

STATUTES
of THE PANNON EUROPEAN GROUPING OF TERRITORIAL COOPERATION
LTD

The Undersigned founding Members,

with reference to Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (hereunder: Regulation) and to the provisions of the Act XCIX of 2007 on a European grouping of territorial cooperation passed by the Hungarian Parliament (hereunder: Act), and

with regard to the principles and spirit of the objectives included in the Convention deciding to establish the Pannon European Grouping of Territorial Cooperation Ltd (hereunder: Convention),

hereby establish a prominently not-for-profit organisation, non-profit economic organisation possessing legal entity on the day of 30 August 2010 as follows:

I. NAME, SEAT, MEMBERS AND TERRITORY OF THE GROUPING

§ 1

The official denomination of the Grouping in Hungarian: PANNON KORLÁTOLT FELELŐSSÉGŰ EURÓPAI TERÜLETI TÁRSULÁS.

The official denomination of the Grouping in Croatian: PANNON EUROPSKA GRUPACIJA ZA TERITORIJSKOPRUGOVANJE S OGRANIČENOM ODGOVORNOSTI

The official denomination of the Grouping in Slovenian: PANONSKO EVROPSKO ZDRUŽENJE ZA TERITORIALNO SODELOVANJE Z OMEJENO ODGOVORNOSTJO.

The official denomination of the Grouping in English: PANNON EUROPEAN GROUPING OF TERRITORIAL COOPERATION Ltd.

The official abbreviated denomination of the Grouping: PANNON ETT, in Croatian: PANNON PANONSKO ETZ, and in English: PANNON EGTC.

§ 2

The country of the seat as per the Statutes of the Grouping: Hungary. Seat of the Grouping: 7621 Pécs, Széchenyi tér 9., Hungary.

§ 3

Members of the Grouping are Hungarian and Croatian organisations within the territories of Hungary and Croatia as indicated in the Annex that constitutes an integral part of the Statutes.

When applying paragraph 3 (1) of Regulation (EC) No 1082/2006 of the European Parliament and of the Council to Hungary the organisations are defined by points a) - e) of paragraph 5 (1) of Act CXLIII of 2015 on Public Procurement. An organisation, as defined in points a) - e) of paragraph 5 (1) of Act CXLIII of 2015 on Public Procurement, can only join an European Grouping of Territorial Cooperation if it has legal entity. (Members according to Hungarian law).

When applying paragraph 3 (1) of Regulation (EC) No 1082/2006 of the European Parliament and of the Council to Croatia the ... organisations are defined. (Members according to Croatian law).

When applying paragraph 3 (1) of Regulation (EC) No 1082/2006 of the European Parliament and of the Council to Slovenia organisations indicated in Regulation 3 SZK reference L 31/08, 3/11 on the establishment of European grouping of territorial cooperation should be meant. (Members according to Slovenian law).

§ 4

Admission of the joining members shall be decided by the General Assembly on the basis of the request of the future joining member. Any – organization (as defined in paragraph 3 of these statutes) – agreeing with the objectives of the Grouping – that accepts the Convention and the Statutes of the Grouping, and undertakes the obligation of cooperating in the realization of the objectives included in the Convention and the Statutes may be a member of the Grouping.

§ 5

The territory of the Grouping consists of all the administrative area of the Hungarian, Croatian and Slovenian Members indicated in the Annex attached to these Statutes. The name of the Members, their address, their representatives authorized to sign, their population and the area (in square kilometre) of territories belonging to the member towns and other member organizations – increasing the functional territory of the Grouping – is also included in the above Annex.

§ 6

After the establishment any alteration related to the number of Members or to the global territory of the Grouping shall be accomplished on the basis of the decision of the main body of the Grouping, by the modification of the Statutes. Ways of modification are in particular: admission, secession, delivery, exchange and unification of territory sections.

II. ESTABLISHMENT, OPERATION AND TERMINATION OF THE GROUPING

§ 7

Members of the Grouping on the decision of their intent to participate send the necessary documents to notify their states about their intention to participate in the Grouping. Participation is approved or rejected with justification by the competent authorities of the states on the basis of the notification and observing the legal measures. The Grouping may be registered only when every member announcing participation possesses the necessary approval of the state.

§ 8

According to the national law of Hungary the registration of the Grouping shall be initiated at the Minister of Foreign Affairs and Trade. The Grouping is allowed to start its activity from the day when the decision on registration becomes absolute. The Grouping acquires legal status from the date of its registration.

§ 9

The Grouping shall function from the date of the registration for an indefinite time.

§ 10

According to § 15 of the Act LXXV of 2014 on the European Grouping of Territorial Cooperation the Grouping may only be terminated without a legal successor, and shall be followed by – except for the cases of application of the provisions of Act XLIX of 1991 on Bankruptcy and Liquidation – final liquidation. The cases where the liquidation procedure is initiated Act LXXV of 2014 XCIX of 2007 on the European Grouping of Territorial Cooperation.

The Grouping is terminated by final liquidation if:

- a) The Members of the Grouping unanimously decide to terminate the grouping without a successor.
- b) After Members left the grouping all remaining Members are from the same Member state (according to paragraph 3 (2) of Regulation (EC) No 1082/2006 of the European Parliament and of the Council on a European grouping of territorial cooperation).
- c) A Hungarian court or authority of competent jurisdiction rules to terminate the Grouping, according to paragraph 14 of Regulation (EC) No 1082/2006 of the European Parliament and of the Council (on a European grouping of territorial cooperation).

Any Member based on its independent decision may leave the Grouping with sending a notification to the Assembly after settling all accounts.

§ 11

The Grouping shall be terminated by cancellation from the register kept by the Minister of Foreign Affairs and Trade.

III. MODIFICATION OF THE CONVENTION AND THE STATUTES

§ 12

Any Member of the Grouping may propose the modification of the Convention.

§ 13

The proposed modified text of the Convention shall be presented in writing to the president of the Grouping who notifies every Member in writing before the meeting of the main body, allowing sufficient time to interpret the modification and to form a view in the matter.

§ 14

Members shall aim by all means to make an agreement based on a consensus regarding any proposed modification of the Convention. If the Members fail to find a consensus, the modification shall be approved by two-thirds majority of the members present and voteable at the meeting of the main body as defined in the Statutes, but only if the two-thirds majority can be demonstrated on all three national sides by counting.

§ 15

Any modification of the Convention shall be submitted to the competent national authorities for approval, similarly to the approval of the first membership.

Any modification of the Convention – within 30 days after its approval – shall be reported to the Minister of Foreign Affairs and Trade in accordance with the Act. The rules related to the registration of any modification are governed by the rules on the establishment of a new grouping, modifications need to be approved beforehand by the competent national authorities.

IV. OBJECTIVES AND TASKS OF THE GROUPING

§ 16

The objective of the Grouping is to enable, promote and strengthen the economic and social cohesion through implementation of programmes realized by territorial cooperation co-financed by the European Union, exploiting the advantages of the Grouping`s status as a legal entity, within the administrative borders defined in § I. 4. of the Convention and in § I. 5 of

the Statutes, with impact to further territories affected by the activity in the area, alongside the elaboration of a common development programme.

§ 17

The main task of the Grouping is to implement programmes and projects realized by territorial cooperation co-financed by the European Union through the European Regional Development Fund, the European Social Fund and Cohesion Fund.

§ 18

Further tasks of the Grouping:

- a) other individual measures within the objectives, common elaboration of efficient cooperation and implementation on the programmes and projects level, with or without the financial contribution of the European Union;
- b) comprehensive social development of the borderland areas of the three countries based on a partnership, by concentrating territorial and local resources, and by using efficiently the EU tender resources, the state and territorial budgetary resources of Hungary, Croatia and Slovenia;
- c) to pursue enterprising activity within the limits of its individual management, in favour of reaching its goals and being attentive to its limited responsibility;
- d) to raise awareness in the operational territory about the local, national and cross-border competitive advantages of the territorial cooperation aiming to reinforce the economic and social cohesion, the basic conditions to achieve these competitive advantages, the process of their acquisition, and the possible tasks of the Members in this process;
- e) to encourage the entrepreneur's spirit, the cooperation of small and medium enterprises in particular, and the development of cross-border commercial and entrepreneurial networks;
- f) to promote common investment stimulation and capital investment;
- g) to insure free flow of data and information about personal and financial conditions necessary for the achievement and realization of objectives, of the know-how, and wide access to the accomplishments of the Grouping;
- h) to inspire and to improve the protection of natural and cultural resources, their common management, the exploitation of renewable energy resources, and the prevention of natural and technological risks;
- i) to promote growth and development by conciliated territorial development conceptions, which increasingly eliminate parallelisms, and by planning;

- j) to promote integrated and coordinated development within the territory of the Grouping by creating a transnational organizational structure and organizational background, and with impact to further areas affected by the activity pursued in this territory;
- k) to apply appropriately and efficiently for resources allocated by the European Union with common projects and through common strategies, including more intensive elaboration and implementation of projects;
- l) to aim together for validating common intents both within the states and in the EU;
- m) in case of appropriate financial conditions, to establish and to operate a representation in Brussels.

§ 19

In the course of performing work – its internal and external activity - in the Grouping there are four completely equal working languages: Hungarian, Croatian, Slovenian and English. In case of any emerging disputes in the course of the activity due to the different language versions, the English version shall be considered normative. The language of the Grouping shall be English.

V. LAW OF INTERPRETATION AND EXECUTION

§ 20

Regulation (EC) No 1082/2006 of the European Parliament and of the Council on a European grouping of territorial cooperation modified Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings and the Hungarian Act LXXV of 2014 on the European grouping of territorial cooperation as well as other relevant Hungarian legislations apply to the Grouping.

§ 21

The interpretation and execution of the Statutes is performed according to the law of Hungary, as state of the seat indicated in the Statutes of the Grouping.

§ 22

The interpretation and execution of the Statutes and the related regulations must not violate any state's provisions on public order, public safety, public health, public morality or public interest. In case of occurrence of any of the above, the given state may prohibit the said activity performed in the territory of the Grouping, and may request the secession of the Members from the Grouping established on the basis of its law.

§ 23

The above prohibitions may not constitute a means of arbitrary discrimination or a hidden limitation of territorial cooperation among the members of the Grouping.

VI. AGREEMENTS RELATED TO RECIPROCAL RECOGNITION

§ 24

Members of non-Hungarian national law of the Grouping acknowledge the application of the national law of Hungary in relation to the Grouping in accordance with the community law of legal force in this matter, and with the Convention of the Grouping and its Statutes.

§ 25

Members of non-Hungarian national law of the Grouping acknowledge the competency of the controlling authorities related to the Grouping according to the national law of the Hungary, and the necessity to assist them to perform their work.

§ 26

Members of the Grouping take notice of the fact that as far as the community regulation replacing the national regulation is not yet adopted in the territory of the activity of the Grouping, the agreements of operative reciprocal recognition between the member states is effective.

§ 27

It is the aim of the Members of the Grouping that reciprocal recognition shall be in efficient working in order to strengthen the trust of each other's rules and their supervision, in particular in the area of promoting cross-border administrative cooperation.

VII. LEGAL STATUS OF THE GROUPING

§ 28

The Grouping is a non-profit organization with individual management, acquiring legal entity by its registration, and as such, possesses full legal capacity. Therefore it can acquire rights and undertake obligations in particular, can procure movable and immovable assets, can dispose of them, and can proceed in court.

VIII. FINANCIAL CONTRIBUTION OF THE MEMBERS OF THE GROUPING

§ 29

The Grouping has a registered membership; the Members of the Grouping shall contribute to the operational costs of the Grouping as of the start of the Grouping`s operation, every year by March 31 (or if the registration is completed after March 31 in the first year, within 60 day after the date of registration), by transfer to a bank account, in the form of membership fee. At the first General Assembly after the end of the first financial year the Members shall revise the membership fee based on their acquired experience.

§ 30

The initial asset of the Grouping is the total sum of the membership fees paid after starting the operation.

§ 31

- (1) The annual membership fee of the territorial and regional government and local government Members of the Grouping, per resident, is 1 HUF in the case of Hungarian Members, and the corresponding sum in EUR at the time of payment in the case of Croatian and Slovenian Members.
- (2) For all Members not covered by the above provision the Annual Membership fee is HuF 100,000 and the corresponding sum in EUR at the time of payment in the case of Croatian Slovenian Members.
- (3) The Assembly may decide on an individual membership fee for Members who are not residence, local government or government Members according to point 2.

§ 32

With regard to the accounting and budgetary rules applied in relation to the Grouping and in regard to other financial regulations, the Act LXXXI of 1996 on corporate taxation and capital return tax (Taotv.) established according to the Hungarian national law, the Act C of 2000 on accountancy, and the governmental decree No 224/2000 (XII.19.) on special obligations of accountancy and financial reports of other organizations are normative.

§ 33

The first fiscal year of the Grouping starts on the day of registration, and finishes on December 31 of the same year. The further financial years correspond to the calendar year.

§ 34

Within 150 days after the date of the balance sheet the financial report of the Grouping shall be made public in the Official Bulletin published as the Annex of the Hungarian Bulletin.

IX. FINANCIAL LIABILITY OF THE MEMBERS OF THE GROUPING

§ 35

Taking note that the liability of at least one member of the Grouping established on the basis of the Hungarian law is limited according to provisions § 90 (1) of Act CLXXXIX of 2011 on local governments, the liability of this Member of the Grouping and of the other Members falling within the same regulation may not exceed the degree of the undertaken financial contribution.

§ 36

Members established according to the Slovenian national law with respect to section IX. 40 limit their own liability.

Members established according to the Croatian national law with respect to section IX. 40 limit their own liability.

§ 37

With reference to the limited liability the denomination of the Grouping includes the term „limited liability”.

§ 38

The Grouping shall be responsible for the acts of its bodies towards third parties even if these acts are not included in the tasks of the Grouping.

§ 39

Member shall be liable – to the financial extent deriving from its limited liability – for the obligations arisen during its membership also after the termination of its membership.

§ 40

With regard to the limited liability of the Grouping, the Convention, the Statutes and the basic financial statements shall be made public, like any other legal entities of limited liability are obliged to publish their similar documents in accordance with the Hungarian law.

X. BODIES OF THE GROUPING, OPERATIONAL SYSTEM AND COMPETENCE

§ 41

To achieve the goals of the Grouping, in the course of its operation the Grouping performs a management-minded strategic and operative activity through its bodies, in particular: gives opinion, takes a stand, makes a proposal, prepares, makes a decision, executes.

Bodies of the Grouping: Assembly, President, Presidency, Boards, Director and deputy Directors, Working Organization, Supervisory Board.

§ 42

The General Assembly

- (1) The main decision making body of the Grouping is the General Assembly which consists of the representatives of all the registered Members of the Grouping.
- (2) The Assembly`s exclusive competence:
 - a) acceptance, modification and amendment of the Convention and the Statutes;
 - b) approval of the annual budget;
 - c) approval of the report made according to the accountancy law, including the decision related to the utilization of the profit after taxes;
 - d) decision on the admission of a Member;
 - e) decision on the exclusion of a Member;
 - f) election and revocation of the President and the Presidency;
 - g) election, revocation of the Director and definition of his/her remuneration;
 - h) election and revocation of the boards;
 - i) election, revocation of the members of the Supervisory Board, definition of their remuneration;
 - j) election and revocation of the auditor;
 - k) approval of contracts stipulated by the Grouping with its own Member, with its director or with a close relative of these [section § 8:1 (1) of the Civil Code];
 - l) validation of claims for compensation against the President, the Presidency, the Director and the members of the Supervisory Board;
 - m) decision on termination without successor of the Grouping;
 - n) approval and modification of the Organizational and Operational Regulations;
 - o) every other issue falling within this sphere by virtue of the relative laws and the Statutes.
- (3) For issues falling within the competence of the Assembly the members shall strive to reach a unanimous understanding.
The Assembly accepts the decisions by voting. A decision is only valid if the majority required by the Statutes is achieved on all three sides separately.
- (4) The decisions of the Assembly are approved through open vote of the present and voteable Members by simple majority, excluding the following cases:

- a) pursuant to section (1) of § 8 and section (1) of § 9 of the Decree, unanimity of all the Members is required for the approval of the Convention and the Statutes.
 - b) consenting votes of two third of the present and voteable Members are required for the following:
 - modification of the Convention and the Statutes;
 - approval and modification of the Organizational and Operational Regulation;
 - approval of the annual budget;
 - approval of the report made according to the accountancy law, including the decision related to the utilization of the profit after taxes;
 - decision on the exclusion of a Member;
 - decision on termination of the Grouping without legal successor.
 - c) In personal issues a secret ballot voting is required.
- (5) Every Member has one vote, but for simple and qualified majority voting the votes shall be counted separately – based on the number of the Croatian, Slovenian and Hungarian Members – and the decision is only valid if the majority required by the Statutes is achieved on all three sides separately.
- (6) Members are represented through delegates. In case the Member`s representative is not the person entitled by law, the delegate represents the Member on the basis of a written authorization. The vote of the Member may be transferred in writing to another delegate. The authorization and the transfer shall be incorporated in an official act or private act of full conclusive force, and shall be presented to the President at the beginning of the Assembly at the latest. The Director, the substitute Director, the Member of the Supervisory Board and the auditor may not be authorized.
- As for the items of the agenda, the non-Members invited to participate have the right of consultation without the right to vote.
- (7) In relation to the operation, activity and management of the Grouping the Assembly is public, therefore in every issue related to the operation, activity and management of the Grouping it is required to ensure public access.
- (8) The Assembly is obliged to provide for the approval of the annual report and the not-for-profit reports of the Grouping in accordance with the provisions of the accountancy law. The Assembly may decide about the report made according to the accountancy law and about the utilization of the profit after taxes only in possession of the written reports of the Supervisory Board. The auditor shall verify the authenticity and the lawfulness of the report of the Grouping. Without hearing the opinion of the auditor on the report made according to the law on accountancy the Assembly may not deliver a decision.
- (9) The auditor shall attend the Assembly according to the § 3:131 of the Civil Code.
- (10) The ordinary Assembly of the Grouping shall be convened at least once a year. Extraordinary Assembly shall be convened on the basis of the decision of the Presidency, or following a motion of the Supervisory Board, or the initiative of at least one quarter of the Members. The extraordinary Assembly shall be convened within 30 day after the initiative for a date within 45 days.
- (11) Members are convened for the Assembly by the President announcing the agenda and the

draft propositions, at the seat of the Grouping or on the basis of the decision of the Presidency at some other location. Following the dispatch of the invitation 15 days shall be left before the date of the Assembly. At the time of the convocation of the Assembly (or the repeated Assembly) the invitation shall be displayed to the public with the indication of the location and date of the Assembly 15 days before the Assembly at the billboard of the seat of the Grouping, and it has to be published also on the website of the PANNON EGTC.

- (12) The Assembly has a quorum if more than half of the Members are represented by those who are present. If there is no quorum at the Assembly, the reconvened repeated Assembly has a quorum in the issues indicated in the original agenda irrespective of the number represented by those who are present. The convocation of the repeated Assembly for the missing quorum may be done also in the invitation of the original Assembly, and the section describing the conditions of the repeated Assembly shall include the indication that the repeated Assembly has a quorum regarding the original agenda of the Assembly irrespective of the number represented by those who are present. In this case there is no obligation to keep the 15 day interval.
- (13) Participation in the decision making process of the Assembly is not permitted for any person who, or whose member owing relevant influence, or a close relative or spouse (section § 8:1 (1) of the Civil Code) (hereunder: relative) on the basis of the decision:
- a) is exempted from any obligation of responsibility,
 - b) gains any other benefit, or is anyway interested in the ongoing legal transaction.

Non-pecuniary service which is available for anyone within the allowances of the Grouping according to its objectives is not qualified as a benefit.

- (14) Minutes of the Assembly shall be registered including the following information:
- a) number of the members participating and voting, the list of names (attendance sheet);
 - b) the short summary of the issues discussed according to the agenda (the written documents of the discussions are to be attached to the copy of the minutes);
 - c) the precise text of the approved decisions, indicating the serial number per year as well, the number of votes and their proportion (as „yes”; „no”; „abstention”);
 - d) the main points of the meeting with the name of the speakers.

The Assembly may be sound-recorded in every case.

- (15) Minutes of the meeting shall be signed by the President and by one Hungarian, Croatian and one Slovenian Member who are present at the Meeting and elected as authenticator. The decisions shall be recorded in the Book of Decisions immediately.
- (16) Decisions shall be communicated within 15 days from their date and from the date of their registration into the Book of Decisions by post to whom it may concern. The Grouping shall keep a shorter deadline in the case where it is required by the nature of the decision.
- (17) Documents made in relation to the operation of the Grouping may be inspected by anyone on the basis of a preliminary agreement made with the director of the Grouping, during the official working hours of the Grouping, and copies may be made at their own expense. The request for inspection may be made by telephone, in writing, in telex, in telefax, in e-mail. The

director shall comply with the request for inspection within 3 working days after becoming aware of the request. In case of hindrance of the director he is obliged to provide for a substitute.

- (18) The annual report of the Grouping and the agreement concluded with the organization responsible for covering common necessity are public and can be inspected. The annual report of the Grouping can also be inspected at the Company Court competent at the seat of the Grouping. Publication of the report may be completed also by displaying it to the billboard.

§ 43

The President

- (1) The Assembly elects its President for a period of four years.
The term of the President is terminated if:
- a) the term of the President has ended,
 - b) the President is recalled,
 - c) the President resigns,
 - d) the President dies.
- (2) Duties of the President:
- a) he/she prepares and governs the meetings of the Assembly, and makes a proposal for the agenda;
 - b) makes a proposal for the members of the Presidency;
 - c) prepares and governs the meetings of the Assembly, and makes a proposal for the agenda;
 - d) between the meetings of the Assembly directs the activity of the Presidency;
 - e) represents the Grouping, the Assembly and the Presidency before external bodies and organizations;
 - f) cooperates in the execution of the Assembly decisions;
 - g) directs the work of the boards;
 - h) cooperates with the Director, and on behalf of the Assembly exercises employer`s rights regarding the Director;
 - i) developing partnerships and lobbying;
 - j) coordination of the necessary expansion of the Grouping;
 - k) performs the duties that are delegated to him/her by the Assembly or the Presidency.

§ 44

The Presidency

- (1) The Assembly elects a Presidency for a period of four years. The Presidency is the administrative and representative body of the Grouping. The president of the Presidency is the current president of the Assembly. The President regularly informs the Assembly about the activity of the Presidency at every meeting.

The term of the President is terminated if:

- a) the term of the President has ended,
- b) the President is recalled,

- c) the President resigns,
- d) the President dies.

(2) In the course of performing its duties the Presidency:

- a) prepares the decisions related to the convocation and operation of the Assembly, and to the economic activity of the Grouping;
- b) organizes the execution of the board decisions and other decisions made by the leaders;
- c) makes a proposal regarding the presidents and members of the permanent and ad hoc boards;
- d) makes a proposal to the Assembly regarding the Director;
- e) elects the substitute directors;
- f) based on the views of the permanent and ad hoc boards, makes a proposal for the activity of the Grouping, for the planning and efficient working of projects, for the development of the resources of the Grouping, for the improvement of not-for-profit services;
- g) gives an opinion on the work of the permanent and ad hoc boards, on the draft proposals of the Assembly, on the report of the Director and on the not-for-profit report;
- h) presents project application plans to the Director;
- i) between two Assembly meetings decides in every matter which is out of the exclusive sphere of authority of the Assembly;
- j) on the basis of the Director`s proposal:
 - takes part in the strategic planning procedure, in the planning of the development policy, and approves general governing principles related to these;
 - analyses the operation of the Grouping, and makes proposals for modification if necessary;
 - analyses the ongoing projects and developments, the outcome of their implementation according to the objective;
 - analyses the information received from the experts, makes drafts and proposals after collecting the opinion of the boards;
 - makes a proposal to the Assembly for the approval or modification of the Organizational and Operational Regulation.

(3) The Presidency consists of maximum nine members. The President of the Assembly, and eight Assembly Members elected by the Assembly shall be Members of the Presidency. The Assembly elects two Assembly members from the side of the President and three from the other sides. The territorial principle means the division of the whole territory of the Grouping into units which ensure the manifestation and enforcement of the economic and cultural identity of the separable, bigger geographical units in a democratic way, without prejudice to the objectives of the Grouping in the course of the work of the

Grouping, and ensures that neither side is able to make a decision binding to the Grouping without the agreement of the other side.

- (4) The Presidency has a meeting according to necessity, but at least every quarter of a year. The Presidency is convened by the President in writing at least 15 days before the meeting, indicating the place, date and the agenda of the meeting. The convocation of the meeting may be initiated – with the indication of the reason – by any Member of the body, in this case the President shall decide about the convocation of the meeting. Following the proposal of at least 4 members of the Presidency the meeting shall be convened within 8 days for a date within 15 days at the latest.
- (5) The Presidency has a quorum, if six members are present at least (two members from each country). Delegation of vote can be made exclusively in writing and on a case-by-case basis to another Member of the Presidency. Delegation or authorisation must be recorded in authentic instrument or in private document providing full evidence and must be handed over to the President before the beginning of the meeting of the Presidency at the very latest. The director, the substitute-director, the member of the Supervisory Board and the auditor cannot be authorised representative

In case a quorum is not present, the Presidency shall be convened again within 15 days at the latest. Appeal by any Member lies against the decision of the Presidency to be presented within 30 days to the Assembly.

- (6) The Presidency delivers its decisions by open vote, with simple majority, in personal issues decides with secret vote. Every member of the presidency has one vote, but the votes shall be counted separately on the national sides – based on the number of the Croatian, Slovenian and Hungarian Presidency Members – and the decision is only valid if the majority required by the Statutes is achieved on all three sides separately.
- (7) If none of the members object, in urgent and justified cases, the Presidency may make a decision in writing without meeting. In case of objection coming from any member the meeting must be called immediately in order to make a decision. Member can express his/her objection within three calendar days following the receipt of the voting sheet.
 - In case of voting without meeting the President sends the members the proposed decision and the voting sheet at the same time. The incoming votes has to be aggregated and the members shall be informed about the result of the voting in writing. Voting by written correspondence happens via e-mail or mail.
 - Voting by written correspondence shall be valid if the Member sends his signed answer to the proposal put to vote on the voting sheet via e-mail or mail to the President within three calendar days following the receipt of the voting sheet. The result of the vote can be set out following the aggregation of the electronically sent votes. Signed, original votes sent via mail shall be attached to the minutes of the meeting
 - Members shall be informed in writing by the President about the result of the voting by written correspondence and about the decision following the receipt of the last vote or after 8 calendar days following the deadline of the voting.
 - The decision shall be recorded in the minutes of the following Presidency Meeting.

- (8) Any person who, or whose close relative, partner is exempted from any obligation or responsibility based on a decision, or receives any other benefit, or is anyway interested in the ongoing legal transaction, is not permitted to participate in the decision making process.
- (9) The meetings of the Presidency are conducted by the President. Minutes of the meeting shall be registered including the following information:
- a) number of the members participating and voting, the list of names (attendance sheet);
 - b) the short summary of the issues discussed according to the agenda (the written documents of the discussions are to be attached to the copy of the minutes);
 - c) the precise text of the approved decisions, indicating the serial number per year as well, the number of votes and their proportion (as „yes”; „no”; „abstention”);
 - d) the main points of the meeting with the name of the speakers.
- The minutes of the meeting is signed by the President and by one presidency member. The President shall provide for keeping and registering the decisions.
- (10) The decisions shall be communicated by mail or electronically to whom it may concern in a certifiable way, by sending the extract of the minutes of the meeting and the decisions thereof.
- (11) The meeting of the Presidency is not public. The Director and his/her substitutes take part at the meetings by permanent invitation, having the right of consultation. Experts and other persons whose appearance is important for the agenda are invited to the meetings by the president. Those who are invited for a case have the right for consultation.
- (12) The Presidency defines its own working order regarding the operation, the working system and the division of work between its members.

§ 45

The Boards

- (1) The Assembly elects permanent, ad hoc territorial and professional case boards upon the proposal of the Presidency.
- (2) The work of the boards is directed by the presidents of the boards.
- (3) The boards shall perform their work according to a working plan which shall be compiled by the presidents of the boards. The working plan includes the working order of the board, the main duties and the timing of their execution. The meetings of the board are convened by the president on the basis of the working plan and according to necessity.
- (4) The working order of the boards shall be approved by the Presidency on the basis of the proposal of the Presidency.
- (5) Between the meetings of the boards the intermittent affairs are managed by the presidents of the boards who inform the boards and the Presidency about their activity.

- (6) The boards in the course of their activity:
- a) make the professional preparation of the assembly decisions related to the topic attended by them;
 - b) cooperate with the Director and the Working Organization;
 - c) maintain contact through the president of the board with professional and scientific organization, institutions relating to their professional field;
 - d) maintain contact with other professional boards of the Assembly;
 - e) initiate and prepare conferences, workshops.
- (7) The task of the president of the board is the following in particular:
- a) he/she convenes the board;
 - b) conducts the meetings of the board;
 - c) signs the decisions of the board;
 - d) presents the decisions of the board to the Assembly;
 - e) reports about the work of the board in every meeting of the Assembly;
 - f) monitors the ongoing projects connected to the topic of the board.
- (8) Minutes of the meeting shall be registered including the following information:
- a) number of the members participating and voting, the list of names (attendance sheet);
 - b) the short summary of the issues discussed according to the agenda (the written documents of the discussions are to be attached to the copy of the minutes);
 - c) the precise text of the approved decisions, indicating the serial number per year as well, the number of votes and their proportion (as „yes”; „no”; „abstention”);
 - d) the main points of the meeting with the name of the speakers.

Minutes of the meeting is signed by the President of the Board and by one board member. The President of the Assembly shall provide for keeping and registering the decisions.

§ 46

The Director

- (1) The Assembly of the Grouping elects the Director upon the proposal of the Presidency for five years.
The term of the Director is terminated if:
- a) the term of the Director has ended,
 - b) the Director is recalled,
 - c) the Director resigns,
 - d) the Director dies.
- (2) The Director shall accomplish the management of the Grouping with due diligence of a person holding such a position, taking primary note of the interests of the Grouping. For any damage caused to the Grouping by malicious violation of the related laws, the Statutes or the management obligations he/she is accountable to the Grouping according to the related rules.
- (3) The task of the Director shall be performed only in person, there is no room for delegation.

- (4) The general task of the Director is, according to the professional requirements defined in the related laws and in the Statutes, to develop the conditions of a long-term and stable management, and to ensure the continuous efficiency of the Grouping's organizational operation.
- (5) Further tasks of the Director are in particular:
- a) to coordinate the accomplishment of the tasks of the Grouping in accordance with the objectives;
 - b) the complete legal, contractual, financial and administrative management of the Grouping;
 - c) to provide information to the Assembly, the Presidency, the boards and the Working Organization;
 - d) execution and supervision of accounts;
 - e) to prepare decisions falling within the exclusive authority of the Assembly and the Presidency;
 - f) to collect reports and presentations made by the boards and the Working Organization for the decision-preparation, to prepare summarised interim and final reports;
 - g) to form and operate monitoring and controlling procedures related to the objectives and tasks of the Grouping;
 - h) to elaborate project plans and applications;
 - i) to follow attentively the fulfilment of the efficiency indicators undertaken in the project of the Grouping;
 - j) representation of the Grouping, and within this, taking on contractual rights and obligations according to the degree indicated in the Organizational and Operational Regulation;
 - k) operative control and supervision of big purchases and investments affecting the whole Grouping;
 - l) to direct personnel affairs and to exercise employer's rights;
 - m) to keep the books of the Grouping according to the rules;
 - n) to comply with the obligations of publicity related to the Grouping according to the operative rules ;
 - o) every task which is remitted by the Assembly or the Presidency to his/her authority.
- (6) The procuration by the Director is performed by signing his/her name independently and alone under the pre-written, pre-pressed or printed company name according to the specimen of signature attached hereto as the annex of the Statutes.
- (7) The Director shall not be a leading official in other economic organization pursuing the same activity as the Grouping, except if approved by the Assembly. The Assembly may grant a general or a special approval as well in this matter, but in case of a general approval the decision shall include the determination of the scopes of authority to which the approval is extended.
- (8) The Director shall not acquire participation in other economic organization pursuing the same activity as the Grouping, except if it is approved by the Assembly. The Assembly may grant a general or a special approval as well in this matter, but in case of a general approval the decision shall include the determination of the scopes of authority to which the approval is extended.
- (9) The reasons for exclusion related to the Director of the Grouping are included in the related

laws, and the Director shall declare in his/her contract that these reasons do not exist in his/her case.

- (10) The Director and his/her close relative may not be elected to be a member of the Presidency, Supervisory Board, the boards, or to be the auditor.

§ 47

The substitutes of the Director

- (1) The Presidency elects three substitutes for the Director, for a period corresponding to the office of the Director.
The term of the substitute Director is terminated if:
- a) the term of the substitute Director has ended,
 - b) the substitute Director is recalled,
 - c) the substitute Director resigns,
 - d) the substitute Director dies.
- (2) The three substitute directors may perform the tasks falling within the authority of the Director, with full authority and responsibility by commission of the Director. In the absence of the Director, on the basis of the commission of the Organizational and Operational Regulation, one of the substitutes shall perform the tasks falling within the authority of the director.
- (3) The substitute Directors represent the Grouping and perform their duties on the basis of a division of work defined by the Presidency, or upon the request of the Director, primarily by territorial division:
- a) The substitute Director with Hungarian residence of the Grouping in Hungary;
 - b) The substitute Director with Croatian residence of the Grouping in Croatia.
 - c) The substitute Director with Slovenian residence of the Grouping in Slovenia.

§ 48

The Supervisory Board

- (1) The overall control of the activity and management of the Grouping is performed by the Supervisory Board, with particular consideration to the utilization of the financial resources available for the Grouping adjusted to the objectives. In the course of this, the Supervisory Board may ask for reports from the leading officials, information from the Grouping and its bodies, and moreover it can view the books and documents of the Grouping.
- (2) At the Grouping there is a Supervisory Board consisting of three members. Members of the first Supervisory Board are:

1. Name:	Kálmán Nagy
Mother`s maiden name:	Mária Kucséber

Residence: 8761 Pacsa, Csány László u. 55

2. Name: dr. Éva Haág
Mother`s maiden name: Magdolna Váyer
Residence: 7100 Szekszárd, Napfény utca 20. 1/5..

3. Name: László Gecse
Mother`s maiden name: Rozália Németh
Residence: 8900 Zalaegerszeg, Várberki utca 37.

- (3) Members of the Supervisory Board are elected by the Assembly, and their commission expires after 3 years. The Members of the Supervisory Board may be re-elected after the expiry of the commission, and can be recalled at any time by the Assembly.
The term of the Supervisory Board is terminated if:
- a) the term of the Members of Supervisory Board has ended,
 - b) Members of Supervisory Board are recalled,
 - c) Members of Supervisory Board resign,
 - d) Members of the Supervisory Board die.
- (4) The person elected as member of the Supervisory Board shall inform the economic companies or organizations in writing where he/she has been member of the Supervisory Board, and the not-for-profit organizations concerned according to the Khtv., within fifteen days after the acceptance of his/her new position, and shall also notify the Grouping about this (these) position(s).
- (5) The membership of the Supervisory Board is established by election and signing the declaration of acceptance.
- (6) The Supervisory Board proceeds as a body. The Supervisory Board elects a president from its members. The Supervisory Board has a quorum, if every member is present. It delivers its decisions by simple majority.
- (7) Minutes of the meeting of the Supervisory Board shall be registered including the following information:
- a) the short summary of the issues discussed according to the agenda (the written documents of the discussions are to be attached to the copy of the minutes);
 - b) the precise text of the approved decisions, indicating the serial number per year as well, the number of votes and their proportion (as „yes”; „no”; „abstention”);
 - c) the main points of the meeting with the name of the speakers.
- The Director shall provide for keeping and registering the decisions.
- (8) Members of the Supervisory Board shall proceed in person, there is no room for delegation.

- (9) The meetings of the Supervisory Board are convened and conducted by the president. The Supervisory Board shall be convened according to necessity, but twice a year at least. Convocation of extraordinary meeting may be initiated– indicating the reason, the objective and agenda – by any Member of the Supervisory Board, by writing to the president, who shall take measures within 8 days from receipt of the initiative to convene the Supervisory Board within 15 days.
- (10) The Supervisory Board determines its own working order, and the Assembly approves it.
- (11) If the number of members of the Supervisory Board falls under the number defined by the Statutes, or if there is no one to convene the meeting, the director of the Grouping shall immediately notify the President in order to re-establish the proper operation of the Supervisory Board and to ask him/her to convene the Assembly.
- (12) Members of the Supervisory Board bear unlimited and joint liability for any damage caused by the breach of their obligation to control.
- (13) The member of the Supervisory Board participates at the Assembly with the right of consultation.
- (14) The Supervisory Board shall inform the Assembly and initiate its convocation if it becomes aware of the following:
- a) in the course of the operation of the Grouping some violation of law or other harmful act (default) seriously damaging the interests of the Grouping occurred (realized), and the termination and/or averting or reducing the consequences of the above requires the decision of the Assembly;
 - b) a fact establishing the grounds of responsibility of the persons defined in Article 2 § (9) of the Law CLXXV of year 2011 on the Right of Association, Non-profit Status, and the Operation and Funding of Civil Society Organisations. arises;
- (15) The Assembly shall be convened following the proposal of the Supervisory Board within 8 days after its presentation, for a date within 15 days at the latest. In case of failure to meet this deadline the Supervisory Board is also entitled to convene the Assembly.
- (16) If the Assembly fails to take the necessary measures for the re-establishment of the legal operation, the Supervisory Board is obliged to notify immediately the company court which provides for the legality supervision and is competent in the seat of the Grouping.
- (17) The Supervisory Board is obliged to notify the Presidency authorized to take measures and to initiate its convocation if it becomes aware of the following:
- a) in the course of the operation of the Grouping some violation of law or other harmful act (default) seriously damaging the interests of the Grouping occurred, and the termination and/or averting or reducing the consequences of the above requires the decision of the Presidency;
 - b) a fact establishing the grounds of legal responsibility of the leading officials arises.
- (18) The Presidency authorized to take measures shall be convened following the proposal of the Supervisory Board within 8 days after its presentation, for a date within 15 days at the latest. In case of failure to meet this deadline the Supervisory Board is also entitled to convene the Presidency. If the Presidency fails to take the necessary measures for the re-establishment of the legal operation, the Supervisory Board shall immediately notify the Assembly.

- (19) The non-incompatibility related to the membership of the Supervisory Board shall be certified by the persons nominated for membership by signing the declaration of acceptance.

§ 49

The Working Organization

- (1) The Grouping may establish company and may employ a staff to implement the objectives and to perform the tasks of the Grouping on the basis of contract of employment or other contract related to work performance. The administrative functions, the preparation and execution of decisions shall be performed by the own, or contracted Working Organization.
- (2) In case of an own working organization, if the tasks of the Grouping are performed on the basis of contract of employment or other contract related to work performance, the Director allocates the tasks of the working organization, directs its operation, exercises the employer`s rights over the employees. The employer`s rights over the employees of certain units may be transferred by the Director to the substitute director. The rights connected to the establishment or termination of the employment shall be exclusively exercised by the Director, they cannot be transferred.
- (3) The provisions of the Labour Code shall be applied to the employment, and those of the Civil Code shall be applied to the personal collaboration not based on contract of employment.
- (4) In case of a contracted and company-like working organization (not part of the bodies of the Grouping) the Director allocates the tasks of the Working Organization, but shall not directly influence its operative working, and shall not exercise the employer`s rights over the employees of the Working Group..
- (5) In case of a contracted working organization the detailed collaboration between the Grouping and the Working Organization is regulated by a contract which is approved by the Presidency upon the proposal of the Director.
- (6) The Grouping operates National Offices within the territories of Croatia and the Republic of Slovenia. The Hungarian National Office operates in the seat of the Grouping.

§ 50

The auditor

- (1) The auditor assigned by the Assembly for a definite period from the date when the Statutes gains legal force to the day of 31 August 2019:

Name of auditor:	TVH-AUDIT Könyvvizsgáló Adótanácsadó és Könyvelő Korlátolt Felelősségű Társaság
Seat:	7624 Pécs, Bartók B. u. 2.
Registration no:	Cg. 02-09-062838

Person responsible for the audit: **Ágnes Eszter Rappai** (DOB: 1961.08.02,
Mother`s maiden name: Gizella Csonka, reg. no.: 001635,
Address: 7624 Pécs, Bartók B. u. 2.)

- (2) The auditor may be re-elected after the termination of his/her commission.
- (3) The Grouping shall commission the auditor to verify the authenticity and legality of the account in accordance with the law on accountancy. The auditor shall verify every relevant business account presented to the Assembly verifying if the contained data is authentic and if the report is in conformity with the legal rules.
- (4) The auditor may inspect the books of the Grouping, may request information from the leading officials, the members of the Supervisory Board, and the employees of the Grouping, and may examine the bank account, the cash, the securities and stock of goods of the Grouping.
- (5) The auditor shall keep the information acquired about the affairs of the Grouping as confidential.
- (6) The auditor shall participate at the Assembly. In case of necessity, the auditor shall be invited to the meeting of the Supervisory Board with the right of consultation, or the auditor may also present his/her intention to participate at the meetings of the Supervisory Board. In this latter case the request of the auditor may be rejected only in a particularly justified case.
- (7) If the auditor confirms, or otherwise becomes aware, that the property of the grouping is expected to diminish significantly, or observes any fact which implies the accountability of the Director or of the Members of the Supervisory Board, he/she shall notify the President and request the convocation of the Assembly. If the Assembly is not convened by the President, or the Assembly fails to deliver the decisions required by the legal rules, the auditor shall notify the competent public prosecutor`s office providing for the legal supervision.
- (8) Responsibility of the auditor is governed by the laws related to the auditor, and by the responsibility regulations defined in the Civil Code (3:129. §, 3:130. §, 3:131. §).
- (9) The non-existence of conflict of interests related to the auditor shall be declared by the auditor in his/her contract.
- (10) If the auditor is an economic organization, the regulations of personal incompatibility shall be applied for every member of the organization besides the person performing the auditing activity, including the leading official and the directing employee as well.
- (11) The person in charge of the audit shall not perform any other work for the Grouping on the basis of a commission, and the auditing economic organization may attend to another task only if the subject of the commission has no relation with the tasks of the auditor described in § 41. (4) of the Economic Law.

XI. INSPECTION, SUPERVISION

§ 51

- (1) Inspection of the Grouping`s management of funds is performed by the authorities determined by the Hungarian law.
- (2) The State Audit Office of Hungary is entitled to the general supervision of the management of the Grouping.
- (3) Supervision of the utilization of financial funds granted by the Community is performed by the Governmental Controlling Office, and regarding financial funds transferred from the central budget resources, the bodies authorized by separate legal rules are entitled to supervision.
- (4) The legal supervision of the Grouping is performed by the competent public prosecutor.

XII. SETTLEMENT OF DISPUTES, LEGAL REMEDY, JURISDICTION

§ 52

- (1) As far as any disputes regarding the interpretation or the application of the Convention arises between two or more members, the members shall seek for the possibility to settle the controversy by means of negotiations or in any other peaceful way.
- (2) In case a decision made by the Grouping or by its body interferes with the right or the rightful interests of a member, the concerned Member may contest the decision at the Capital Court within the objective (loss of right) deadline of 30 days.
- (3) In case of legal debates concerning more than one member state the community law on jurisdiction shall be normative.
- (4) A third party suffering any damages caused by the provisions or negligence of the Grouping may take action at the competent court at the seat of the Grouping.

XIII. ACCEPTANCE, APPROVAL AND JOINING

§ 53

- (1) These Statutes is accepted by the Members by means of signatures of their authorized representatives.
- (2) Other members may join the Grouping from the date of the registration of the Grouping in accordance with the provisions of the Regulation, the Act and the Statutes.

XIV. NORMATIVE TEXTS

§ 54

These Statutes is written in Hungarian from which it was translated to Croatian, Slovenian and English. One original, authentic copy of all the four texts is deposited to the president of the Grouping.

XV. ENTRY INTO FORCE

§ 55

These Statutes comes into force on the day of its signature, in case of non-collective signature on the day of the signature of the last founding member.

XVI. FINAL CLAUSE

§ 56

The Presidency of the Grouping shall provide for the preparation by the Director of the Organizational and Operational Regulation assisting the operation in accordance with the Statutes within 90 day from the signature of this Statutes, and for the preparation of all the internal regulations required to function as a Grouping, and shall present all these at the next Assembly for approval.

The Members signed this Statutes after joint reading and interpretation, approving its content as conforming to their will, by means of their legally authorized representative.

April 5, 2017