

Pursuant to Articles 275. and 301. of the Companies Act (Official Gazette Nos. 111/93, 34/99, 118/03, 107/07, 137/09, 125/11, 111/12, 68/13, 110/15) and Article 26. of the Scientific Activity and Higher Education Act (Official Gazette Nos. 123/03, 198/03, 105/04, 174/04, 02/07, 46/07, 45/09, 63/11, 94/13, 101/14, 60/15), on July 26th 2024., the President of the General Assembly Board of INSTITUT IGH, d.d. established the full text of the Articles of Association of the INSTITUT IGH, d.d.,

# **ARTICLES OF ASSOCIATION INSTITUT IGH, d.d.**

**ZAGREB**

(full text)

## **I INTRODUCTORY NOTE**

Article 1.

1. These Articles of Association are the highest general act of the “INSTITUT IGH”, Joint Stock Company for Research and Development in Civil Engineering, Zagreb, Janka Rakuse 1 (hereinafter “the Company”).
2. These Articles of Association establish basic provisions with regard to the legal status and organization of the Company as well as provisions regarding the mutual relations between the shareholders and the Company.

## **II COMPANY**

Article 2.

1. The Company conducts its affairs under the company name “INSTITUT IGH, Joint-Stock Company for Research and Development in Civil Engineering”.
2. The abbreviated Company name reads as follows: “INSTITUT IGH, d.d.”.
3. In addition to its company name or abbreviated company name in Croatian language the Company is also entitled to use its company name translated into English language.

4. The name of the Company, translated into English language, reads as follows: "INSTITUT IGH, joint-stock company for research and development in civil engineering".
5. The decision of the change of the Company name or the abbreviated Company name and the translation thereof to a foreign language is made by the Company Management Board with approval by the Supervisory Board.

Article 3.

1. In its business affairs, the Company uses its seal which contains the name and the registered seat of the Company.
2. The form and size of the seal, and the way in which the seal is used and kept, is specified by the Company Management Board.

### **III REGISTERED SEAT**

Article 4.

1. The registered seat of the company is situated in Zagreb, Janka Rakuse 1.

### **IV BUSINESS ACTIVITY**

Article 5.

1. The Company conducts the following activities:
  - 22.1 Publishing activity;
  - 72.20 Consulting and purchase of programming equipment (software);
  - 73.10.2 Research and development in technical & technological sciences;
  - 74.14 Consulting on business & management;
  - 74.15 Management of holding companies;
  - 74.20 Architectural and engineering activities & technical consultancy;
  - 74.30 Technical testing and analyses;
    - Scientific research, development-oriented research, publishing results of scientific and development research, scientific advancement, and upkeep and further development of the scientific research structure;
    - Advancement of general, technical and autonomous regulations in the field of civil engineering and in other fields where civil engineering expertise is required; analysis and coordination of the implementation of international regulations and civil engineering;
    - Improvement of the development programs and construction technologies;
    - preparation of studies of the impact of structures on the environment from the point of view of protection, preservation and improvement of space;

- Organization and implementation of activities aimed at encouraging further scientific and professional development;
- control of technical documentation in terms of stability, safety, functionality, physical properties and cost-effectiveness;
- Verification and evaluation of competence of companies performing activities of consequence to the safety, quality and functionality of man-made structures;
- Expert evaluation in the field of civil engineering, technics, Technology and cost-effectiveness of construction projects;
- Establishment and regular updating of the Register of structures and infrastructure and monitoring the condition of structures, conditions of use and maintenance conditions;
- Development of interdisciplinary activities needed for the improvement and advancement of civil engineering;
- Development of prototypes and series of measuring devices used in civil engineering;
- Consultancy and quality assurance services for technical equipment in structures/facilities;
- Development and implementation of quality of insurance programs;
- Transcript and reproduction of technical documents;
- Certification services;
- Development of technical approvals;
- Implementation of capital investment works in the country and abroad;
- Research services and provision and use of information and knowledge relating to industry and science;
- Services relating to quality and quantity control in the import and export of goods;
- Representation of foreign companies;
- Technical activities in the field of environmental protection;
- Technical activities in the field of physical planning, as related to the preparation of physical planning documents, and technical documents for the delivery of location permits;
- Validation of design documents in the field of:
  - architectural design (architectural design of structures/ buildings, interior design for structures/buildings, and et landscaping design),
  - mechanical engineering design (mechanical design of power plants, design of storage and transport of gaseous and liquid substances).
- Programming and implementation of geotechnical survey works;
- Development of geotechnical opinions, studies, reports and designs;
- civil engineering design of geotechnical structures/facilities;
- Laboratory testing of rock and soil;
- Field testing of rock and soil material in boreholes;
- Monitoring behavior of geotechnical structures/facilities;
- Laboratory and field testing of geotextiles;
- Geological investigations of energy providing, non-metallic and metallic raw materials;
- Hydrogeological investigations (geological, structural geological, and hydrogeological investigations, testing hydraulic parameters of groundwater, design

- of groundwater well areas including works relating to water supply, and development of support documents for civil engineering structures/facilities);
- Engineering geological investigations (geological, structural geological and engineering-geological investigations for the preparation of support documents used in the design of civil engineering structures/facilities);
  - Organization, supervision during execution and design of engineering-geological and hydrogeological works;
  - Study of groundwater and engineering-geological properties of soil for the preparation of studies and environmental protection design documents;
  - Geophysical investigations as needed for the engineering-geological, hydrogeological and geotechnical investigations, and control tests and quality control on buildings/structures;
  - Geophysical investigations for environmental protection purposes, and the development of support data using in archaeological explorations;
  - Activities related to the protection and preservation of cultural assets, i.e.: survey and reporting on load-bearing structures of cultural assets and preparation of conceptual, preliminary, detailed and working designs for the repair of load-bearing structures of conceptual, preliminary, detailed and working designs for the works on fixed cultural assets, and for the repair of materials on fixed cultural assets;
  - Technical activities relating to physical development planning;
  - Activities related to management of construction projects;
  - Activities relating to the preparation of design documents for the water management facilities and water systems;
  - Preparation of survey reports were permanent topographic points as required for basic survey activities;
  - Preparation of survey reports for the measuring, marking and maintaining of national border;
  - Preparation of reports concerning the development of the Croatian Base Map;
  - Preparation of reports concerning the development of digital orthophotographic charts;
  - Preparation of reports concerning development of detailed topographic maps;
  - Preparation of reports concerning development of general topographic maps;
  - Development of cadastral survey reports;
  - Development of technical reambulation reports;
  - Development of reports concerning conversion of cadastral plans into digital format;
  - The development of reports concerning conversion of digital cadastral plans into a given format;
  - Development of reports concerning homogenization of cadastral plans;
  - Development of plot plans and other survey reports relating to land cadastre;
  - Development of plot plans and other survey reports relating to the real estate cadastre;
  - The development of plot plans and other survey reports for individual conversion of land cadastre plots into the real estate cadastre plots;
  - Development of cadastre reports relating to the utilities and expert geodetic activities needed for provision of geodetic services;
  - Technical management of utility installation cadastre;

- Development of special geodetic survey maps for preparation of physical planning documents and acts;
- Development of special geodetic survey maps required for design development;
- Preparation of geodetic reports defining condition of a facility/building prior to reconstruction work;
- Development of geodetic designs;
- Stakeout (setting out) of facilities/structures and preparation of stakeout reports;
- Preparation of general geodetic plants for built facilities/buildings;
- Geodetic monitoring of facilities/buildings during construction, and preparation of geodetic monitoring report;
- Monitoring displacement of facilities/buildings in the course of maintenance activities, and preparation of geodetic monitoring reports;
- Geodetic activities undertaken in the scope of urban land consolidation activities;
- Development of agricultural land consolidation designs including geodetic activities performed in the scope of consolidation of agricultural land;
- Preparation of special geodetic documents for protected areas and areas under protection;
- Technical supervision of works: development of work-cadastre reports and technical geodetic activities for the provision of geodetic services, technical management of utility installation cadastre, development of special geodetic documents for the preparation of physical planning documents and acts, preparation of special geodetic documents for design work, preparation of geodetic report defining condition of a facility/structure prior to the reconstruction work, preparation of geodetic designs, stakeout (setting out) of facilities/structures and preparation of stakeout reports, geodetic monitoring of facilities/structures during construction, and the development of geodetic-monitoring reports, monitoring this placement of facilities/structures in the course of maintenance activities, and preparation of geodetic monitoring reports, and preparation of special geodetic documents for protected areas and areas under protection;
- Professional activities relating to nature protection;
- Professional activities relating to noise protection;
- Accounting activities;
- Activities relating to aerial photography/survey;
- Translation and interpretation activities;
- Activities relating to real estate management and real estate maintenance;
- Activities relating to real estate brokerage;
- Real estate activities;
- Rental of motor vehicles;
- Rental of aircrafts;
- Activities relating to rental of yachts or boats, with or without crew (charter);
- Rental of vessels;
- Own-account transport;
- Transport of passengers in national road transport;
- Transport of passengers in international road transport;
- Transport of cargo in national and international road transport;
- Own-account transport;
- Organizing seminars, courses, fairs, events, exhibitions and concerts;

- Market research and public opinion polls;
  - Purchase and sale of goods;
  - Provision of services in trade;
  - Brokerage on national and international markets;
  - Design and construction of structures and technical supervision of construction works;
  - Design and construction of mining facilities and plants;
  - Information society services;
  - Web design;
  - Creating and maintaining websites;
  - Activities of electronic communication network and services;
  - Universal services in the field of electronic communications;
  - Value added services;
  - Providing electronic publication services;
  - Computer science training;
  - Computer and related activities;
  - Development of design for construction of oil and mining facilities and plants;
  - Construction of oil and mining facilities and plants and professional supervision of construction works of oil and mining facilities and plants;
  - Energy certification, building energy inspection, inspection of heating and cooling systems in buildings.
2. Pursuant to the Decision of the Company Management Board and the corresponding approval of the Supervisory Board, the Company may establish or acquire other companies, subsidiaries, points of sale and branch offices in the country and abroad, according to the needs and necessities as they arise in the course of the Company's business activities.
  3. The subsidiaries of the Company conduct their business under their own name and under the name of the Company must provide information about their registered seat and the registered seat of the Company.
  4. The form and size of the seal of the Subsidiary, and the way in which the seal is used then kept, is specified by the Company Management Board.

## **V DURATION OF THE COMPANY**

### Article 6.

1. The Company has been founded for an unlimited period of time.
2. The Company shall cease its activities in accordance with these Articles of Association and in compliance with the Law.

## VI PUBLISHING

### Article 7.

1. The Company shall publish the invitation to the General Assembly of the company in the "Official Gazette" of the Republic of Croatia. All other notifications shall be done in accordance with positive legislative acts and decisions of the Company Management.

## VII SHARE CAPITAL

### Article 8.

1. The share capital of the Company amounts to EUR 14,814,630.00 (in letters: fourteen million eight hundred and fourteen thousand six hundred and thirty euros).
2. The share capital is paid in full.  
**Conditional increase if share capital**

### Article 8a.

1. The General Assembly may decide to increase the share capital of the Company but only to the extent needed to acquire the right to gain shares from Paragraph 2. of this Article (conditional increase of capital).
2. The decision on conditional increase of the Company share capital may be made only to:
  - a. achieve rights of the Company creditors to change exchangeable bonds for shares and gain pre-emption right for subscription of new shares of the Company,
  - b. make preparations for acquisition of several companies,
  - c. enable employees and Company Management members, or members of affiliate companies, to acquire right to shares based on the General Assembly decision,
  - d. allocate shares of the parent Company to shareholders or subsidiary company members in accordance with Article 492., Paragraphs 2. and 3. of the Companies Act, if a contract has been concluded on administration of the Company's operations, or contract on transfer of profit or shares of the parent Company to shareholders or members of affiliated company in accordance with Article 504., Paragraph 2., of the Companies Act.
3. Nominal amount of conditional capital shall not exceed one half of one tenth, as described in Paragraph 2., Subparagraph 3. of this Article, of share capital of the Company at the time the decision of conditional increase of the Company capital is made.
4. Provisions of the Companies Act on pre-emption rights to subscribe to new shares shall also be applied as appropriate to exchangeable bonds.

5. The decision on conditional increase of share capital of the Company through investment of goods or rights shall contain information about the object of investment, about the person from which the Company acquires such object (goods or rights) and the nominal amount, and in case of shares without nominal amount, the number of shares acquired through such investment.
6. The decision shall be made only if the Investment of goods and rights have been specifically and properly made public, in accordance with the Companies Act and the Company's Articles of Association on the announcement of the General Assembly meeting agenda and decision proposals.
7. The management board may issue shares only to attain objectives for which the decision on conditional increase of capital was made.

### **Approved share capital**

#### Article 8b.

1. The Company's Management Board is authorized to increase share capital in a single session or in multiple sessions within a period of five years from the entry of Amendments to the Articles of Association into the Court Register of the Competent Commercial Court, for the total nominal amount of HRK 52,800,000.00 (in letters: fifty two million and eight hundred thousand kuna), at minimum price which represents the nominal value of the company's share on the day of the Decision was adopted. For such an increase of share capital, the Supervisory Board approval is required.
2. Share capital may be increased by issuing new shares through consideration in cash or goods and rights. With the approval of the Supervisory Board, the Management may exclude the priority right of the shareholders to subscription to new shares. The Supervisory Board is authorized to align the provisions of the Articles of Association with the changes resulting from such increase of share capital and issuance of new shares.

## **VIII COMPANY SHARES**

### **1. TYPES AND NUMBER OF COMPANY SHARES**

#### Article 9.

1. The Company share capital amounts to EUR 14,814,630.00 (in letters: fourteen million eight hundred and fourteen thousand six hundred and thirty euros) divided on 1,481,463 (in letters: one million four hundred eighty one thousand four hundred and sixty three) shares, each with nominal value of EUR 10.00 (in letters: ten euros).
2. The Company may issue shares in accordance with the Law and in keeping with provisions contained in these Articles of Association.

#### Article 10.

1. The Company shares have been issued as dematerialized securities in accordance with the Law regulating the dematerialized securities.



#### Article 11.

1. The Company shares exist in the form of an electronic record at the account of securities in the computer system of the Central Depository and Clearing Company JSC (in Croatian: Središnje klirinško društvo, d.d.).
2. Owner of dematerialized securities has the right to inspect the Share Register in accordance with provisions of the law regulating the issues and trading of securities.
3. The issuer of the materialized securities has the right to inspect information on securities issued by the set issuer, as well as the data on the owners of such securities.
4. The issuer or the Central Depository and Clearing Company JSC shall allow each shareholder to inspect, upon the shareholders request, the data contained in the Share Register, relating to shareholders and shares of that particular issuer. the shareholder shall not disclose the information on shareholders and shares from this Paragraph to other parties.

#### Article 12.

1. The ownership and rights arising from a dematerialized security are acquired by the transfer of such security from the dematerialized security account of the transferor to the dematerialized security account of acquirer, based on a valid legal action undertaken with the purpose of acquiring ownership, based on the decision made by the court or another competent authority, based on inheritance, and based on the law.
2. The ownership and rights arising from a dematerialized security are acquired at the moment this security has entered the dematerialized securities account of the acquirer, or the party holding the de materialized security on behalf of the acquirer, in accordance with the provisions of the Law regulating the subject of securities.
3. The transfer of ownership of a dematerialized security, based on transaction made either on the stock exchange or on the regulated public market, is conducted in the set-off and settlement procedure.
4. The acquisition and termination of ownership and other rights related to dematerialized securities, based on valid legal transactions concluded outside of the stock exchange or regulated market, i.e. based on court order or order of another competent authority, or based on inheritance or the law, shall be carried out by making appropriate entries in the electronic records using the book entry transfer proceedings. The entry of share transfer in Share Register, for shares issued in the name of a new acquirer, based on valid legal transaction concluded outside of the stock exchange and regulated public market, this concluded on the basis of a written contract whereby the share title is transferred to the new acquirer and, in that contract, the Transferor`s signature must be certified in accordance with regulations prevailing in the Republic of Croatia.
5. The Company management is authorized to suspend entries to the Share Register in an appropriate period prior to the General Assembly session and this suspension is enforced until the first working day following the General Assembly session. The duration of this

inspection shall be defined by the decision made by the Company Management, and this duration must be indicated in the invitations to the General Assembly session.

6. With regard to requests for the entry in the Share Register submitted during this suspension, it shall be considered that such requests were submitted to the Company on the first working day following the day on which the General Assembly session was held.

## **2. TRANSFER AND ENCUMBRANCE OF COMPANY SHARES**

### Article 13.

1. Each shareholder may dispose with the shares owned by him from the moment the Company has been registered in the Commercial Register, subject to limitations as set forth in these Articles of Association.

### Article 14.

1. Transfer of Company shares is free.
2. The transfer of shares conducted outside the regulated market shall be based on a written contract whereby the right to shares shall be transferred to the new acquirer and, in that contract the Transferor's signature shall be certified in accordance with the regulation prevailing in the Republic of Croatia.

### Article 15.

1. The pledging and other types of share encumbrance are allowed.
2. The lien on Company shares as dematerialized securities shall be acquired by an appropriate entry of such right to the dematerialized securities account, based on a valid legal transaction, Court decision, or the law.
3. Only one lien can be established on a share.
4. Any claim secured by a lien over a dematerialized security may be settled through an out-of-court proceeding. Regardless of the legal basis for the termination of the lien, the lien over a dematerialized security shall cease at the moment of its deletion.

## **IX MANAGEMENT OF THE COMPANY**

### Article 16.

1. Unless otherwise specified by the Law or the Decision of the issue of shares, one shares shall give the right to one vote at the General Assembly session.

## **1. COMPANY BODIES**

### Article 17.

1. The Company bodies are: the Company General Assembly, The Supervisory Board and the Company Management Board. The Scientific Council is the Company's professional advisory board.

## **2. COMPANY GENERAL ASSEMBLY**

### Article 18.

1. The General Assembly of the Company is held at least once a year.
2. The General Assembly session is convened upon expiry of the business year, taking into consideration that lines for submission of annual statements as foreseen in the relevant regulations applicable in the Republic of Croatia.
3. The General Assembly session is held whenever such a session is considered beneficial to the Company's interest and it may also be convenient by shareholders, provided that relevant legal preconditions have been met.

### Article 19.

1. The General Assembly session may be attended by shareholders cumulatively fulfilling the following assumptions:
  - a. that they are duly registered with the Shares Register;
  - b. that they have announced their intention to participate in the General Assembly session at least 6 (six) days prior to the General Assembly session date.

### Article 20.

1. The General Assembly is chaired by the Supervisory Board Chairman. In case of his absence, the Chairman will appoint another member of the Supervisory Board or a third person to chair the General Assembly meeting. If the Chairman is prevented from chairing the General Assembly session, and if he has not appointed to this and another person, the general assembly session shall be shared by the oldest Supervisory Board member present at the meeting.
2. The General Assembly Chairman:
  - a. presides over the General Assembly sessions and determinates the sequence of discussion by individual items on the agenda, decides on the order and which individual proposals will be voted on, on the way in which voting on individual proposals will be conducted, and makes decision about every other procedural matter that has not been regulated by the Law or these Articles of Association;
  - b. signs the Minutes and Decisions adopted by the General Assembly sessions;
  - c. communicates on behalf of the General Assembly with other Company bodies and with third parties, when this is provided by the Law and these Articles of Association;

- d. performs other tasks assigned to him in accordance with the Law and these Articles of Association.
3. Before starting with the first item on the agenda, the Chairman, or the party chairing the General Assembly session, shall determine whether the shareholders proxies have valid powers of attorney, compliant with provisions contained in these Articles of Association.

Article 21.

1. All voting conducted at the General Assembly sessions are public, an exception can be made in specific cases if approved by the General Assembly.

Article 22.

1. Every shareholder shall bear the costs she/he has incurred in relation to the participation at the General Assembly session. The cost relating to the organization and holding of the general assembly session shall be borne by the Company.

### **3. SUPERVISORY BOARD**

Article 23.

1. The Supervisory Board shall have 5 (five), 7 (seven) or 9 (nine) members, in accordance with the General Assembly decision.

Article 24.

1. In principle, the Supervisory Board members are elected among the professionals from the fields that are significant for the business operations of the Company.

Article 25.

1. The Supervisory Board members are elected by the General Assembly.
2. The party proposing a Supervisory Board member shall submit, together with the proposal, a written statement by which the party proposed to be elected for the first time as a Supervisory Board member, acknowledges that he/she is willing to perform the duties of a Supervisory Board member and that there are no legal hindrances preventing him/her from assuming this position.
3. One member of the Supervisory Board is the representative of the employees and shall be appointed and relieved of duty as specified by the Labor Law. This member shall be appointed for a four-year (4) term in the position.

Article 26.

1. The Supervisory Board members are elected for a four-year (4) term, starting from the date of their election to the Supervisory Board. This provision shall be applied to Supervisory

Board members elected before this provision has come into force and who are still members of the Supervisory Board.

Article 27.

1. The Supervisory Board elected at the General Assembly meeting, shall be constituted no later than 8 (eight) days following the election date. Until appointment of the Supervisory Board Chairman, the Supervisory Board shall be presided over by the oldest member of the Supervisory Board.
2. At the constituting session of the Supervisory Board elected at the General Assembly session, members of the Supervisory Board shall elect the Supervisory Board Chairman by majority vote of all members, among at least 3 (three) proposed Supervisory Board members. At least one Deputy Chairman of the Supervisory Board shall be elected, following the proposal of the Supervisory Board Chairman.

Article 28.

1. The Supervisory Board shall perform the following activities:
  1. appoint and relieve of duty members of the Company Management;
  2. supervise business activities of the Company;
  3. convene general assembly sessions as necessary;
  4. submit a written report on supervision activities at the General Assembly;
  5. participate in preparation of the annual statements;
  6. represent the Company before the Company Management members;
  7. approve decisions made by the Company Management when required by law of these Articles of Association;
  8. change and supplement provisions of these Articles of Association based on decisions made by the General Assembly, but only to the extent needed to revise such provisions;
  9. act in the capacity of a second-instance body in cases when a two-instance procedure is necessary to solve a particular issue, and when the Company Management appears as the body of the first instance;
  10. define Rules of Procedure relating to the work of the Company Management members and relating to its own work;
  11. appoint and relieve of duty members of its committee aimed at preparing decisions to be reached, and at supervising implementation of such decisions;
  12. perform other tasks explicitly entrusted to it by law and by provisions of these Articles of Association;
  13. sign contracts with the members of the Company Management, and give approval to Company Management members to sign contracts with all parties to which the authority is transferred.
2. The Supervisory Board gives its approval for the following Company Management's business decisions or acts:
  1. alienation and encumbrance of the Company real estate;
  2. alienation and encumbrance of the Company enterprise or of an important part thereof;
  3. establishment, acquisition or disposal of interests or shares in other companies;

4. increase or decrease of share capital in affiliated companies, and appointment and recall of members of their bodies;
5. entering into legal contracts in which the value exceeds fifteen percent (15%) of the Company share capital, or that are signed for the duration of more than five (5) years, in cases when such deals exceed the framework of regular commercial contracts;
6. founding and cessation of activity of the Company's subsidiaries;
7. decisions on the advanced payment of dividend;
8. in all other cases regulated by the law or these Articles of Association.

#### Article 29.

1. Every Supervisory Board member has the right to one (1) vote.
2. The Supervisory Board shall make decisions if at least more than half of the total number of consultations between its members, but only if no member of the Supervisory Board has asked that the actual session be convened. Such decisions are made by majority vote of all members of the Supervisory Board.
3. The Supervisory Board may make its decision even without holding a session, through consultations between its members, but only if no member of the supervisory board has asked that the actual session be convened. Such decisions shall be confirmed at the next Supervisory Board meeting. Confirmation of the decision does not affect its validity.
4. A member of the Supervisory Board prevented from participating in its work can be replaced by a person who is not a member of the Supervisory Board, if such person has a written authorization from the member of the Supervisory Board who is prevented from participating. Written authorization can also be given in electronic form.

#### Article 30.

1. The Supervisory Board members shall receive compensation for their activity in the Supervisory Board. This compensation amount for the Supervisory Board members shall be determined each year by decision reached at the general assembly session.

## **4. COMPANY MANAGEMENT**

#### Article 31.

1. The Company Management consists of at least one (1) but no more than seven (7) members, in accordance with the decision adopted by the Supervisory Board. If the Supervisory Board decides that the Company Management be formed of several members, then one of these members will be appointed as the President of the Management Board.
2. The President and members of the Company Management Board shall be appointed by the Supervisory Board. The Supervisory Board may decide that the Company Management Board members be appointed through a public competition process.

3. The member of the Company Management Board may be any person who meets the requirements defined by the Company Supervisory Board decision.
4. The term in office of the Company Management Board lasts until the end of the General Assembly session during which a decision should be brought about the discharge to the Management Board for the fourth (4th) business year of the term in office. At that point, the business year in which the Company Management was appointed is not to be taken into account, unless decided otherwise by the Supervisory Board.
5. If the Supervisory Board decides that the Company Management is to be formed of several members, then the Company Management Board shall make its decision by majority vote of all members of the Company Management Board. In case of an equal number of votes, the President of the Company Management Board shall have the decisive vote.

#### Article 32.

1. The President of the Company Management Board shall also assume the function as the General Manager of the Institute, with all rights and obligations in accordance with the law of the Scientific Activity.

#### Article 33.

1. The Company Management shall manage business activities of the Company. Within the scope of this task, the Company Management is required to define the business policy of the Company - in accordance with the law and these Articles of Association, make plans to implement such policies, define the structure of the Company, manage practical operations and activities, keep business records of the Company, report to other bodies of the Company and, in this respect, make appropriate decisions and prepare general acts, unless such activity is placed under authority of another body of the Company either by law or in accordance with these Articles of Association.

#### Article 34.

1. The President of the Management Board represents the Company individually and independently, while the Management Board members shall represent the Company together with another Management Board member or together as a procurator. The Company Management Board grants and revokes procurator rights to one or several persons, and may set internal restrictions with the respect to such rights of representation.
2. The Supervisory Board may set some internal restrictions to representation rights that are not being entered into the Commercial Register to the Company Management Board and other persons authorized to represent the Company. The Company Management Board and other persons authorized to represent the Company shall comply with such restrictions.

## 5. SCIENTIFIC COUNCIL

### Article 35.

1. The Scientific Council is the Company's technical advisory body for the field of scientific activity.
2. The Scientific Council consists of:
  - all researchers elected as research fellows or elected to a higher position,
  - all holders of doctoral degree,
  - elected project leaders representatives,
  - elected representatives of scientists and researchers, the maximum number of Scientific Council members shall be determined by the Company Management Board.
3. Representatives are elected by the Scientific Council upon the proposal of the Scientific Council Chairman.
4. The number of Scientific Council members is set by the Company Management.

### Article 36.

1. The Scientific Council shall perform the following activities:
  - Propose to the Company Management Board organization and measures aimed at proper implementation of scientific and highly professional work;
  - Monitors and guides the implementation of scientific and research work and activities;
  - Implement measures required to preserve and keep the Confirmation on fulfillment of requirements for implementation of scientific activities by the Institut IGH - accreditation of the representative Ministry;
  - Propose a five (5) year strategy and plans for scientific and research activity and monitor their implementation;
  - Analyze, evaluate and report on results of the scientific and research activities;
  - Take account of the development of the younger generation of researches;
  - Follow the publishing of applications regarding the financing of scientific and research projects in Croatia and abroad;
  - Maintain relationships with the scientific community;
  - Perform other tasks and activities as instructed by the Company Management Board, in accordance with the Law.

### Article 37.

1. The Scientific Council performs its tasks and activities at sessions convened and presided over by Scientific Council Chairman, and in his absence, by the Deputy of the Scientific Council.



2. The Scientific Council sessions shall be held as necessary, but no less than once in six (6) months.
3. The Scientific Council Chairman shall be elected by the Scientific Council, by secret vote, and shall be confirmed by the Company Management.

Article 38.

1. During Scientific Council sessions, the Council decisions shall be made by public voting, unless otherwise stipulated by the law, these Articles of Association, general acts of the Company, or by Decision of the Scientific Council.
2. The decisions made by the Scientific Council shall be considered valid if majority of the members are present at the session, and decisions are made by majority of the vote of all members of the Scientific Council.

Article 39.

1. The Scientific Council may appoint interim boards and committees. The activity and composition of such boards and committees shall be determined by the Decision on the establishment and appointment of such bodies.

## **X BUSINESS RECORDS AND PROFIT**

### **1. BUSINESS RECORDS**

Article 40.

1. The Company Management shall ensure that its business records are kept in accordance with the law.
2. The Company is required to keep business documentation and records in a manner defined by the law.
3. Based on business records, the Company Management shall make draft financial statements and the report on the state of affairs and situation in the Company, and show submit these documents, together with the proposal for the distribution and use of profit, to the Supervisory Board of the Company no later than by the end of the first quarter of the current year.
4. The annual account, the Auditor's report, the Company Management report on the state of the Company, the Supervisory Board report, and the proposal of the Company Management and Supervisory Board with regards to the distribution of profit, shall be made available to shareholders for inspections at the registered seat of the Company within ten (10) days counting from the General Assembly session has been announced.

## 2. PROFIT AND DIVIDEND

### Article 41.

1. The profit made by the Company each business year shall be defined in the way as set by the law. The business year is equal to the calendar year.
2. The Company Management is authorized to pay in the course of the business year an advance dividend to its shareholders out of the foreseeable part of net profit. The approval of the Supervisory Board is necessary for such payment.
3. The cost of the dividend payment, which shall be made in the domicile currency of the Republic of Croatia, shall be borne by the Company.

### Article 42.

1. The net profit realized in the business year shall be used by the Company in the following order of precedence:
  - a. coverage of losses brought forward from the previous years,
  - b. contribution to legal services,
  - c. contribution to reserves for own shares, if the Company has acquired them or has the intention to do so,
  - d. contribution to statutory reserves, provided that the Company has them.
2. In preparing its annual financial statements the Company Management shall comply with the provisions set out in the previous Paragraph of this Article.
3. The Management and the Supervisory Board may, after the establishment of the annual financial statements, use more or less than half of the amount of net profit remaining after the effectuated allocation for the purposes set out in Paragraph 1. of this Article, to make contributions to other reserves. The authority given to the Management Board and to the Supervisory Board to dispose in the aforesaid manner with the funds corresponding to more than one half of the net profit amount remaining after its utilization for the purposes set out in Paragraph 1. of this Article, shall be valid until the other reserves which are created from appropriation of profits reach the level equaling to one half of the share capital of the Company, thus, they cannot contribute that part of the net profit to the aforesaid reserves in the subject reserves exceed one half of that capital of that would happen if a part of the net profit for the fiscal year would be contributed to them.
4. If the annual financial statements are determined by the General Assembly, in accordance with the Law, it may also decide to contribute the net profit remaining after the effectuated contributions as defined in Paragraph 1. of this Article, to other reserves that are to be created from appropriation of profits, however, it shall not use more than half of the net profit amount for that purpose remaining after its use for the purposes set out in Paragraph 1. of

this Article.

5. In its Decision on allocation of profits the General Assembly may decide to allocate to other out-of-profit reserves additional amounts other than those set out in Paragraphs 3. and 4. of this Article.
6. Besides its allocation to other out-of-profit reserves as defined in Paragraph 1. of this Article, profits may also be distributed to the shareholders and used for other purposes (for example, payments to employees, or payments to members of the Management Board or Supervisory Board), if such decision is made by the General Assembly.
7. Shareholders have the right to receive profit unless the General Assembly has decided, in accordance with the law of these Articles of Association, that the profit shall be used as indicated in Paragraph 5. of this Article, or that the profit shall not be distributed to shareholders (profit brought forward).
8. Unless the share capital is being reduced, the dividends shall not be paid to the shareholders if the net assets as per annual financial statements for the last business year are lower than the amount of the share capital increased by the amount of reserves that, according to provisions contained in the Law or these Articles of Association, shall not be paid to shareholders or such payment would make them lower. In that, the amount of share capital reduced by the amount not yet paid is taken into consideration, if that not-yet-paid part is not reported on the asset side of the balance sheet. The amount paid to shareholders shall not be higher than the amount of retained profits reported in the annual financial statements for the last business year, increased by retained profits from the previous years and the amounts of reserves that may be used for the payment to shareholders, reduced by the losses from the previous business years, as well as by the amounts contributed to the Company's reserves, in accordance with the Law or these Articles of Association.
9. The General Assembly may decide that the profit shall be paid out to shareholders in goods.

#### Article 43.

1. The Company shall be structured in accordance with work processes applied in the Company.

## **XI BUSINESS SECRET**

#### Article 44.

1. The term business secret covers all those documents in data that are related to the operation of the Company, or to the work of its employees, the disclosure of which

unauthorized persons would be contrary to Company interests.

2. The term business secret pertains to: documents and data about the procedures used in the commercial activities and relationships, relationships with business partners and users of services provided by the Company, and the salary of each and every employee.
3. The term business secret also covers the data and documents proclaimed by competent bodies of the Company as business secret, information disclosed to the Company by your body as confidential information, bids and proposals until publication of bidding results, and technical and technological documentation relating to some form of technical expertise.

#### Article 45.

1. Shareholders, members of Company bodies, and Company employees that have gained knowledge about the content of a document or data considered secret by the Company, shall keep such information confidential. Every breach of this rule shall make the disclosing party responsible for any damage suffered by the Company because of such disclosure of business secret.
2. The obligation to keep business secrets confidential does not cease even after the holder of such information loses the status of the basis of which the holder had the obligation to keep the Company information confidential.
3. The Company Management may define by a special act the data that are considered confidential, methods for protecting confidentiality of business information, and other procedures important for the protection of the Company's confidential information.

## **XII TRANSITIONAL AND FINAL PROVISIONS**

#### Article 46.

1. These Articles of Association shall come into force upon the entry of amendments in the Commercial Register.

#### Article 47.

1. The original text of these Articles of Association is the text duly adopted at the Company General Assembly session and signed by the Chairman of the General Assembly who has also initialized all pages.
2. The original copy of the Articles of Association and its Amendment shall be bound and kept as a one-volume document.

#### Article 48.

1. The Company Management is responsible for keeping these Articles of Association, and shall allow inspection thereof to any shareholder at request, or shall provide the shareholder with the transcript or copy thereof at the shareholders expense.

Article 49.

1. By signing these Articles of Association, the Chairman of the Company General Assembly affirms that the Articles of Associations have been prepared in accordance with due process, and adopted in the text signed by him. The same applies to the Amendments to these Articles of Association.
2. It is understood that every Company shareholder has fully accepted provisions of these Articles of Association.

CHAIRMAN OF THE COMPANY GENERAL ASSEMBLY

/signed/

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Boris Ivančić