: Briti Eesti Kaubanduskoda. In English: British-Estonian Chamber of Commerce (hereinafter referred to as the 'Non-Profit Association').
- 1.2. The location of the British-Estonian Chamber of Commerce (hereinafter referred to as a Non-Profit Association): Tallinn.

- 2. The purpose of the non-profit association**
 - 2.1.1. The purpose of the Non-Profit Association is: to enable discussion among companies and private persons related to the business activity between the United Kingdom and Estonia in order to exchange information and ideas:
 - 2.1.2. To promote and stimulate business and other relations between the countries;
 - 2.1.3. To maintain connections between the governments of the United Kingdom and Estonia and other important structures which facilitate business activities;
 - 2.1.4. To advertise the services provided by the companies and private persons who belong to the chamber of commerce.

- 3. The conditions and policies for entering and leaving the membership of the non-profit association**
 - 3.1. Any physical or legal person who answers to the requirements of the statutes of the Non-Profit Association can become a Member of the Non-Profit Association.
 - 3.2. The Non-Profit Association must have at least two Members. When the Membership number of the Non-Profit Association becomes less than two, the Board must file an application for closing the Non-Profit Association.
 - 3.3. The Board will organise the assessment and decide about taking Members into the Non-Profit Association.
 - 3.4. If the Board or any other body except the General Meeting refuses to give Membership to an applicant, the applicant can demand that the Membership is decided upon in the General Meeting.
 - 3.5. The Membership of the Non-Profit Association and execution of the right of Member cannot be given over nor bequeathed. In the case of death of a physical person or termination of a legal person, the given Membership in the Non-Profit Association ends.
 - 3.6. The Membership of a legal person is maintained by means of the transformation provided by law.
 - 3.7. A Member of the Non-Profit Association has the right to leave the Non-Profit Association at any time by filing an application at least one month before.
 - 3.8. A Member can be excluded from the Membership of the Non-Profit Association in the following cases:
 - 3.8.1. By not meeting the requirements of the statutes;
 - 3.8.2. By causing significant damage to the association;
 - 3.8.3. By not participating in the activity of the association.

- 3.9. If the Board decides to exclude a Member, the Member can demand that the Membership is decided upon in the General Meeting.
- 3.10. The excluded Member must be informed promptly in writing of the exclusion decision and the reasons behind it.
- 3.11. If a Membership ends in the middle of a financial year, the Membership fee provided in the statutes must be paid for the whole financial year.
- 3.12. A person, whose Membership in the Non-Profit Association has ended, has no rights over the property of the association.

4. The amount and payment order of membership fee

- 4.1. Members of the Non-Profit Association are obliged to pay the Membership fee.
- 4.2. The amount, types and payment terms of Membership fee are determined by the Board.
- 4.3. The Membership fee is paid in cash or by bank transfer to the bank account of the Non-Profit Association.
- 4.4. Membership in the Non-Profit Association is activated after paying the Membership fee.
- 4.5. If a legal or physical person becomes a Member of the Non-Profit Association in the middle of a financial year, the Membership fee for the period left will be calculated in an order determined by the Board of association.

5. Rights and obligations of members

- 5.1. A Member of the Non-Profit Association has the right to:
 - 5.1.1. Participate in the General Meetings of the Non-Profit Association either personally or through a representative;
 - 5.1.2. Receive relevant information from the Board in regard to all the topical questions of the General Meeting;
 - 5.1.3. Choose and be chosen into the managing and controlling bodies of the Non-Profit Association;
 - 5.1.4. Receive a copy of the General Meeting's protocol or an extract of it;
 - 5.1.5. A Member of the Non-Profit Association has the right to leave the Non-Profit Association by filing a corresponding application.
- 5.2. A Member of the Non-Profit Association is obliged to:
 - 5.2.1. Follow the provisions of the statutes of the Non-Profit Association;
 - 5.2.2. Participate actively in the undertakings of the Non-Profit Association in order to achieve the goals set by the statutes.

6. Management

- 6.1. The highest managing body of the Non-Profit Association is the General Meeting of its Members where all the Members of the Non-Profit Association are allowed to participate.
- 6.2. The General Meeting has the right to decide upon all the questions related to the activity of the Non-Profit Association. The exclusive competence of the General Meeting includes:

- 6.2.1. Adjusting the statutes;
 - 6.2.2. Adjusting the goals;
 - 6.2.3. Assigning and releasing Members of Board;
 - 6.2.4. Forming other managing bodies;
 - 6.2.5. Determining an audit committee;
 - 6.2.6. Confirming the managing and financial report of the previous year and the report of the audit committee;
 - 6.2.7. Deciding to close the Non-Profit Association.
- 6.3. The General Meeting is summoned by the managing Board. The General Meeting is held at least once a year. The General Meeting is led by the chairman of Board; if the chairman is absent, a deputy will lead the meeting. The deputy will be designated by the Board or the General Meeting.
- 6.3.1. Summoning of the General Meeting must be announced at least two weeks before.
 - 6.3.2. The Board must summon the General Meeting when at least 1/10 of the Members of the Non-Profit Association demand it in writing together with an explanation. If the Board refuses to summon the General Meeting in the given case, the applicants may summon the General Meeting by themselves.
 - 6.3.3. The General Meeting has the competence to make decisions when it includes or represents 35 (thirty five) Members of the Non-Profit Association.
 - 6.3.4. When the General Meeting is not competent to make a decision, the Board will summon a new General Meeting with the same agenda in three weeks. The new General Meeting is competent to make decisions regardless of the number of Members participating or represented in the General Meeting, but only in the case that at least two Members are participating or represented in the General Meeting.
 - 6.3.5. If the above-mentioned requirements are not met, the General Meeting is not competent to make decisions, except when all the Members are participating or represented in the General Meeting.
 - 6.3.6. The General Meeting is competent to make decisions in questions which are announced during summoning the General Meeting.
 - 6.3.7. Any Member of the Non-Profit Association may participate and vote in the General Meeting. In the case of a legal person, a representative from the company's Board will vote. A Member of the Non-Profit Association may transfer the right to vote to a representative on the basis of a written authorisation. The authorised representative can be an employee of the company, another Member of the Non-Profit Association or the manager of the General Meeting.
 - 6.3.8. A decision of the General Meeting is made when over half of the Non-Profit Association Members participating or represented in the meeting have voted for it.
 - 6.3.9. In order to adjust the operating purpose of the Non-Profit Association, all Members of the Non-Profit Association must agree upon that.
 - 6.3.10. A decision of the General Meeting is accepted without summoning the meeting when three-fourths of the Non-Profit Association Members vote for it in writing.
 - 6.3.11. Every Member of the Non-Profit Association has one vote. A Member cannot vote when the Non-Profit Association is making a decision about: a transaction with that

Member or a person who has equal economic interest with that Member; starting or ending a court action with that Member.

6.4. The Board of the Non-Profit Association is elected for 2 (two) years and it includes at least three Members, but not more than seven Members. Every Board Member has the right to represent the Non-Profit Association in all legal acts.

6.4.1. . Board Members are assigned and released by the General Meeting. Board Member must be a Member of the Non-Profit Association in a physical person or a Board Member or employee in the company that functions as a Member of the Non-Profit Association in a legal person.

7. Closing the non-profit association

7.1. The Non-Profit Association is closed:

7.1.1. By the decision of the General Meeting;

7.1.2. By beginning bankruptcy proceedings against the Non-Profit Association;

7.1.3. When only one Member is left in the Non-Profit Association;

7.1.4. In other cases provided by law.

7.2. The General Meeting decides upon closing the Non-Profit Association. The decision becomes valid when at least two-thirds of the Members participating or represented in the General Meeting vote for that.

7.3. The Non-Profit Association is closed by the act of liquidation. Liquidation proceedings will be conducted in co-ordination with the Non-Profit Associations Act.

7.4. The Non-Profit Association will be liquidated by Board Members. In the case of compulsory closing the court will appoint the liquidators and the procedure and amount of remuneration.

7.5. After satisfying the creditors and depositing the property, the residue assets will be distributed in equal parts among Members of the Non-Profit Association during its closing.

7.6. If the Non-Profit Association was closed in a compulsory manner due to contradicting the constitutional order or criminal law, the residue assets will be transferred to the state after the creditors have been satisfied.

7.7. Assets may be distributed among the entitled persons after a month has passed from giving the last notice of liquidation.