



Pursuant to the provisions of Article 18, paragraph 2 of the Cooperatives Act (Official Gazette, No. 34/11, 125/13, 76/14), the Assembly of the Cooperative for Ethical Financing (hereinafter: the Cooperative) at its session held on 13 December 2018, adopts the following

ARTICLES OF THE ASSOCIATION

In the Rules of the Cooperative (hereinafter referred to as: the Rules), for the sake of readability, words and terms that have gender meanings will be listed in the feminine gender, and they apply equally to both masculine and feminine genders.

GENERAL PROVISIONS

Article 1.

(1) Cooperative for ethical financing (hereinafter: Cooperative) is a network of members, individuals and legal entities, whose main goal is to establish and manage their own credit institution that provides its clients - co-owners with the most favorable financing conditions, continuous advisory support in business and active reduction of risks by linking into economic units, and which ensures

conditions for quality life and development of the local community through the processes of the real economy.

(2) In addition to the main goal, the Cooperative, in cooperation with its members, designs and implements innovative business models and projects aimed at meeting the business and living needs of the Cooperative members. The Cooperative achieves its goals by building joint logistics and information and physical infrastructure.

(3) The cooperative cooperates with domestic and international organizations, external partners and other stakeholders and undertakes activities necessary for the implementation of projects for the benefit of its members, in accordance with the principles of business. The cooperative establishes new departments or new legal entities wholly owned by the cooperative in order to achieve its goals.

Article 2.

(1) If the provisions of these Rules are not specifically or otherwise regulated, the positive regulations of the Republic of Croatia governing cooperatives are applied to issues related to the establishment, operation, business, functioning of the body and termination of the Cooperative and all other issues related to the Cooperative.

(2) Further to the determination from the previous paragraph, the relevant provisions of the positive regulations of the Republic of Croatia governing cooperatives will not be specifically mentioned in these Rules.

Article 3.

(1) The Rules of the Cooperative are the fundamental and general act of the Cooperative.

(2) In addition to legal provisions, the Rules contain provisions on data protection and other issues important for the work and operations of the Cooperative.





COMPANY, HEAD OFFICE AND SEAL OF THE COOPERATIVE

Article 4.

- (1) The name of the Cooperative is: Ethical Financing Cooperative.
- (2) The headquarters of the Cooperative is in Zagreb.

Article 5.

- (1) The cooperative has a round seal.
- (2) The seal contains the company name and registered office of the Cooperative.

PRINCIPLES OF ACTION AND SUBJECT OF BUSINESS OF THE COOPERATIVE

Article 6.

- (1) The cooperative implements and advocates the principles of a social and solidarity economy that treats short-term financial and long-term social and environmental aspects of its business in an equal manner.
- (2) The cooperative operates in accordance with the seven international cooperative principles:
 - voluntary and open membership,
 - democratic control by members,
 - economic participation of members,
 - autonomy and independence,
 - education, professional development and information of members,
 - cooperation between cooperatives,
 - care for the local community.
- (3) The cooperative and its members also particularly adhere to the following principles in their daily operations: transparency, trust, responsibility, sustainability and decentralization.
- (4) Transparency is of particular importance for the Cooperative: transparency in the origin and use of money, in its relationship with members and the community, and in every part of its operations.
- (5) The cooperative shall systematically assess the social and environmental impact of its activities, the activities of the institutions it manages, and the activities of its members.
- (6) The cooperative pays special attention to supporting initiatives for self-employment and/or entrepreneurship of women and youth, as well as vulnerable groups, and connecting people from different social and generational groups on the same projects.

Article 7.

The activities of the Cooperative are:

- business and management consulting





- consulting legal entities regarding capital structure, business strategy and similar issues, and providing services related to business mergers and acquisition of shares and business interests in other companies
- services related to lending activities: collecting data, preparing analyses and providing information on the creditworthiness of legal and natural persons who independently carry out activities,
- mediation in concluding transactions on the money market
- electricity production,
- electricity distribution,
- organization of the electricity market,
- electricity supply,
- electricity trade,
- thermal energy production,
- thermal energy supply,
- thermal energy distribution,
- publishing activities
- press distribution,
- public information activities,
- promotion (advertising and propaganda),
- electronic communications networks and services activities,
- universal services in the field of electronic communications,
- electronic publication services via electronic communications networks,
- audiovisual activities,
- design and construction of buildings and expert construction supervision,
- real estate brokerage,
- expert environmental protection activities,
- purchase and sale of goods,
- provision of services in trade,
- commercial brokerage on the domestic and foreign markets,
- representation of foreign companies,
- market research and public opinion polling
- travel agency services
- provision of information society services,
- creation and editing of websites,
- accounting activities,
- domestic road freight transport,
- transport for own needs.

Article 8

(1) The activities of the Cooperative are carried out by the Cooperative directly, through its subsidiaries, its branches or through its members.

(2) The Cooperative may employ female workers to carry out its activities.





COOPERATIVE MEMBERSHIP

Article 9.

A natural or legal person with full business capacity can become a member of the Cooperative if:

- accepts and adheres to the fundamental principles of the Cooperative in its daily operations
- is familiar with the Rules of the Cooperative, and in particular the rights and obligations of members defined by these Rules,
- is willing to directly participate in the work of the Cooperative or use its services, or otherwise directly participate in the achievement of the goals for which the Cooperative was founded.

Article 10.

(1) Members of the Cooperative have the following rights: the right to manage, the right to elect and be elected to the bodies of the Cooperative, and other membership rights arising from the Act, other regulations and general acts of the Cooperative. (2) A member of the Cooperative is obliged to fulfill its obligations towards the Cooperative and participate in the work of the Cooperative, promote

and protect the interests and reputation of the Cooperative, and act in all respects in accordance with the general acts and decisions of the Assembly and other bodies of the Cooperative.

ACQUIRING MEMBERSHIP

Article 11.

(1) A candidate for membership starts the process of joining the Cooperative by filling out the Membership Application Form.

(2) The procedure for accepting candidates for membership and the criteria for accepting membership are defined by the Regulations on the Procedure for Accepting Candidates for Membership of the Ethical Financing Cooperative, adopted by the Membership Committee.

Article 12.

(1) The decision to admit a candidate to membership is made by the Membership Committee, by a majority vote of its members.

(2) The candidate has the right to appeal the decision to refuse admission to membership to the Supervisory Board within 15 (fifteen) days of receipt of the decision. The appeal is submitted to the Supervisory Board through the Membership Committee.

(3) Upon the decision of the Supervisory Board, the candidate has the right to submit a request to the Assembly for review of the decision, within 15 (fifteen) days from the receipt of such decision. The request for review of the decision is submitted to the Assembly through the Supervisory Board, which forwards the appeal to the President of the Assembly with a proposal to include the request on the agenda of the next session of the Assembly.





Termination of membership

Article 13.

(1) Membership in a cooperative shall terminate:

- by the agreement of the cooperative and its member,
- death of a natural person, i.e. deletion from the trade register or deletion of a legal entity from the court register,
- withdrawal of a member from the cooperative based on her written Request for withdrawal from the cooperative,
- loss of conditions for membership, - expulsion of a member of the cooperative, - termination of the Cooperative.

(2) The decision on the termination of membership in case of loss of membership conditions or exclusion of a member is made by the Membership Committee.

Article 14.

(1) A person whose membership in the Cooperative has ceased, or their heir or legal successor, is entitled to the payment of the paid contribution and additional contribution.

(2) The decision on the payment referred to in this Article shall be made by the Manager and must be made no later than three years from the date of termination of membership.

Withdrawal from the Cooperative

Article 15.

(1) A member of the Cooperative may withdraw from the Cooperative by submitting to the Cooperative a request for withdrawal from the Cooperative in writing.

(2) In the event that a member of the Cooperative has obligations towards the Cooperative, she is obliged to settle these obligations by the time the Request for Withdrawal is submitted.

Exclusion from the Cooperative

Article 16.

(1) The Cooperative may exclude from the Cooperative a member who, even after a warning, does not fulfill the obligations he has towards the Cooperative, his behavior hinders the Cooperative in its work, severely damages the reputation of the Cooperative, or makes it impossible and difficult to achieve the goals for which the Cooperative was founded.

(2) The procedure for excluding a member of the Cooperative is carried out by the Membership Committee based on a written Request for initiating the procedure for excluding a member, submitted by:

- Manager
- Supervisory Board
- Conciliation Council
- At least five (5) members of the Cooperative.





(3) Any member of the Cooperative may submit a proposal for the submission of a Request for the initiation of the procedure for the exclusion of a member of the Cooperative to the above-mentioned bodies.

Article 17.

(1) The decision to initiate the procedure for the exclusion of a member of the Cooperative shall be made in writing by the Membership Committee. The decision must contain the reasons for initiating the exclusion procedure. In particularly justified cases, in addition to the decision to initiate the exclusion procedure, the Membership Committee is authorized to suspend the membership rights of a member of the Cooperative by a special decision until a final decision is made on the proposal for the exclusion of the member from the Cooperative.

(2) The decision to start the procedure for exclusion from the Cooperative along with the decision to suspend (if it was made) is delivered by the Membership Committee to the member of the Cooperative, with an invitation to state the facts against her on the record or in a separate submission, no later than within 15 (fifteen) days from the receipt of the decision.

(3) After the declaration of the member of the Cooperative, i.e. after the expiry of the deadline for the declaration, the Membership Committee at its session discusses the presented facts and makes a final decision on the termination of membership or on the rejection of the proposal for exclusion. By passing a decision on the termination of membership, the right to vote and other membership rights are suspended until the finality of that decision.

(4) The member to whom such a decision refers has the right to file an appeal to the Supervisory Board within 15 (fifteen) days of receiving such a decision against the decision on suspension or exclusion made by the Membership Committee. The complaint is submitted to the Supervisory Board through the Membership Committee.

(5) If proceedings are initiated against the President of the Assembly or a member of the Membership Committee, the procedure for the expulsion of the member in accordance with these Rules shall be conducted by the Supervisory Board.

(6) A member has the right to appeal a decision of the Supervisory Board to the Assembly within 15 (fifteen) days of receipt of such decision. The appeal shall be submitted to the Assembly through the Supervisory Board, which shall forward the appeal to the President of the Assembly with a proposal to include the appeal on the agenda of the next Assembly session.

Inheritance of rights and obligations

Article 18.

(1) Membership in the Cooperative shall terminate upon the death of a member of the Cooperative, and the property rights and obligations of the deceased member of the Cooperative shall pass to her heirs in accordance with the inheritance decision, court decision or other relevant legal act, in accordance with applicable legal regulations.





(2) Membership in a cooperative is not a hereditary right, and the heir of a member may request membership in the cooperative and transfer the contribution to herself if she is admitted to the cooperative.

(3) The property rights and obligations of a legal entity that ceases to operate shall be transferred to its legal successor.

Protection of the rights of cooperative members

Article 19.

(1) All decisions of the Manager, Membership Committee or Conciliation Council concerning membership in the Cooperative must be made in writing.

Decisions shall be delivered to the candidate or member in person, by registered mail or by e-mail.

(2) Each member of the Cooperative has the right to object to any decision of the Manager, Membership Committee or Conciliation Council to the Supervisory Board within 15 (fifteen) days of receipt of the decision. A member of the Cooperative has the right to appeal a decision of the Supervisory Board to the Assembly within 15 (fifteen) days of receipt of the decision.

DIRECTORY OF COOPERATIVE MEMBERS

Article 20

(1) The Manager of the Cooperative maintains the Directory of members of the cooperative. The directory of members of the cooperative is maintained according to the principle of transparency, in accordance with legal regulations.

(2) A member of the Cooperative has the right to inspect the Directory of Cooperative Members and may request an extract from that Directory.

(3) A third party who proves that they have a legal interest may, by written request, request access to the Directory of members of the cooperative, or an extract from the Directory.

Registration of termination of membership

Article 21.

The date of termination of membership in the Directory of Cooperative Members is entered as:

- in case of termination of membership due to the death of a natural person, date of death based on the appropriate certificate of death or disappearance,
- in case of termination of membership due to the termination of a legal entity, deletion of a legal entity from the court register on the basis of a certificate of deletion from the register,
- in the case of termination of membership of a tradesman, deregistration of a trade or deletion from the trade register,
- in the case of termination of membership of natural persons who have the status of freelancers, freelance artists or other freelance professions, by deregistration or deletion from the relevant register, i.e. by the loss of the respective status,





- upon termination of membership by agreement between the Cooperative and the member or upon the withdrawal of a member from the Cooperative on the day determined by the agreement or statement of withdrawal, and if that day is not specified as the day of termination, it is considered the day of conclusion of the agreement or the day on which the Cooperative received the member's declaration of withdrawal,
- upon termination of membership due to loss of membership conditions and exclusion from the Cooperative, on the date of finality of the decision of the competent authority,
- upon termination of the Cooperative (except for termination by merger with another Cooperatives or merging with another Cooperative, or division into multiple cooperatives when membership is transferred to the legal successor of the Cooperative), on the date of deletion of the Cooperative from the court register.

INTERNAL ORGANIZATION AND BODIES OF THE COOPERATIVE

Article 22

- (1) The bodies of the cooperative are: the Assembly, the Supervisory Board, the Membership Committee, the Conciliation Council and the Manager.
- (2) The Assembly, if necessary, establishes other bodies, provided for in these Rules.

ASSEMBLY

Article 23

- (1) The Assembly of the Cooperative is the highest body in the Cooperative, and is composed of all members of the Cooperative.
- (2) When deciding on issues within the competence of the Assembly, each member of the Cooperative has one vote.

Article 24

- (1) The Assembly shall elect the President of the Assembly. The term of office of the President of the Assembly shall be 4 (four) years.
- (2) The same person may serve as President for a maximum of 2 (two) consecutive terms.
- (3) The President of the Assembly:
 - convenes and chairs the sessions of the Assembly,
 - prepares and proposes the agenda of the Assembly sessions,
 - ensures that the sessions are held according to the agenda items and ensures order at the Assembly sessions,
 - ensures compliance with the Rules of the Cooperative, the decision-making procedure and other acts of the Assembly,
 - performs other tasks stipulated by these Rules.
- (4) In the event of termination of the mandate due to resignation, recall, death or other reasons for termination of the mandate, the Assembly shall be chaired by the President of the Supervisory Board until a new President of the Assembly is elected.





(5) The President of the Assembly may perform her duties professionally, which shall be decided by the Assembly based on the proposal of the Manager.

Representative Assembly

Article 25

(1) If the Cooperative has more than 300 (three hundred) members, the President of the Assembly, upon the proposal of the Manager, shall organize the Assembly as a permanent body composed of at least 20 representatives of the members of the Cooperative (hereinafter referred to as: the Representative Assembly).

(2) The President of the Assembly may, upon the proposal of the Manager, make a decision to organize the Representative Assembly even if the number of members is less than 300 (three hundred), but not less than the legally prescribed number, if she assesses that this would enable more efficient work of the Cooperative.

(3) All provisions of the Rules that refer to the Assembly are equally applied to the Representative Assembly, if it is organized.

(4) The manner of work of the Representative Assembly, the manner of election and recall of representatives and their deputies, their rights and obligations, and the duration of their mandate are regulated by the Rules of Procedure of the Assembly.

Competence of the Assembly

Article 26.

The Cooperative Assembly, in addition to the competencies regulated by positive legal regulations, also decides on the following:

- makes a decision on the exclusion of members of the Cooperative,
- makes a decision on the establishment of companies and other legal entities of which the Cooperative is the founder,
- decides on all forms of association and disassociation,
- makes a decision on membership in cooperative alliances and representatives of the Cooperative in the same,
- decides on all issues within the competence of other bodies of the Cooperative,
- decides on other issues provided for by the Cooperative's acts and the law.

Article 27

The decisions of the Assembly become binding for all members upon the expiry of 15 days from the date of sending the minutes of the Assembly session at which the decision was made, via e-mail.

Convening the Assembly

Article 28.

(1) The President convenes the Assembly as needed.

(2) The President must convene the Assembly if requested by:

- Supervisory Board





- Manager
- At least one twentieth (5%) of the members of the Cooperative.

(3) In the event that the President fails to convene the Assembly within 8 (eight) days from the date of receipt of the request referred to in the previous paragraph, the relevant bodies or persons shall have the right to convene the Assembly.

Article 29.

(1) The invitation to the meeting is sent to the members of the Cooperative and the Manager via e-mail and/or in another suitable way, no later than 8 (eight) days before the date of the meeting. The invitation contains information about:

- the venue of the session
- the time of the session, - the proposed agenda.

(2) The invitation must be published on the Cooperative's website.

(3) With the invitation to the meeting, explained proposals for decisions, necessary reports and other materials shall be submitted.

(4) All tasks related to the preparation of the Assembly session are carried out by the President of the Assembly and the Cooperative's professional services.

Decision-making at the Assembly

Article 30.

(1) Voting at the Assembly shall be public. Exceptionally, the Assembly may, by a two-thirds majority of the votes of the members present, decide to vote on certain issues by secret ballot. The conditions for secret ballot shall be ensured by the President of the Assembly.

(2) The Assembly shall make decisions as regulated by positive legal regulations, unless these Rules specifically regulate individual issues.

(3) The Assembly makes decisions by majority vote of all members of the Assembly in cases where it decides on:

- changes to the amount of the basic and additional contribution
- a decision on the minimum number of additional contributions that members must make to the Cooperative, in accordance with Article 51 of these Rules

SUPERVISORY BOARD

Article 31

(1) The Supervisory Board has at least 5 (five) members. The decision to increase the number of Supervisory Board members is made by the assembly.

(2) The president and members of the Supervisory Board are elected by the Assembly of the Cooperative.





(3) After the expiry of the term of office of the Supervisory Board, the Assembly of the Cooperative may re-elect the Supervisory Board in the same or a changed composition, without any limitation on the number of terms of office for the board or board members.

(4) The Assembly may recall the President and a member of the Supervisory Board and elect another at any time.

Article 32

(1) One member of the Supervisory Board may be a person who is not a member of the Cooperative, and is elected by the Assembly from among experts or persons who respect cooperative principles.

(2) If the Cooperative employs female workers, the workers shall elect one member of the Supervisory Board from among themselves.

(3) The member of the Supervisory Board shall be elected by the workers by a majority vote of those present at the meeting of workers, by secret or public vote, in accordance with the decision of the meeting. Candidates may be proposed by the workers in writing before the meeting or orally at the meeting. The meeting shall be chaired by the Manager. The candidate who receives the majority of votes of the female workers present at the election shall be elected. The membership of the female worker in the Supervisory Board shall be confirmed by the Assembly. If this election is in conflict with special regulations governing this matter, those special regulations shall apply when conducting the election.

(4) Each member of the Assembly may nominate a member of the Supervisory Board, and those who receive the most votes by public vote will be elected, according to the decision of the Assembly, including the member elected in accordance with paragraphs 1 and 2 of this article.

Article 33.

(1) The Supervisory Board shall make decisions at meetings. The Supervisory Board may validly make decisions if the majority of its members are present at the meeting, and decisions shall be made by a majority vote of the members present.

(2) Sessions of the Supervisory Board are convened as needed and at least once every six months.

Article 34.

(1) The Supervisory Board, in addition to the responsibilities regulated by applicable legal regulations, shall perform the following:

- gives an opinion on the annual business plan
- performs other tasks stipulated by the Law and the Rules of the Cooperative.

(2) In the event of major problems in the operations of the Cooperative, especially if such a situation lasts for a longer period of time (longer than 3 months), and especially if the Manager does not take effective measures or if the disruption in operations persists despite the measures agreed upon or recommended by the The Supervisory Board could not overcome them in a short time, or if they could not be eliminated causes of disturbances, the Supervisory Board has the obligation to schedule a session of the Assembly in order to notify it and make appropriate decisions.





MANAGER

Article 35

(1) The Manager manages the affairs of the Cooperative.

(2) The Manager performs the following tasks:

- proposes to the Assembly a plan and work program,
- submits work reports and financial reports to the Assembly,
- proposes to the Assembly the distribution of the Cooperative's profits or the method of covering losses,
- is responsible for the proper keeping of the Cooperative's business books and for the timely preparation of its financial reports,
- adopts general and individual acts regulating the rights and obligations of employees from the employment relationship in the Cooperative,
- ensures the legality of the work of the Cooperative and its members and employees,
- undertakes all legal actions and other activities to achieve the goals for which the Cooperative was founded,
- informs the members of the Cooperative about the work of the Cooperative,
- informs the Cooperative Assembly about the work of the Cooperative, participates in the Assembly sessions and proposes the adoption of decisions regarding the work of the Cooperative, - prepares decisions and general acts whose adoption is within the competence of the Assembly and executes decisions made by the Assembly within its competence.

Article 36

(1) The Manager is obliged to report to the Supervisory Board at least every 4 (four) months on the operations and work of the Cooperative, and in particular on:

- on the implementation of the work program of the Manager and the Cooperative
- on the business policy and business management plan
- on the profitability of the Cooperative's business
- on the course of business, income and expenses
- on tasks that could be of great importance for the profitability of the business and the liquidity of the cooperative.

(2) The Manager shall submit a complete report on the issues referred to in the previous paragraph to the Supervisory Board and the Assembly of the Cooperative when adopting the financial statements.

(3) The Manager is specifically obliged to inform the Supervisory Board without delay of all events that significantly affect or could affect the operations of the Cooperative.

Article 37.

(1) The Manager represents the Cooperative.

(2) The Assembly and the Manager, based on a power of attorney certified by a notary public, may authorize another person with full legal capacity to represent them in certain matters, in accordance with the law.





(3) The power of attorney must be special, for a specific job or jobs, which must be stated in the power of attorney.

Article 38

(1) The Manager is accountable to the Assembly for her work.

(2) Business decisions that fall within the scope of regular business operations are made independently by the Manager, unless otherwise provided for by these rules and the Law.

(3) The manager may independently conclude legal transactions up to the value of an individual transaction of 500,000 kuna.

Article 39

(1) The Manager may not independently conclude a legal transaction worth between HRK 500,001 and HRK 7,500,000 without the prior consent of the Supervisory Board.

(2) The Supervisory Board is obliged to respond to the consent referred to in the previous paragraph within 5 days, otherwise the consent shall be deemed to have been given.

(3) The Manager and the Supervisory Board shall exchange statements referred to in this Article via e-mail or other appropriate means.

Article 40

(1) The Manager may not independently conclude a legal transaction worth over 7,500,000 kuna without the prior consent of the Assembly.

(2) In the event that for certain transactions, positive legal regulations, the Act or the general act of the Cooperative prescribe a prior decision of the Assembly, the Manager must, before concluding the relevant transaction, contract or assuming obligations, request the Assembly to adopt an appropriate decision.

Article 41

In addition to the restrictions set out in Articles 39 and 40 of these Rules, the Cooperative Assembly and the Supervisory Board may, by a special decision, additionally restrict the Manager's disposal of funds.

Election of the Manager

Article 42

(1) The Director is elected by the Assembly.

(2) The procedure for selecting candidates for the position of Manager is carried out by the Supervisory Board.

A special requirement for selection for the position of manager is to submit a CV and prepare a work program for the manager and the cooperative for the term for which the candidate is elected.

(3) After the procedure for selecting female candidates, the Supervisory Board issues a report on the procedure and a proposal for the selection of a manager. The proposal of the Supervisory Board is not binding on the Assembly of the Cooperative.

(4) The Director shall be elected by a majority vote of all members of the Assembly, by public vote. If only one candidate has run, she shall be elected if she is elected by a majority of the members of the Assembly present.





Article 43

- (1) The manager receives a salary or compensation for her work.
- (2) The salary or remuneration of the Manager shall be determined by a contract between the Manager and the Cooperative.
- (3) The amount of the Manager's salary is linked, as a rule, to the success of the Cooperative's operations. The manager's salary does not have to be determined, but it must be determinable, with the contract stating the elements for calculating salary.
- (4) Negotiations at the conclusion of the employment contract are conducted, on behalf of the Cooperative, by the President of the Assembly.
- (5) The employment contract with the Manager, based on the decision of the Assembly, shall be signed by the President of the Assembly.

Article 44.

- (1) The Cooperative Assembly may recall the Manager at any time, regardless of the duration of the mandate, in the event of a violation of cooperative values or principles, the Cooperatives Act or other regulations, these Rules, decisions of the Cooperative's bodies, or in the event that the Manager's incapacity to manage the affairs is determined, in the event of non-acceptance of the Manager's work report and in other similar cases when it loses confidence in the Manager's work methods and the success of managing the affairs.
- (2) A proposal to recall the manager may be submitted to the Assembly by the Supervisory Board or at least one twentieth (5%) of the members of the Cooperative.

Resignation of the Manager

Article 45.

- (1) The Manager may resign at any time to the Cooperative Assembly.
- (2) The resignation shall be submitted to the President of the Assembly in writing, in person or by registered mail. The President of the Assembly shall be deemed to have received the resignation on the date of submission of the resignation to the post office.
- (3) If the Manager has an employment contract with the Cooperative, the Manager's resignation shall be considered a statement of termination of the Manager's employment contract, unless otherwise provided for in the employment contract. In such a case, the notice period shall run from the date of receipt of the resignation, in accordance with paragraph 2 of this Article.
- (4) After submitting her resignation, the Manager is obliged to continue performing the duties of the Manager until the expiration of the notice period specified in the employment contract, or until another Manager is elected and takes office, unless there is a justified reason for ceasing to manage the Cooperative's affairs without giving notice.
- (5) In the event that the Manager, for reasons that cannot be considered justified, ceases to manage the affairs of the Cooperative before the expiration of the notice period specified in the employment contract, and the Cooperative suffers damage as a result, the Manager is obliged to compensate the Cooperative for the damage incurred due to such cessation of the Manager's affairs.
- (6) The manager is not liable for damage if she acted in accordance with the decision of the Assembly.





MEMBERSHIP COMMITTEE

Article 46

- (1) The Membership Committee has 3 (three) or 5 (five) members, as decided by the Assembly.
- (2) The President of the Membership Committee and her deputy shall be elected by the Assembly.
- (3) The members of the Membership Committee shall be elected for a period of 4 (four) years.

Article 47

- (1) The Membership Committee shall adopt the Rules on the procedure for accepting candidates for membership and shall decide in the first instance on the rights of members and candidates for membership in accordance with these Rules and other regulations of the Cooperative.
- (2) The Membership Committee shall make decisions by a majority vote of its members.

COOPERATIVE PROPERTY

Role of a Cooperative Member

Article 48

The contribution of a member of the Cooperative can be a basic or an additional contribution, the amount of which is determined by the Assembly.

Article 49

- (1) The basic contribution is the amount of money that each member of the Cooperative is required to contribute to the Cooperative.
- (2) The amount of the initial deposit is 2,500.00 (two thousand five hundred) kuna.

Article 50

- (1) Additional contributions may be made by a member of the Cooperative in addition to the basic contribution.
- (2) The amount of one additional deposit is 2,500.00 (two thousand five hundred) kuna.
- (3) Additional contributions may, at the request of a member of the Cooperative, be paid to the member of the Cooperative, transferred to another member of the Cooperative or to another person if they acquire membership in the Cooperative, provided that the contract between the Cooperative and the member does not stipulate otherwise.

Article 51

- (1) The Assembly may, if necessary, make a binding decision on the minimum number of additional roles that members must enter into the Cooperative.





(2) The deadline for paying the minimum number of additional contributions defined by the Assembly's decision is two years from the date of acquiring membership.

Article 52

The entry of stakes in things and rights must be approved by the Manager, and if the value of the stakes in things or rights is 10 (ten) times greater than the amount of the basic stake, the entry of stakes in things and rights must be approved by the

Assembly.

Article 53

(1) If during the membership, by decision of the Assembly or by amendment of positive legal regulations, the amount of the basic or additional contribution is increased, the member of the Cooperative is obliged to pay, within the deadline set by the Assembly, the appropriate amount so that the amount of its contribution is in accordance with the decision of the Assembly or positive legal regulations.

(2) A member of the Cooperative who fails to pay the appropriate amount within the deadline set by the Assembly shall be excluded from the Cooperative.

Contribution of a person who is not a member of the cooperative

Article 54.

(1) A person who is not a member of the Cooperative, but is interested in its operations (hereinafter: investor), may also contribute a monetary amount as a deposit to the Cooperative.

(2) The contract between the Cooperative and the investor regulates the issues of entering stakes, the method of returning stakes and transferring stakes to another person, the rights of the investor to be informed about the operations of the Cooperative and the holding of Assembly sessions and other issues concerning investment security.

(3) Investors have the right to be represented at the Assembly of the Cooperative, where the annual financial reports or other reports on the Cooperative's operations are considered or decisions are made on the sale or encumbrance of assets, in such a way that they are collectively represented by 3 (three) representatives, whom they choose in a manner determined by themselves. The elected representatives of the investors have the right to express the opinion of the investors at the Assembly of the Cooperative about the operations of the Cooperative or the decisions of the Assembly, which would have an impact on the security or collectability of their shares.

Membership fee

Article 55

The Assembly may decide on the obligation to pay membership fees in order to secure funds for the operation of the Cooperative.





Work of the Cooperative with the member and for the member

Article 56.

Members of the Cooperative cannot work through the Cooperative without an appropriate contract that will regulate the mutual rights and obligations of the Cooperative and its members.

Acting in legal transactions

Article 57.

(1) As a rule, a cooperative acts in its own name and for its own account in legal transactions. (2) A member of the Cooperative in whose name or on whose account the Cooperative acts in legal transactions and enters into transactions with third parties is obliged to compensate the Cooperative for all costs and possible damage incurred by the Cooperative by undertaking business or other activities in the name or on behalf of the member, and the Cooperative is responsible for the damage caused to the member if it does not comply with its orders without justifiable reason.

Article 58

(1) The Cooperative may conclude business or service contracts with persons who are not members of the Cooperative, but only to the extent and on the condition that such business with third parties does not interfere with regular business with members of the Cooperative and does not place members of the Cooperative in a subordinate position in relation to third parties.

(2) The Manager of the Cooperative is obliged to inform the Assembly of the Cooperative, at least once a year, about contracts concluded with third parties and the scope of that business.

Use of profits

Article 59

After covering losses from the previous period, from the profit determined by the annual calculation, the Cooperative allocates and records separately:

- at least 30% for the development of the cooperative
- at least 5% in mandatory reserves until these reserves reach the total amount of members' deposits,

Article 60

The settlement of operating losses is achieved from the Cooperative's funds, namely from reserve funds. The Assembly decides on the method of settlement of losses that cannot be settled from reserve funds.





RIGHTS AND OBLIGATIONS OF WORKERS

Article 61

- (1) Workers employed in the Cooperative are obliged to perform their work tasks in accordance with the employment contract and the Labor Law, as well as the orders of the Manager or another person designated by the Manager or the Assembly.
- (2) Female workers are obliged to protect the property of the Cooperative and to apply the acts of the Cooperative which deal with the issues of work and employment of female workers in the Cooperative.

Article 62

- (1) For their work in the Cooperative, workers receive a salary. Workers are entitled to a salary based on the results of their work, in accordance with the regulations and acts of the Cooperative.

Transparency and data protection

Article 63

- (1) Data on the work of the Cooperative is available to all members and is generally publicly available.
- (2) The cooperative shall handle the personal data of its members in accordance with applicable regulations.
- (3) Exceptionally, the Supervisory Board may, at the proposal of the Manager, determine that certain information from the Cooperative's operations may be declared a business secret and the rules for dealing with this information, when it is assessed that there is a particular danger that their public presentation could harm the interests of the Cooperative.
- (4) Information on salaries, fees and other income paid by the Cooperative cannot be declared a business secret.

DISPUTE RESOLUTION

Article 64

Disputes between the Cooperative, members of the Cooperative and female workers will be resolved amicably within the Cooperative.

Conciliation Council

Article 65

- (1) Members and employees of the Cooperative are obliged to request the resolution of the dispute before the Conciliation Council before addressing the court or another body outside the Cooperative.
- (2) The Conciliation Council shall consist of 3 (three) members elected by the Assembly from among the members and third parties - prominent experts. The Conciliation Council shall mediate disputes at the request of any member or employee.





(3) Minutes shall be taken at the sessions of the Conciliation Council, and upon completion of the proceedings, the Council shall issue an opinion or proposal for resolving the dispute.

Arbitration

Article 66

(1) The cooperative and the member, or worker, may agree in writing that, instead of going to court, if no agreement is reached before the Conciliation Council, they will entrust the resolution of the dispute to arbitration, in which each party will choose one member and the chosen members will choose a third member by mutual agreement.

(2) The decision on the disputed issue is made by a majority vote of the arbitrators, and is binding on the parties to the dispute.

RESPONSIBILITY FOR OBLIGATIONS

Article 67

Each member of the Cooperative is responsible to the Cooperative for the work and activities undertaken by the Cooperative under the contract concluded with the Cooperative or by becoming a member of the Cooperative.

TERMINATION OF THE COOPERATIVE

Article 68

(1) The reasons for the termination of a Cooperative are prescribed by the Cooperatives Act or other regulations.

(2) The cooperative ceases to exist as a legal entity by deletion from the court register.

(3) A member of the Cooperative who opposes the decision of the Assembly of the Cooperative on the merger, merger or division of the Cooperative may withdraw from the Cooperative.

(4) The provisions of the regulations governing such changes for joint stock companies shall apply mutatis mutandis to the procedure for status changes and liquidation of the Cooperative.

Article 69

(1) In case of making decisions about status changes (merging with another cooperative, merging with another cooperative and dividing into several new cooperatives), or about making decisions about the termination of the Cooperative through liquidation or bankruptcy, the Manager of the Cooperative is obliged to ensure that appropriate documentation and information necessary for decision-making are prepared for the Assembly of the Cooperative.

(2) In the event of initiating proceedings before the competent authorities to determine the reasons for the termination of the Cooperative, or initiating proceedings before the court, or issuing a final court decision ordering the dissolution of the Cooperative or the deletion of the Cooperative from the court register ex officio, the Cooperative Manager shall notify the Cooperative Assembly thereof without delay.





(3) In the event of a reason for the termination of the Cooperative due to failure to submit annual financial reports to the competent authority in accordance with special regulations or the Cooperative's operations for six consecutive months with the number of members below the number prescribed by the competent law, the Cooperative Manager is obliged to immediately notify the Cooperative Supervisory Board and the Cooperative Assembly for the purpose of making decisions on the termination of the Cooperative.

(4) When making a decision on status changes or liquidation of the Cooperative, the Assembly of the Cooperative is obliged to act according to the applicable regulations and, when making its decisions, adhere to the conditions or restrictions prescribed by the provisions of the Law on Cooperatives.

PUBLICATION AND ENTRY INTO FORCE OF THE RULES

Article 70

(1) These Rules were adopted at the Cooperative Assembly, based on the results of the vote on the acceptance of the Rules.

(2) Amendments and supplements to the Rules shall be adopted by the Cooperative Assembly.

Article 71

The rules come into force on the day they are adopted at the Cooperative Assembly.

Chairman of the Assembly:

Iva Ivsic

Cooperative Manager:

Goran Jeras

OFFICIAL NOTE:

The rules were proclaimed at the Cooperative Assembly on December 13, 2018 and entered into force.

