

Pursuant to Article 14, Paragraph 4 of the Act on Crude Oil and Petroleum Products Market (Official Gazette 57/2006) and the Decision of the Government of the Republic of Croatia on giving prior approval to the Statute of the Croatian Compulsory Oil Stocks Agency (Official Gazette 138/2006), the Governing Council of the Croatian Compulsory Oil Stock Agency, at the session held on 27 December 2006, passed the

STATUTE OF THE CROATIAN COMPULSORY OIL STOCKS AGENCY

I GENERAL PROVISIONS

Article 1

This Statute shall regulate in detail the name and head office, scope of activity, internal organisation, management, work and business principles, competences and decision making, presentation and representation, general legal acts, data confidentiality, publicity of work, financing and other issues relevant for the activities of the Croatian Compulsory Oil Stocks Agency (hereinafter: the Agency).

Article 2

- (1) The Agency shall be an autonomous, independent and non-profitable public institution with public competences, founded by the Act on Crude Oil and Petroleum Products Market (Official Gazette 57/2006) (hereinafter: the Act), performing activities within the framework and competences regulated by the Act.
- (2) Founder of the Agency shall be the Republic of Croatia and founder's rights implemented by the Government of the Republic of Croatia.
- (3) Activities of the Agency shall be of special interest to the Republic of Croatia and Agency shall perform them based on public competences.
- (4) Building the energy buildings for the compulsory oil stocks shall be of special interest to the Republic of Croatia.
- (5) For performing the activities regulated by the Act and this Statute, the Agency shall be held liable by the Government of the Republic of Croatia.
- (6) The Agency shall be a legal person enlisted in the Court Register.

Name of the Agency

Article 3

- (1) The name of the Agency shall be: HRVATSKA AGENCIJA ZA OBVEZNE ZALIHE NAFTE I NAFTNIH DERIVATA.
- (2) The acronym of the Agency shall be: HANDA.

(3) The name of the Agency in English language shall be: CROATIAN COMPULSORY OIL STOCKS AGENCY.

(4) The acronym of the Agency in English language shall be: HANDA

(5) The name of the Agency shall be presented at the facade of the building in which the Agency has its head office.

Head office of the Agency

Article 4

(1) Head Office of the Agency shall be in Zagreb.

(2) Business address of the Agency shall be determined by the Governing Council.

Stamp, seal and trademark

Article 5

(1) Agency shall have a stamp of round shape with a diameter of 38 millimetres, with a semicircular inscription: 'REPUBLIC OF CROATIA – CROATIAN COMPULSORY OIL STOCKS AGENCY – ZAGREB' while in the middle there is a coat of arms of the Republic of Croatia.

(2) The stamp with the coat of arms of the Republic of Croatia of Paragraph 1 of this Article shall be placed only on legal acts which the Agency issues based on public competences stipulated by the Act.

(3) Within its regular activities, apart from the work related to Paragraph 2 of this Article, the Agency shall use the rectangle shaped seal.

(4) The appearance, content, dimensions, number, manner of usage in legal affairs, bookkeeping, manner of keeping and replacing, and the person liable for safekeeping the stamp and seal of the Agency, shall be regulated by the Ordinance on the stamp and the seal of the Agency, which shall be issued by the Governing Council.

Article 6

(1) The Agency shall in its work use a trademark and/or logo.

(2) The content, form and usage of the trademark and/or logo of the Agency shall be established by the Governing Council, upon the proposal of the Director General of the Agency

II ACTIVITIES OF THE AGENCY

Article 7

(1) The Agency shall perform activities and business within the scope and competences regulated by the Act as well as all activities necessary in performing tasks regulated by the law and other legal acts, particularly the following:

- Collecting of fee for the compulsory oil stocks,
- Purchase and sale of crude oil and petroleum products in order to establish and maintain stocks,
- Organisation, supervision and management of compulsory oil stocks,

- Spending of funds with a specific purpose in order to establish and store compulsory oil stocks,
 - Regulating the conditions for the storage of the compulsory oil stocks.
- (2) Aside from the activities enlisted in Paragraph 1 of this Article, the Agency performs other activities as regards business from Paragraph 1 of this Article, particularly the following:
- Purchase and/or construction of storage tanks with related facilities and management thereof,
 - Supervision of the quantity and quality of crude oil, petroleum products and services thereto,
 - Participation in defining the energy policy,
 - Co-operating with ministries and relevant inspections according to specific acts,
 - Co-operation with foreign agencies for compulsory stocks and also with international associations of agencies for compulsory oil stocks.

Compulsory stocks

Article 8

- (1) The Agency shall be liable for the insurance of the compulsory oil stocks in accordance with the provisions of the Act.
- (2) Oil stocks shall be formed in case of a threat to the energy security of the state, due to the outstanding disturbance in the supply.
- (3) Compulsory oil stocks shall be formed in the amount of 90 days of average consumption of petroleum products in the previous calendar year until the 31 July of the current year.
- (4) Compulsory stocks shall include the following groups of petroleum products:
- I Gasoline and jet fuel
 - II Diesel fuel, gas oil and jet engine fuel
 - III Fuel oil (light, medium and heavy)
- (5) Part of the compulsory stocks from Paragraph 1 of this Article may be stored in crude oil and intermediate goods in accordance with the Act.
- (6) The quantity and structure of compulsory oil stocks; manner of insuring it, dynamics of forming and maintaining compulsory stocks and organising the storage and regional schedule, shall be regulated in accordance with the Act.

Business and Principles of the Agency

Article 9

- (1) Business of the Agency shall be carried out with an attention of a good businessman, making sure that compulsory oil stocks are being formed and maintain while optimising the expenses thereof.
- (2) Business of the Agency shall be open, without prejudice, stimulating the competitiveness and by doing so not affecting the oil stocks market.
- (3) The Agency shall supply goods, business and services documenting it and in accordance to the positive regulations of the Republic of Croatia.
- (4) Oil stocks which have been stored for the purposes of compulsory stocks shall, due to the nature of maintaining the stocks, be of the highest standards of quality and at the

moment of supply sold as standard goods on the global market.

(5) The Agency may store compulsory oil stocks in Croatia and abroad. Safekeeping the compulsory stocks abroad is possible in countries with which the Republic of Croatia has a bilateral international agreement on the storage of compulsory oil stocks.

(6) The Agency may keep a part of the compulsory stocks, in a non-material form ('tickets' and similar).

(7) The Agency may sign a contract with legal persons refining crude oil regarding the services of refining the compulsory stocks being kept in crude oil.

(8) Compulsory stocks shall be stored only in tanks which have suitable licences, comply with the highest technical and safety requirements as well as the requirements concerning fire protection and environment.

(9) In case the Agency possessed its own storage in which it kept the compulsory oil stocks, the activity of storing shall be performed solely for its own purposes.

(10) For the purposes of manipulating the goods and technological minimum of the tanks, the Agency can create a contact and/or own the tonnage of the storage space up to 10% higher than the tonnage of the compulsory stocks.

(11) The Agency shall regularly control the quality and quantity of compulsory stocks. Control shall be performed by authorised persons and institutions.

(12) Compulsory stock shall have insurance against the customary type of risks during transport and storage. The installations in which the compulsory stocks are being stored shall have insurance.

(13) The Agency shall, with special ordinances, regulate the issues of organisation, supervision and management of the compulsory oil stocks; issues of technical and other storage conditions and quality and quantity control of the compulsory oil stocks, with prior approval of the ministry competent for the environment, spatial planning and building.

(14) Ordinances for Paragraph 13 of this Article which regulate the issues of technical and other storage conditions and quality and quantity control of the compulsory oil stocks shall be issued with prior approval of the ministry competent for the environment, spatial planning and building.

Using compulsory stocks in case of market disturbance

Article 10

(1) Issuing of the compulsory stocks from the storage onto the market in case of market disturbance, shall be the decision of the Government of the Republic of Croatia, in accordance with the Act and regulated procedures.

(2) Director General shall not issue from storage the compulsory oil stocks without the Decision of the Government of the Republic of Croatia being delivered to her/him.

Annual Report

Article 11

(1) The Agency shall submit to the Government of the Republic of Croatia the annual report on its work, including the financial reports. The report shall be submitted at the latest by the end of month April for the previous calendar year.

(2) The Agency shall submit to the Government of the Republic of Croatia upon request,

the reports on its professional and financial business as well as the reports on certain specific issues within its scope for periods shorter than a year.

(3) The reports shall be comprehensive and contain an objective validation of the state of affairs.

III INTERNAL ORGANISATION OF THE AGENCY

Article 12

(1) Work and tasks within the activities of the Agency shall be carried out in the Agency head office.

(2) The Agency may have one or more branches for performing the activities of the Agency from Article 7 of this Statute.

(3) The Agency may establish legal persons. Decision on establishing shall be issued by the Governing Council, with prior approval of the Government of the Republic of Croatia.

(4) The Agency is autonomous in taking all organisational and other measures necessary for unhindered performing of duties and fulfilling obligations in accordance with the law.

(5) Description of the work, jobs, working mode of the Agency and part of the activities which are being performed by the branches for Paragraph 2 of this Article, shall be regulated by the ordinance on the internal organisation and systematisation of jobs.

(6) General provisions on labour and general legal acts of the Agency shall be applied to legal employment status of the employees of the Agency and to the procedure of realising the rights and obligations from the employment relationship respectively.

Article 13

(1) Professional and administrative work within the framework of the work and business of the Agency shall be carried out by its employees.

(2) For certain types of jobs, Director General may sign contracts for performing particular jobs with other natural and legal persons as well.

IV MANAGING AND RUNNING THE AGENCY

Article 14

The bodies of the Agency shall be the Governing Council and the Director General.

Governing Council

Article 15

(1) The Governing Council shall have five members, one out of them being a President of the Governing Council and another being her/his Deputy.

(2) The Governing Council members shall be appointed by the Government of the Republic of Croatia, upon the proposal of the ministry competent for energy.

(3) The Governing Council shall have one representative from the ministry competent for energy and one representative from the ministry competent for financing and three independent experts.

- (4) President of the Governing Council shall be the representative of the ministry competent for energy.
- (5) Deputy President of the Governing Council shall be the representative of the ministry competent for finance.
- (6) Mandate of the Governing Council members shall be five years, and members may be reappointed.

Conditions for the appointment of the Governing Council members and rights and obligations of the Governing Council members

Article 16

- (1) Governing Council members shall be Croatian citizens with residence in the Republic of Croatia who as a minimum have a university degree of technical, economic or legal profession, have no less than ten years of working experience and are deserving to be the Governing Council members.
- (2) Governing Council members shall not be members of managing boards, supervisory boards and managing councils of entrepreneurs, or have membership of any other form of association of legal or natural persons which might lead to a conflict of interest.
- (3) Governing Council members shall not be the employees of the Agency.
- (4) Governing Council members for their work have the right to a monthly imbursement paid by the Agency in the amount of one average net-salary paid in the Agency in the previous month.
- (5) Governing Council members shall behave in such a manner as not to diminish their reputation or the reputation of the Agency and not to put into question their autonomy and independence while carrying out their duty as well as the autonomy and independence of the Agency.
- (6) Governing Council members shall, in carrying out their work set by the Act and this Statute behave with conscience, according to the regulations of the Republic of Croatia, rules of the profession and moral principles.
- (7) It shall be forbidden to influence in any form the activities of the Governing Council leading to putting at risk the autonomy and independence of the Agency, in particular the public media and public statements in general with an attention to influence the work of the Governing Council and the Director General.
- (8) Governing Council members shall acquire all of their rights and obligations on the day of appointment.

Discharge from membership of the Governing Council members

Article 17

- (1) The Government of the Republic of Croatia shall discharge from membership a Governing Council member, prior to the expiry of their appointment, in case:
- 1 The member asks for it herself/himself,
 - 2 The member continuously does not contribute to the work of the Governing Council,
 - 3 A serious breach of duty occurs, as regulated by the Agency Statute,
 - 4 Inability to regularly carry out her/his duty occurs for longer than six months,
 - 5 Of permanent loss of the ability to perform this duty,
 - 6 A valid sentence for criminal acts which makes her/him undeserving to perform this

duty,

7 The circumstances from Article 16, Paragraph 2 and Paragraph 7 of this Statute occur.

(2) The Governing Council shall inform the Government of the Republic of Croatia on reasons for the discharge from membership of the Governing Council member prior to the expiry of their appointment.

(3) Prior to making the decision on discharge from membership, Governing Council member shall have provided with possibility to respond regarding the reasons of discharge from membership.

(4) In case any of the Governing Council members ceases to perform the duty of the Governing Council member prior to the expiry of the mandate, a new member shall be appointed to their place in a way and according to the procedures set by the Act, until the mandate of the member they are substituting expires.

(5) The Governing Council may be discharged from function if it consecutively and repeatedly without justifiable and important reason does not issue the Annual Business Programme, Financial Plan and Financial Report, which shall be proposed by the Director General of the Agency.

Serious breaches of duty of the Governing Council members

Article 18

Serious breach of duty of the Governing Council member shall be deemed as such if the member:

1 Puts at risk her/his reputation or the reputation of the Agency with her/his work or behaviour,

2 Puts at risk her/his autonomy and independence or the autonomy and independence of the Agency while performing her/his duty,

3 He/she gives away a business of official secret of the Agency.

Scope of the Activity of the Governing Council

Article 19

(1) Governing Council governs the Agency.

(2) Governing Council carries out the following activities:

1 Supervises the business of the Agency,

2 Issues, with prior approval of the Government of the Republic of Croatia, the Statute of Agency,

3 Issues the general legal acts of the Agency,

4 Issues the Annual Business Plan and Financial Plan,

5 Issues the Financial Report

6 Decides on the appointment and discharge from position of the Director General and Deputy Director General of the Agency,

7 Decides on the choice of auditors,

8 Gives its consent, opinions and recommendations as regards the work of the Agency, regulated by this Statute and other general legal acts of the Agency.

Governing Council President

Article 20

President of the Governing Council of the Agency shall carry out the following tasks:

- 1 Heads the work of the Governing Council
- 2 Heads the sessions and signs the minutes from the sessions of the Governing Council
- 3 Signs the decisions of the Governing Council
- 4 On behalf of the Agency, signs and terminates the employment contracts with the Director General and the Deputy Director General of the Agency,
- 5 Suggests measures for the improvement of the work of the Governing Council,
- 6 Performs other activities as regulated by the Act, this Statute and other general legal acts and decisions of the Governing Council.

Deputy President of the Governing Council

Article 21

Deputy President of the Governing Council shall stand in for the President in case of her/his absence or inability to attend sessions, with all rights and obligations of the Governing Council President.

Activities of the Governing Council

Article 22

- (1) Governing Council shall carry out the activities within its scope at its sessions.
- (2) Sessions of the Governing Council shall be summoned and headed by the Governing Council President.
- (3) Sessions of the Governing Council shall be held according to the need, at least once in six months.
- (4) A session of the Governing Council may be held if three Governing Council members are present as a minimum, and at each session the President or Deputy respectfully, shall compulsory be present.
- (5) The Governing Council shall make decisions on activities from Article 19 of this Statute at sessions with majority of votes from all Governing Council members, voting being carried out by individual responds.
- (6) Valid decision shall be that decision for which as a minimum three Governing Council members have responded to. Decisions shall be enlisted in the Book of Decisions.
- (7) At every session of the Governing Council minutes shall be kept and signed by the Governing Council President.
- (8) Exceptionally and in case of an emergency, the Governing Council may make decisions in writing (by letter, fax or electronic mail).
- (9) Director General shall participate in the work of the session of the Governing Council, without voting rights.
- (10) At sessions of the Governing Board, other persons may be present upon the invitation of the Governing Council President, Director General or if they have been invited according to the decision of the Governing Council. Other persons shall not

participate in the work of a session when the Governing Council makes decisions.
(11) Session of the Governing Council may be proposed by the Director General as well along with at least two Governing Council members, in written. The Governing Council President shall in this case convene a session of the Governing Council within 15 days. In case the Governing Council President for any reason does not convene a session of the Governing Council, then the session of the Governing Council shall be convened by the proposer.

Director General of the Agency

Article 23

- (1) Director General shall be elected by the Governing Board based on a public employment advertisement.
- (2) Mandate of the Director General shall last for four years, with the possibility of re-election.
- (3) Director General shall perform her/his duty in a professional manner, as their only occupation.
- (4) Director General shall sign an employment contract with the Agency. The contract shall give a detailed definition of rights and obligations of the Director General on work basis, as well as other rights during the length of the employment contract.
- (5) For her/his work, the Director General shall be responsible to the Governing Council.

Conditions for the election of the Director General and rights and obligations of the Director General

Article 24

- (1) Director General shall be a person who is a Croatian citizen with residence in the Republic of Croatia, holding a university degree as a minimum, at least five years of working experience in oil industry, out of which at least three years of working experience in executive management positions, he/she shall have an active knowledge of English language, proven professional, working and organisational skills and be deserving to be the Director General.
- (2) Director General shall not be: a person who has been validly convicted for a criminal act that makes her/him undeserving to perform the duty of being the Director General, a member of a management board, supervisory board and management council of entrepreneurs, or have membership of any other form of association of legal or natural persons which might lead to a conflict of interest.
- (3) Director General and her/his close family members shall not be the owners, stockholders or have share in energy subjects with more than 0.5% of the original capital, he/she/they shall not be members of management or supervisory boards or any other bodies in energy subjects, he/she/they shall also not have material interest in the area of energy business and he/she/they shall not perform other work in the energy sector for which regulations of the Act are being applied, for which the Director General might be in conflict of interest.
- (4) Director General shall in performing her/his work regulated by the Act and this Statute act as a good master, consciously, in accordance with the rules of the profession and moral principles.

(5) Upon the discharge from duty, the Director General has the right to continue working in the Agency, excluding the discharge from duty due to a serious breach of duty as determined by this Statute, due to a valid conviction for a criminal act which makes her/him undeserving to perform the duty or due to the occurrence of conflict of interest.

Discharge from duty of the Director General

Article 25

(1) The Governing Council shall discharge from duty the Director General before the expiry of her/his mandate, in case if:

- 1 He/she makes such a request,
- 2 He/she commits a serious breach of duty as described in Article 18 of this Statute,
- 3 He/she is unable to regularly carry out her/his duty for longer than six months,
- 4 He/she permanently loses the ability to perform this duty,
- 5 The circumstances of Article 24, Paragraph 2 and 3 of the Statute occur.

(2) The Governing Council shall discharge from duty the Director General in cases and according to the procedure regulated by the Institutions Act and of this it shall inform the Government of the Republic of Croatia within 15 days.

Scope of activities of the Director General

Article 26

(1) Director General shall:

- Manage the activities of the Agency,
- Organise and be liable for the professional work of the Agency,
- Be responsible for the legality of the activities of the Agency,
- Represent the Agency autonomously and unlimitedly,
- Undertake all legal activities on behalf and for the account of the Agency,
- Propose to the Government of the Republic of Croatia the amount of the fee being taken from the price of the petroleum products, with prior consent of the Governing Council,
- Submit to the Governing Council the proposals for issuing the legal acts of the Agency,
- Submit to the Governing Council the proposals for issuing the Annual Business Programme and Financial Plan,
- Be liable for the implementation of the approved Annual Business Programme and Financial Plan,
- Sign contracts with domestic and foreign legal and natural persons, with the aim to implement the approved Annual Business Programme and Financial Plan,
- Submit reports on the implementation of the Annual Business Programme and Financial Plan,
- Implements the decisions of the Governing Council,
- Submit to the Governing Council the proposal for the issuing of the Financial Report,
- Propose to the Governing Council measures for the improvement of the Agency's work,
- Sign and terminate contracts on employments with employees of the Agency,
- Decide on rights and obligations from the employment relationship in compliance with

general labour regulations and general legal acts of the Agency,

- Make decisions on distribution of employees in the Agency to certain jobs,
- Be liable for the professional training of the employees of the Agency,
- Co-operate in exchanging information and experiences with foreign agencies for compulsory stocks as well as international associations of agencies for compulsory oil stocks,
- Perform other activities regulated by the Act, this Statute and general legal acts of the Agency.

(2) Director General may with her/his decision transpose to another person a part of her/his competences and activities.

Article 27

(1) Director General of the Agency shall not sign to legal activities of alienation or burden the real-estate possessions of the Agency.

(2) Director General of the Agency shall be authorised to sign to legal activities with the aim of implementation of the approved Annual Business Programme and Financial Plan.

(3) Director General of the Agency may give authorisation within the boundaries of her/his competences to another person to represent the Agency in legal affairs.

Deputy Director General of the Agency

Article 28

(1) Deputy Director General shall be elected based on a public employment advertisement.

(2) Mandate of the Deputy Director General shall last for four years, with the possibility of re-election.

(3) Deputy Director General shall perform her/his duty in a professional manner, as their only occupation.

(4) Deputy Director General shall sign an employment contract with the Agency. The contract shall give a detailed definition of rights and obligations of the Director General on the employment basis, as well as the other rights during the length of the employment contract.

(5) For her/his work, the Deputy Director General shall be responsible to the Governing Council.

(6) Deputy Director General shall be a person who is a Croatian citizen with residence in the Republic of Croatia, with the a university degree as a minimum, at least five years of working experience in oil industry, has an active knowledge of English language, has proven professional, working and organisational skills and who is deserving to be the Deputy Director General of the Agency.

(7) Provisions of Article 24 (excluding Paragraph 1) and 25 of the Statute shall be applied to the election of the Deputy Director General, her/his rights and obligations and the reasons of discharge from duty.

Scope of activities of the Deputy Director General

Article 29

- (1) Deputy Director General replaces the Director General in case of her/his absence based on the competences of the Director General and Governing Council of the Agency.
- (2) Deputy Director General carries out other activities and tasks as well, which have been placed under her/his competences by the Statute, general legal acts of Agency or by the decision of the Director General.

V GENERAL LEGAL ACTS OF THE AGENCY

Article 30

- (1) The Statute shall be the highest general legal act of the Agency.
- (2) Statute shall be issued by the Governing Council, with prior approval of the Government of the Republic of Croatia.
- (3) Statute shall be published in the Official Gazette.

Article 31

- (1) Other general legal acts of the Agency shall be the ordinances, rules of procedure and decisions which regulate issues regarding the activities of the Agency in a general manner.
- (2) General legal acts shall as a minimum include the following:
 - Ordinance on internal organisation and systematisation of jobs,
 - Ordinance on salaries and other material rights of employees,
 - Ordinance on business and official secret,
 - Ordinances on organisation, supervision and management of the compulsory oil stocks,
 - Ordinances on organisation, supervision and collection of fees for the compulsory oil stocks (in accordance with Paragraph 1, Article 16 of the Act),
 - Ordinance on the conditions for the storage of the compulsory oil stocks,
 - Ordinance on the quality and quantity control of the compulsory oil stocks,
 - Ordinance on the stamp and the seal,
 - And other general legal acts in accordance with the Act and this Statute.
- (3) Ordinances from Paragraph 2, Indent 6 and 7 of this Article shall be issued with prior approval of the line ministry competent environment, special planning and building.

Article 32

- (1) General legal acts of the Agency from Article 31 of this Statute shall be issued by the Governing Council upon the proposal of the Director General.
- (2) Governing Council may with its decision authorise the Director General to issue certain general legal acts of the Agency.
- (3) General legal acts of the Agency shall be placed on the notice board of the Agency and shall enter into force on eighth day from the day of their publication.
- (4) By the decision of the Governing Council certain legal acts of the Agency shall be published in the Official Gazette.

VI ASSETS OF THE AGENCY AND RESPONSIBILITY FOR ITS LIABILITIES

Financing

Article 33

(1) Resources for performing the activities of the Agency shall be provided from the fee for the compulsory oil stocks which are, in accordance with the Act, paid to a special account of the Agency, from the price of the petroleum products.

(2) The fee payers from Paragraph 1 of this Article shall be the manufacturers and importers of petroleum products, in accordance with the Act. If the petroleum products are imported on their own behalf but for another's account then the user of the import shall pay the fee from Paragraph 1 of this Article.

(3) The obligation to charge the fee for the compulsory oil stocks shall commence:

i At the moment of the delivery of the petroleum products from the manufacturer's storage and from the wholesales storage of a tax payer respectively,

ii At the moment when customs debt is created, if the petroleum products are delivered directly to the final users,

iii At the moment of establishing the debt.

(4) Loss (spillage, expenditure, abatement) of petroleum products from Article 8, Paragraph 4 of this Statute which has been created in the storage of the petroleum products by manufacturers and importers shall be the quantity upon which a fee shall be paid from Paragraph 1 of this Article, except for the loss created by the force majeure.

(5) The Agency shall not pay the fee from Paragraph 1 of this Article when buying oil and petroleum products with the purpose of forming and maintain compulsory stocks.

(6) Resources of the Agency shall be used entirely for covering the expenses of the purchase of the compulsory stocks; the expenses of insurance, storing and maintaining the compulsory stocks; the expenses of the control of the quantity and quality of the compulsory stocks; operational expenses of the Agency's work and other expenses related to the issues of compulsory stocks that are the result of the nature of the goods, the market, the Act and this Statute.

(7) With a purpose of settling the expenses of the Agency' work from Paragraph 2 of this Article, the Agency may take on debts on the financial market.

(8) The assets of the Agency shall be the things, goods and monetary assets collected from the founders and gained by work or activities of the Agency, or are gained from other sources.

Programme of Activities and Financial Plan

Article 34

(1) The Agency's Programme of Activities shall define goals and business activities of the Agency in a set time period with a detailed analysis of relevant elements such as: the market, revenue, procurement of goods, financing, debts, investments, storage, human resources etc.

(2) The Financial Plan shall establish the amount of estimated resources for the activities of the Agency in a certain time period.

(3) The Programme of Activities and Financial Plan may be kept in a form of a single document.

(4) The Governing Council shall issue the Programme of Activities and the Financial Plan of the Agency for the next business year at the latest thirty day prior to the ending of the current year. Adopted plans shall serve in preparing the procurement of goods, services and resources for financing the activities in the next business year.

- (5) The Programme of Activities and the Financial Plan of the Agency may be changed during the year, with approval of the Governing Council.
- (6) The Agency shall approximate the adopted Financial Plan and the Programme of Activities with the Plan of Goods in accordance with the Act. Approximated plans shall serve for the implementation of the procurement with the purpose to create compulsory stocks, using the dynamics set by the Act.
- (7) The implementation of the Financial Plan shall be demanded by the Director General.

Responsibility for liabilities

- (1) The Agency shall be responsible for its own liabilities over its entire assets.
- (2) The Republic of Croatia shall be responsible for the liabilities of the Agency in solidarity and unlimitedly.
- (3) The obligations of the Agency shall be settled primarily from its own assets.

Keeping business books

Article 36

- (1) The Agency shall keep business books and prepare financial reports in accordance with the provisions regulating the accounting of non-profit organisations.
- (2) Resources of the Agency shall be kept in accordance with the provisions on payment operations.
- (3) If the Agency realises a surplus of revenue over expenditure for the period of settlement of the accounts, the residual shall be kept by the Agency and used entirely for the renewal and improvement of the Agency's business, in accordance with the Act and this Statute.

VII PUBLICITY OF WORK

Article 37

- (1) Agency's work shall be public.
- (2) Publicity of Agency's work shall be obtained with co-operation of the Agency with public media and by reporting other institutions on the activities and business of the Agency, in accordance with the Ordinance on the business and official secret of the Agency.
- (3) Notifications and information on the activities of the Agency shall be objective, and they shall be submitted by the Director General or the person he/she gives competences to.

VIII THE OFFICIAL AND BUSINESS SECRET

Article 38

- (1) Official secret shall be the certificates, data and documents which have been defined as an official secret by the Ordinance on the business or official secret of the Agency,

which disclosure, transmission or submission to unauthorised persons shall not be allowed, except in a manner proscribed by the Act on the Protection of Data Confidentiality or the mention Ordinance of the Agency.

(2) Certificates, data or documents which are considered secrets, shall be designated as an official secret, in accordance with the Act on the Protection of Data Confidentiality.

(3) The following shall be considered as business secret:

i Documents with designation of secrecy,

ii Data that has been disclosed as secret,

iii Business data that might harm business partners if revealed,

iv Data which disclosure and public release can cause harm to the Agency.

(4) Exceptionally, data and documents which have been in any way publicly accessible shall not be considered as an official secret, i.e. which have been publicly realised based on specific regulations or decisions of management body and management of entrepreneurial business.

(5) Ordinance on the business or official secret of the Agency on determining the certificates, data, minutes and documents which shall be considered an official secret and on the manner of safekeeping the official secret, shall be issued by the Governing Council in accordance with the Act on the Protection of Data Confidentiality and this Statute, upon the proposal of the Director General.

(6) Certificates and data which present an official secret may be transferred to other persons by the Director General and the person he/she gives such competences to.

(7) Governing Council members, Director General, Deputy Director General and all the employees of the Agency and other legal and natural persons who have been entrusted by the Agency to carry out certain activities, shall keep the official secret as regulated by the Ordinance on the business or official secret irrespective of the manner in which they had learned of it. The obligation to keep the official secret shall end after the period of five years: from the day of the discharge from membership of the Governing Council member, from the day of discharge from duty of the Director General and Deputy Director General, from the day of the termination of the employment of the Agency's employee and until the day of the takeover of work for legal and natural persons.

IX SUPERVISION OF THE AGENCY'S BUSINESS

Article 39

(1) Supervision of the Agency's business shall be carried out by authorised bodies.

(2) Supervision of the Agency's business shall be carried out independently by an authorised auditing company.

(3) Agency shall be obligated to secure auditing supervision in continuity.

Article 40

Authorised auditing company with which the Agency has signed a contract on performing auditing activities is obligated to comply with the regulations of the Republic of Croatia and European standards customary to performing audit.

X AMENDMENTS TO AND INTERPRETATION OF THE STATUTE

Article 41

(1) Amendments to the Statute may be proposed by the Government of the Republic of Croatia, any Governing Council member and Director General of the Agency.

(2) Amendments to the Statute shall be made in a manner and according to the procedure provided for its issuing.

Interpretation of the Statute

Article 42

In case of ambiguity or disharmony in the implementation of the provisions of the Statute, the Governing Council shall be competent for their interpretation.

XI TRANSITIONAL AND FINAL PROVISIONS

Article 43

(1) Governing Council shall issue the general legal acts from Article 31 of this Statute within one year from the day of entering into force of this Statute.

(2) Until the issuing of the legal acts from Paragraph 1 of this Article, certain issues regulated by these legal acts may temporarily by her/his decision be regulated by the Director General.

Article 44

This Statute shall enter into force upon its publication in the Official Gazette.
Zagreb, 27 December 2006

President of the
Governing Council of the
Croatian Compulsory Oil Stocks Agency
Miljenko Pavlaković, m.p.