



MAGYAR ÉDESSÉGGYÁRTÓK SZÖVETSÉGE

1012 Budapest, Kuny Domokos u. 13-15.

MEMORANDUM OF ASSOCIATION OF THE ASSOCIATION OF HUNGARIAN CONFECTIONERY MANUFACTURERS

Article 1

Name of Association

Magyar Édességyártók Szövetsége

English name: Association of Hungarian Confectionery Manufacturers

Concise name: Hunbisco

Registered office of the Association

H-1012 Budapest, Kuny Domonkos utca 13-15

Basis of Association

1. The Association is the association consisting of Hungarian confectionery manufacturers, an open organization founded on 25 May 1992 for the representation of professional and business interests of its members. The basic aim of the Association is to enforce the common interests of confectionery enterprises registered in Hungary and carrying out manufacturing in Hungary or a Member State of the European Union.
2. The Association is a national association with legal entity.

Article 2

Aim of the Association

The aims of the Association are as below:

- (1) aiding and protecting the general business interests of confectionery manufacturing, counseling and support for all members concerned,
 - (2) representation of joint interest of confectionery manufacturing, liaison with authorities, trade and other institutions at national and international level,
 - (3) elaboration of professional recommendations for the confectionery industry and submission of such recommendations to competent authorities and institutions, with special regard to food regulations,
 - (4) information exchange with respect to confectionery manufacturing with parties concerned,
 - (5) dissemination of professional knowledge related to confectionery industry, information provision to members about issues concerning the confectionery industry, promoting the development of the industry and its goodwill among persons dealing with confectionery products, and persons in relation with them by supporting good working relations and agreement,
 - (6) promoting the development of a market environment in Hungary that is supporting the growth of domestic confectionery production,
 - (7) elaboration of a legal background that effectively confines illegal importing,
 - (8) promoting the foreign marketing of products manufactured in Hungary,
 - (9) increasing the general competitiveness of Hungarian confectionery production,
 - (10) comprehensive improvement and enforcement of negotiating position vis-a-vis raw material suppliers,
 - (11) preserving and strengthening the respect of Hungarian confectionery manufacturing.
- Elaboration of uniform quality policy and maintenance of quality level*



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- (12) representing the employers' side in negotiations of the confectionery manufacturing branch,
- (13) organizing and coordinating the PR activity of the Association for making public the role of confectioneries in healthy alimentation.
- (14) *Uniform communication and coordinated liaisoning with the media.*

Article 3

Membership of the Association

- (1) The Association is an open professional organization. Persons with legal entity or natural persons that manufacture confectionery in Hungary or a Member State of the European Union or provide service or do research with respect to confectionery manufacturing and that are business associations registered in Hungary and agree with the aims of the Association may be Members of the Association.
- (2) Applications for membership shall be submitted to the Presidential Board, in writing. Presidential Board shall pass decisions on applications for membership.
- (3) Members may quit the Association by sending notice of termination of membership at least 6 months before the end of the calendar year. Such notification may be submitted to the President of the Association in writing.
- (4) Based on at least $\frac{3}{4}$ majority of Members present, the general assembly may pass resolution on the termination of membership in the event:
 - a/ Member considerably violates the interests of the Association and/or
 - b/ Member fails to fulfill his obligations set forth by the effective Memorandum of Association, with special regard to default on membership fee payment in spite of repeated calls
 - c/ the quitting Member shall not have entitlement over the assets of the Association.

Rights of Members of the Association

- (5) In line with provisions of this Memorandum of Association, Members may participate in the work of the Association.
- (6) Members may elect and be elected as officers in the official bodies of the Association with the limitation that only one person from a Member company may be elected as member of the Presidential Board.
- (7) Members may request information about the activity of the Association and have access to documents.
- (8) Members may use services of the Association.
- (9) Members may express their opinion with respect to the work of Members or Presidential Board of the Association orally at the General Assembly and also in written form forwarded to the Presidential Board.



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Obligations of Members of the Association

(10) Members shall be obliged to actively participate in the work (working committees, sections) of the Association in accordance with the law, the aim and provisions of the Association and promote the fulfillment of aims of the Association.

(11) Members shall pay membership fee in two installments in accordance with Article 12.

(12) Members shall carry out tasks resulting from elected functions.

(13) Members shall participate in sessions of the Association.

Article 4

Organizational structure of the Association

Organs of the Association:

a/ General Assembly

b/ professional sections (Confectionery Industry, Snack Industry, Ice Cream Industry)

c/ Presidential Board

d/ Supervisory Board

e/ working committees

Article 5

General Assembly

(1) Ordinary General Assembly shall be summoned at least **twice** annually. President shall summon extraordinary General Assembly in the event the interest of the Association requires so or if at least one third of Members apply to Presidential Board for summoning extraordinary General Assembly indicating the reason and aim thereof.

(2) President or in his absence the Vice-president shall invite Members for the General Assembly by written notification sent at least 2 weeks before the planned date of General Assembly, with the agenda attached.

(3) Chairman of the General Assembly shall be the President of the Association or in his absence the Vice President.

(4) Based on resolution by the General Assembly the agenda recommended by the Presidential Board may be amended or supplemented.

(5) General Assembly shall be quorate in the event more than half of Members are present. In the event General Assembly has to be postponed due to lack of quorum for passing resolutions, General Assembly shall be summoned within 15 days with unchanged agenda. In this case the General Assembly shall be considered quorate with the number of Members present.

(6) Passing a resolution shall be conditioned on its being supported by more than half of participants. For passing resolutions related to amendment of the Memorandum of Association at least $\frac{3}{4}$ of participants' votes shall be required but this number may not be lower than half of the number of Members of the Association.

(7) General Assembly shall

a/ exercise all rights of the Association,



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- b/ elect President, Vice President, Chairman and two members of the Supervisory Board,
- c/ pass all resolutions pertaining to the activity of the Association.

(8) Minutes shall be taken of the General Assembly to be signed by the President and two verifying persons. The signed minutes shall be collected in the registry of minutes at the registered office of the Association.

Article 6

Professional sections

- (1) For more effective and more focused work the below professional sections are formed:
 - Confectionery Industry Section
 - Ice Cream Industry Section
 - Snack Industry Section
 - Cereals Industry Section
- (2) Professional sections shall have the task of elaborating recommendations for the industrial branch concerned.
- (3) Professional sections may submit recommendations to the Presidential Board or to the General Assembly through the Presidential Board.
- (4) Professional sections shall be obliged to continuously provide information to the Presidential Board.
- (5) Professional sections may elect Head of Section who shall be responsible for efficient work of the section and automatically become member of the Presidential Board as a Vice President.
- (6) Professional sections may have independent section sessions.
- (7) Professional sections are not independent legal entities.
- (8) Depending on demand, new professional sections may be established or existing ones may be terminated, but each case shall be subject to consent by the General Assembly.
- (9) A Member of the Association may be represented in the work of several sections if such Member has interests in industries of several sections.
- (10) Professional sections may act on behalf of the Association of Confectionery Manufacturers only with the consent of the Presidential Board.

Article 7

Presidential Board

(1) Presidential Board of the Association shall consist of the following:

a/ President **who is at all times the senior officer of a Member company. New President shall be elected by the General Assembly biannually. A President may not be reelected twice consecutively,** the *Nominating Committee shall make its recommendation for the person of the President. In the event the President is the senior officer of an SME Member company, a person who is the senior officer of a Member company that is not ranking as SME shall be nominated as Vice President. In the event the Vice President is the senior officer of an SME Member company, a person*



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who is the senior officer of a Member company that is not ranking as SME shall be nominated as President.

The time and venue of presidential election shall be the quorate General Assembly summoned to the end of the calendar year. The leaving President shall remain full-scope Member of the Presidential Board in the calendar year following the year of presidential election. The function of the President basically means the external representation of the Association and extends to fulfilling the following tasks incorporated in this Memorandum of Association.

b/ Vice President, who is **at the same time** the full-scope deputy for the President. *Rules on presidential election shall apply to nomination and election of Vice President.*

c/ Deputy Presidents,

d/ representative of Small and Medium Enterprises

e/ Caobisco representative (responsible for international relations).

Deputy Presidents are in one person the heads of professional sections. Members of the Presidential Board may resign only after election of a new Member, regardless of expiry of their mandate.

(2) President of the Association or in his absence the Vice President shall be responsible for the Activity of the Association.

(3) Legal representation of the Association in court and out of court shall be provided by the President or the Vice President.

(4) The following shall belong to the tasks of the Presidential Board:

a/ compiling the agenda of the General Assembly,

b/ submitting the draft resolutions of the General Assembly,

c/ coordinating the work of professional sections,

d/ supervising and coordinating the work of working groups,

f/ elaboration of procedural rules,

g/ submission of recommendations pertaining to annual membership fee and budget to the General Assembly for approval,

h/ designation of representatives for the representation of the Association vis-a-vis other organs,

i/ employment of the Executive Secretary, conclusion of his employment contract.

(5) President or in his absence

a/ the Vice President shall represent the Association,

b/ Chairman of the General Assembly and the Chairman of the Presidential Session of the Association

c/ shall be entitled to participate in the session of any working group.

(6) Presidential Board shall pass its resolutions with simple majority of votes and in case of equality of votes the vote of the President shall decide. Resolutions may also be made in writing if no Member of the Presidential Board objects to such.

(7) President, in hindrance of the President the Executive Secretary or an assigned Member of the Presidential Board or, in case of special professional issue, an expert invited by the Presidential Board may make statement on behalf and in the name of the Association.

(8) Presidential Board shall make assignment for fulfillment of the position of the Executive Secretary for managing the current cases of the Association in accordance with



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this Article and resolutions of the Presidential Board and the General Assembly. Executive Secretary shall participate in sessions of the Presidential Board without right to vote. In accordance with his employment contract, employer's rights shall be exercised by the President.

Article 8

Supervisory Board

- (1) General Assembly shall elect from among Members of the Association a Supervisory Board (hereinafter SB) of three members for 2 years. Work of SB shall be directed by the Chairman of the SB.
- (2) Procedural order and working program of the SB shall be specified by the SB itself.
- (3) SB shall examine the lawful operation of the Association and supervise the execution of resolutions passed by the Association's organs.
- (4) SB shall annually report on its activity to the General Assembly.

Article 9

Working committees

- (1) General Assembly and/or Presidential Board may establish working committees for management and solution of various cases (such as: food regulation, food safety, healthy alimentation, customs and legal issues, commercial ethics, CAOBISCO cases etc.). The work of working committees shall be coordinated by the Executive Secretary.
- (2) A working committee may elect from among its members a Chairman who shall participate with full consultation scope in the work of the Presidential Board.
- (3) The working committee shall be obliged to report to the General Assembly and the Presidential Board.
- (4) A working committee shall not be entitled to represent the Association.

Article 10

Executive Secretary

- (1) The Executive Secretary in one person shall fulfill daily operative task and procedural work of the Association of Hungarian Confectionery Manufacturers. Due to the basically representative nature of the function of the President and Vice President, the fulfillment of daily tasks providing for smooth and efficient functioning of the Association shall be the responsibility of the Executive Secretary.
- (2) The position of the Executive Secretary shall be a full-time position.
- (3) Executive Secretary shall liaison with domestic and foreign professional and partner organizations. Executive Secretary shall classify and evaluate the incoming technical materials and accordingly forward such materials along with a short bilingual summary to Member companies.



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- (4) The task of the Executive Secretary shall be the fulfillment of tasks included in the job description.
- (5) Executive Secretary shall manage the accounting of invoices and execute cash receipts and cash reimbursements on the basis of orders by the Presidential Board. Executive Secretary shall be responsible for registries of the Association and shall provide for all other tasks that may be requested by the Presidential Board or the General Assembly.
- (6) Executive Secretary shall supervise the work of the Financial Administrator who shall prepare the annual balance sheet and if required the current cash and asset report of the Association in accordance with effective regulations.
- (7) **Balance sheet** shall be audited by the assigned auditor. Members of the Presidential Board may not audit the reports. The report of the auditor shall be submitted to the General Assembly by the **Executive Secretary** immediately after the report of the Financial Administrator.
- (8) The activity of the Financial Administrator may also be outsourced in the form of an assignment to an enterprise specialized in this field with adequate expertise (at least the professional skills of a certified public accountant).

Article 11 *Financial year*

Financial year of the Association shall be the calendar year.

Article 12 *Membership fees*

- (1) Annual membership fee shall be constituted of the basic membership fee of HUF 150 thousand as per Annex and a second part equaling to 0.01% of the amount of net sales revenue beyond HUF 200 million. Executive Secretary shall mail the invoices of basic membership fees in January of the current year with a payment deadline of 28 February. Member companies shall send in the data on their net sales revenues (in HUF) on the basis of balance sheet until 31st May and pay the second part of the annual membership fee by the deadline of 15th June.
- (2) Every Member shall have one vote.
- (3) In the event of admission of a new Member General Assembly may specify a membership fee proportionate to months.

Article 13 *Budget*

General Assembly of the Association shall specify an annual budget and this shall be the basis of the Association's activity. Specifying the time shall be the responsibility of the Presidential Board.

Article 14 *Settlement of disputes*



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Disputes between the Association and its Members shall be settled by the ordinary court competent according to the registered office of the Association.

Article 15 *Applicable law*

Unless this Memorandum of Association provides otherwise, the internal organization, interpretation of this Memorandum of Association and liaison between the Association and its Members shall be governed by the Hungarian law.

In other issues not provided for hereunder shall be governed by provisions of the Association Law.

Article 16 *Closing provisions*

(1) These Articles may be amended or supplemented exclusively in writing on the basis of resolutions of the General Assembly.

(2) This Memorandum of Association was approved by the Association at its General Assembly as of 12th September 1995 and amended at General Assemblies held as of 13th May 1997, 28th November 1997, 24th May 2005 and **29th May 2007**.

(3) Figures of the order of membership fee payments was amended and approved by the Association's General Assembly as of 9th December 1998 and 24th May 2005.

Budapest, 8th of July 2013.

Sándor Sánta

.....
President
Association of Hungarian
Confectionery Manufacturers

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