

HOUSE OF REPRESENTATIVES OF PARLIAMENT OF THE REPUBLIC OF CROATIA

Pursuant to Article 89 of the Constitution of the Republic of Croatia, I hereby issue the following

DECISION

PROMULGATING THE PLOVPUT SPLIT ACT

I hereby promulgate the Plovput Split Act, adopted by the House of Representatives of the Parliament of the Republic of Croatia at the session held on 27 June 1997.

Number: 081-97-1146/1
Zagreb, 8 July 1997

President
of the Republic of Croatia
Franjo Tuđman, PhD, m.p.

PLOVPUT SPLIT ACT

I BASIC PROVISIONS

Article 1

The Plovput p.o., Split company established by the Regulation on the establishment of the "Plovput" Split company (Official Gazette, No. 3/92) shall be transformed into the Plovput limited liability commercial company (hereinafter: "Company") owned by the Republic of Croatia.

The regulations applicable to limited liability commercial companies shall apply to the Company, unless otherwise provided herein.

The Company name shall be Plovput, a limited liability commercial company for the maintenance of maritime waterways and radio service, Split. The abbreviated business name shall be Plovput d.o.o. Split.

The Company shall have a logo. The decision on the form and content of the Company logo shall be brought by the general assembly.

The Company headquarters shall be in Split.

Article 2

The Company's activity shall be of interest to the Republic of Croatia.

The Company's activity shall be the performance of expert and technical activities falling under the Company's scope of activity, which includes the following:

1. the maintenance and improvement of the waterways of the internal waters and territorial sea of the Republic of Croatia;
2. the setting up of navigational safety facilities in the waterways of the internal waters and territorial sea of the Republic of Croatia and ensuring their proper operation;
3. radio service activities in the maritime waterways of the Republic of Croatia;
4. research and planning for the purpose of performing activities referred to in points 1, 2 and 3 of this Article.

The Company may perform other activities as determined by its Articles of Association.

Article 3

The Company's Articles of Association must contain provisions regarding the following:

- a detailed definition of the Company's activity, that is, scope of activity;
- the amount of equity capital and individual shares of the Company;
- the basic organisational structure of the Company;
- the method of election of the member of the supervisory board elected by employees;
- the authorities, activities and method of operation of the management board,
- the loan values above which the management board, when taking or giving a loan, must obtain prior approval of the supervisory board;
- the value of property or rights constituting fixed assets (permanent assets) for which, when sold or bought, the management board must obtain prior approval of the supervisory board;
- reporting to the employees;
- improvement of environmental protection.

Article 4

The equity with which the Republic of Croatia participates in the equity capital of the Company shall be the balance amount of the "A Capital and reserves" item expressed in HRK and indicated on the balance sheet of the "Plovput" p.o. Split company on 31 December 1996.

The equity capital of the Company shall also include the value of all shares and stocks, that is, all investments in the establishment of legal persons realised up to 31 December 1996 by the "Plovput" p.o. Split company or its legal predecessor, the Maritime Waterways Maintenance Authority.

Article 5

Apart from the activities referred to in Article 2, paragraph 2 of this Act, the Company may perform other activities for the purpose of acquiring profit, provided it does so with due care.

The management board may commission the performance of particular activities referred to in paragraph 1 of this Article to third parties.

In exceptional cases, the management board may commission the performance of activities referred to in Article 2, paragraph 2 of this Act to third parties, with prior consent of the Government of the Republic of Croatia.

The contract between the Company and the third party to which the performance of particular activities is commissioned shall determine the rights and obligations of the contracting parties.

Article 6

The funds for the performance of activities referred to in Article 2, paragraph 2 of this Act and the development of the Company shall be provided from the following:

1. the service prices for the use of navigational safety facilities paid by domestic and foreign ships and boats sailing in the internal waters and territorial sea of the Republic of Croatia;
2. radio service prices paid by domestic and foreign ships and boats using the radio services of the coastal radio stations;
3. other sources pursuant to the applicable regulations.

For financing larger investments related to the performance of activities referred to in Article 2, paragraph 2 of this Act, in case of a lack of own funds, the funds shall be provided from the state budget, based on a special programme of the Government of the Republic of Croatia.

The service prices referred to in paragraph 1, points 1 and 2 of this Article shall be determined by the Tariff Plan adopted by the management with prior consent of the supervisory board.

II COMPANY BODIES

Article 7

The Company bodies shall be the management board, the supervisory board and the general assembly.

1 Management board

Article 8

The management board shall consist of the Company director.

The director shall be appointed by the supervisory board for a period of five years, based on public competition under the terms established by the supervisory board. The same person may be reappointed as Company director.

The director may be dismissed by the supervisory board before the expiration of the term for which he was appointed.

Article 9

The director shall manage the Company's business at his own responsibility, with due care, for the benefit of the Company and respecting the interests of the Company's owners, as well as the rights of its employees.

The director must keep business and official secrets.

If he fails to fulfil his obligations, the director shall be liable for damage, according to law.

In case of litigation, the director must prove that he acted with due care.

The director can decide on the activities subject to the approval of the supervisory board, as regulated by this Act and the Articles of Association, only with the prior consent of the supervisory board.

Article 10

The director shall represent the Company.

The director can give proxy to another person.

Independently and within the scope of his authority, the director may provide a written proxy for the performance of specific activities, conclusion of particular contracts or contracts up to a certain value.

The person given the proxy, within the meaning of paragraph 3 of this Article, cannot encumber real estate, assume acceptor liability and warranty obligations, take a loan or conduct litigation unless he was given special proxy for each of these activities.

Article 11

The director shall submit annual business and financial reports to the supervisory board and general assembly.

The director shall submit a written report to the supervisory board on the business activities and financial position of the Company at least once in every three months, that is, in the case of events of special importance, without delay.

The director shall, at the request of the chairman or at least two members of the supervisory board, submit a report on the management of the Company.

2 Supervisory board

Article 12

The supervisory board shall have three members. Two members shall be appointed by the general assembly, which shall also have authority to dismiss them, while one member shall be elected by the Company's employees.

The Articles of Association shall regulate the method of proposing, election and dismissal of the members of the supervisory board elected by the Company's employees.

Members of the supervisory board shall be primarily appointed from amongst experts in the field of maritime affairs, radio technology and finance.

A Company employee cannot be appointed as member of the supervisory board, whereas the Company director can be neither appointed as nor elected for a member of the supervisory board.

Members of the supervisory board shall be appointed and elected for a period of four years with the possibility of reappointment or re-election.

The members of the supervisory board shall perform the duties entrusted to them by this Act to the benefit of the Company.

If they fail to fulfil their obligations, the members of the supervisory board shall be liable as joint debtors for damage to the Company.

In case of litigation, the members of the supervisory board must prove that they acted with due care.

The general assembly is not obliged to explain its decision on dismissal referred to in paragraph 1 of this Article.

Article 13

The mandate of an appointed member of the supervisory board shall be terminated if he becomes the Company director or an employee of the Company, while the mandate of an elected member representing the employees shall be terminated by his dismissal by the employees.

A member of the supervisory board may submit his resignation, along with an explanation thereof, to the general assembly.

The mandate of the member of the supervisory board referred to in paragraph 2 of this Article shall be terminated after the general assembly accepts his resignation.

A new member must be appointed or elected instead of the member of the supervisory board whose mandate has been terminated, within 30 days from the date of termination of his mandate.

The appointment and election of the members of the supervisory board, as well as the termination of their mandates, shall be published in the Official Gazette.

The members of the supervisory board shall be paid a fee for their work. The amount of the fee shall be determined by the general assembly.

The members of the supervisory board are also entitled to a compensation of costs in connection with the performance of their duties.

Article 14

The supervisory board shall elect the chairman and deputy chairman from amongst its appointed members.

The chairman of the supervisory board shall head meetings and represent the supervisory board, also with respect to the management board. In case the chairman of the supervisory board is prevented from performing his duty, he shall be replaced by his deputy.

Article 15

The supervisory board shall regularly hold meetings once in every three months.

The chairman of the supervisory board may call a special meeting.

The chairman must, without delay, call a meeting at the request of the Minister of Maritime Affairs, Transport and Communications, the general assembly or at least two members of the supervisory board, as well as provide reasons for the meeting. The meeting must be held within seven days from the day of its calling.

If the chairman does not call the meeting in accordance with the provisions of paragraph 2 of this Article, the meeting may be called by the requestors if they provide a written explanation.

The decisions of the supervisory board shall be valid if at least two of its members, one of which must be the chairman or his deputy, are present at the meeting.

The supervisory board adopts decisions by a majority of votes of the total number of its members. If the voting results in a tie, the vote of the chairman, or of the deputy chairman if the chairman is absent, shall decide on the voting outcome. The voting shall be public.

A record shall be kept on the work of the supervisory board and it shall be signed by the chairman or his deputy.

Within seven days from the conclusion of the supervisory board meeting, the chairman of the supervisory board must submit a copy of the minutes to the members of the general assembly.

Article 16

The supervisory board may establish subcommittees for the purpose of consideration of a particular issue and delivering opinions and proposals regarding significant issues within its

scope of activities The scope of activities and way of functioning of the subcommittee shall be determined in detail by the Articles of Association.

The director shall attend supervisory board meetings. The director shall provide all information on the business activities and financial position of the Company.

Article 17

The supervisory board shall supervise the management of the Company. The supervisory board may inspect and examine the commercial books and documentation of the Company, as well as the cash register, securities and other items. For this purpose, it can use the services, expert advice or work of its members or other experts.

As part of the performance of its duties, the supervisory board shall give approval for the following:

- a) development plans and investments in the Company's fixed assets;
- b) the annual business plan which must also contain the monthly cash flow plan for the current year, as well as any significant modifications of the stated plans;
- c) taking and giving of loans above the amount determined by the Company's Articles of Association;
- d) the sale and purchase of property and rights constituting fixed assets (permanent assets) in the value above that determined by the Company's Articles of Association;
- e) the establishment of corporations, the purchase and sale of shares or stocks in the equity capital of other companies;
- f) other acts regulated by this Act and the Articles of Association.

The supervisory board shall submit to the general assembly a written report on the carried out supervision referred to in paragraph 1 of this Article, for the previous year, not later than one month from the date of submission of annual business and financial reports by the Company director to the supervisory board, according to Article 11, paragraph 3 of this Act.

The supervisory board shall represent the Company in legal disputes between the Company and the Company director.

If the supervisory board withholds approval to the director for acts referred to in paragraph 2 of this Article, the director may request of the general assembly to bring the final decision.

The supervisory board shall regulate the director's income (salary, participation in the profits, reimbursement of costs, payment of insurance premiums, commissions and all other payments).

3 General assembly

Article 18

In the name of the Company owners, the Government of the Republic of Croatia shall determine the number and membership structure of the general assembly, as well as appoint and dismiss its members.

The general assembly shall:

- a) adopt the Articles of Association;
- b) decide on the measures of examination and supervision of the Company's business activities and on the selection of the auditor of its financial reports;
- d) approve the director's annual reports on company operation and the annual financial report;
- d) be able to require that the director submit in writing all information on the Company's operation and financial position;
- e) decide on the filing of indemnity claims by the Company against the director or supervisory board, as well as on the appointment of representatives in legal proceedings, if the Company cannot be represented by the director or the supervisory board.

The decision on the use of Company profits shall be brought by the general assembly after the securing of funds for the purpose of performing activities of interest to the Republic of Croatia, according to Article 6, paragraph 2 of this Act.

III AUTHORITIES OF THE MINISTER WITH REGARD TO COMPANY OPERATION IN CASE OF A STRIKE

Article 19

In case of a strike in the Company, the Minister of Maritime Affairs, Transport and Connections shall be authorised, in order to ensure navigation safety in internal waters and the territorial sea of the Republic of Croatia, to determine by a decision, for each employee of the Company, the essential volume of work on the maintenance of navigational safety facilities, development of waterways in internal waters and the territorial sea of the Republic of Croatia and provision of radio service for the purpose of safety of life and navigation safety at sea.

The employees who perform the activities and duties related to the implementation of the decision referred to in paragraph 1 of this Article shall act on the instructions of the Company director during the strike. Employees who do not act on the director's instructions shall be dismissed.

IV TRANSITIONAL AND FINAL PROVISIONS

Article 20

The Company shall be entered into the court register of the competent commercial court.

The request for the entry of the Company into the court register shall be submitted by the Company director, not later than 60 days from the day of entry into legal force of this Act.

The director shall submit the following with the request:

1. the Articles of Association;
2. the decision on the appointment of the Company director;
3. the list of members of the supervisory board;
4. the statement on accepting the appointment given by the Company director before the notary public.

Article 21

The general assembly shall adopt the Articles of Association and appoint two members of the supervisory committee within 30 days from the day of entry into legal force of this Act.

The employees of the Company shall elect a member of the supervisory committee among themselves within 30 days from the day of adoption of the Articles of Association.

If the employees do not elect a member of the supervisory board within the period referred to in paragraph 2 of this Article, the appointed members of the supervisory board shall perform all duties and execute all rights until the election of a member of the supervisory board.

Article 22

The present director and management board of the "Plovput" p.o. Split company shall continue to perform their duties until the appointment of the director and members of the supervisory board, according to this Act and the Company bylaws.

Article 23

Until the adoption of the Articles of Association, the Articles of Association and other bylaws of the "Plovput" p.o. Split Company shall apply, provided they are in compliance with this Act.

Article 24

Supervision of the implementation of this Act shall be carried out by the Ministry of Maritime Affairs, Transports and Connections.

Article 25

The Act enters into force on the 8th day from the day of its publication in the Official Gazette.

Class: 305-01/96-01/05
Zagreb, 27 June 1997

HOUSE OF REPRESENTATIVES OF THE PARLIAMENT OF THE REPUBLIC OF
CROATIA

Speaker
of the House of Representatives of the Parliament of the Republic of Croatia
academician Vlatko Pavletić, m.p.