

THE CROATIAN PARLIAMENT

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Pursuant to Article 88 of the Constitution of the Republic of Croatia, I hereby issue the

DECISION

PROMULGATING THE ACT ON THE FUND FOR FINANCING THE DECOMMISSIONING OF THE KRŠKO NUCLEAR POWER PLANT AND THE DISPOSAL OF KNPP RADIOACTIVE WASTE AND SPENT NUCLEAR FUEL

I hereby promulgate the Act on the Fund for Financing the Decommissioning of the Krško Nuclear Power Plant and the Disposal of KNPP Radioactive Waste and Spent Nuclear Fuel passed by the Croatian Parliament at its session on 3 October 2007.

Class: 011-01/07-01/119

No: 71-05-03/1-07-2

Zagreb, 10 October 2007

President
of the Republic of Croatia
Stjepan Mesić, m. p.

ACT

ON THE FUND FOR FINANCING THE DECOMMISSIONING OF THE KRŠKO NUCLEAR POWER PLANT AND THE DISPOSAL OF KNPP RADIOACTIVE WASTE AND SPENT NUCLEAR FUEL

I GENERAL PROVISIONS

Article 1

This Act shall establish the Fund for financing the decommissioning of the Krško Nuclear Power Plant and the disposal of KNPP radioactive waste and spent nuclear fuel (hereinafter referred to as: the Fund), regulate its activities, structure and management and the sources, purpose and management of the Fund's assets.

Article 2

- (1) The Fund shall have the status of a legal person.
- (2) The founder of the Fund shall be the Republic of Croatia, and the founding rights and obligations shall be held by the central state administration body responsible for energy affairs.
- (3) The Fund shall be accountable in respect of its work to the central state administration body responsible for energy affairs.
- (4) The Fund's registered seat shall be in Zagreb.
- (5) The Fund shall be registered in the Court Register.

Article 3

- (1) The Fund shall manage and use assets for the activities and purposes laid down by this Act.
- (2) The Fund shall be liable for its obligations with its entire property.
- (3) The Republic of Croatia shall be jointly liable for the Fund's obligations.

II ACTIVITIES AND STATUTE OF THE FUND

Article 4

The Fund's activities shall include activities related to the acquisition, maintenance and increase of value of assets for financing the preparation, review and implementation of the Programme for decommissioning of the Krško Nuclear Power Plant and the disposal of KNPP radioactive waste and spent nuclear fuel (hereinafter referred to as: the Decommissioning Programme) in accordance with Articles 10 and 11 of the Agreement between the Government of the Republic of Slovenia and the Government of the Republic of Croatia on the Regulation of the Status and Other Legal Issues Regarding Investments in KNPP and its Exploitation and Decommissioning (Official Gazette - International Agreements, 9/02) (hereinafter referred to as: the Agreement) and other activities laid down by the Fund's Statute.

Article 5

- (1) The Fund shall have its statute and other general legal acts pursuant to law and the Fund's Statute.
- (2) The Management Board shall pass the Fund's Statute with the approval of the Government of the Republic of Croatia.
- (3) The Fund's Statute shall further regulate:
 - the Fund's structure and activities,
 - the powers, rights, obligations and manner of decision making of individual bodies,
 - the Fund's basic operating principles,
 - management of the Fund's assets, management costs and fees for the management of the Fund's assets,
 - basic principles and limitations on investments,
 - shares and types of property which the Fund's assets may be invested in,
 - conditions for the Fund's acquisition of securities,
 - criteria and responsibility for the selection of the Fund's depositary bank and the maximum depositary bank fee,
 - other issues of relevance for the activities and operations of the Fund.

III STRUCTURE AND MANAGEMENT OF THE FUND

Article 6

The Fund's bodies shall be the Management Board and the director.

Article 7

(1) The Management Board shall manage the Fund in accordance with the provisions of this Act, the Fund's Statute, other general legal acts of the Fund and other regulations, and supervise the work of the director.

(2) The Management Board shall have seven members, one of which shall serve as chairperson.

(3) The chairperson and members of the Management Board shall be appointed and relieved of duty by the Government of the Republic of Croatia for a period of four years.

(4) The Government of the Republic of Croatia shall appoint to the Management Board:

- one representative of the central state administration body responsible for energy affairs,
- one representative of the central state administration body responsible for financial affairs,
- one representative of the central state administration body responsible for the affairs of environmental protection,
- one representative of the central state administration body responsible for the affairs of nuclear safety,
- one representative of Hrvatska elektroprivreda d.d., Zagreb
- one independent expert in the field of finance (securities),
- one independent expert in the field of nuclear energy.

(5) The duties of the chairperson and members of the Management Board shall not be performed as sole employment.

(6) The scope, powers and responsibilities of the Management Board and its method of operation and decision making procedure shall be regulated by the Fund's Statute and the Rules of Procedure of the Management Board, to be adopted by the Management Board.

Article 8

(1) The Director shall manage the Fund's operations.

(2) The Director shall represent the Fund.

(3) The Director shall be appointed by the Management Board following a public tender for a period of four years.

(4) The scope, powers and responsibilities of the Director, conditions of his/her appointment and the procedure for appointment and suspension shall be laid down by the Fund's Statute.

IV PURPOSE, SOURCES AND MANAGEMENT OF THE FUND'S ASSETS

Article 9

The Fund's assets shall be used for:

- preparation and review of the Decommissioning Programme in accordance with Articles 10 and 11 of the Agreement,
- decommissioning of the Krško Nuclear Power Plant in accordance with the Decommissioning Programme,
- disposal and landfill of the radioactive waste and spent nuclear fuel from the Krško Nuclear Power Plant in accordance with the Decommissioning Programme,
- covering the expenses of the Fund's operation.

Article 10

(1) Resources for the financing of the decommissioning of the Krško Nuclear Power Plant and the disposal of KNPP radioactive waste and spent nuclear fuel shall be contributed to the Fund every three months until the KNPP has ceased operation in accordance with the

Agreement, or until the planned amount fixed by the Decommissioning Programme in force has been reached.

(2) Resources referred to in paragraph 1 of this Article shall be paid into the account of the Fund by Hrvatska elektroprivreda d.d., Zagreb.

(3) In accordance with the Decommissioning Programme, the amounts, time limits and method of payment of resources referred to in paragraph 1 of this Article into the Fund's account shall be stipulated by the Government of the Republic of Croatia following a proposal by the central state administration body responsible for energy affairs.

Article 11

(1) In accordance with this Act and the Fund's Statute, and in order to maintain and increase their value, the Fund's assets may be invested into securities, deposits and other secure investments, adhering to the principles of:

- security of investment,
- diversification of investment,
- maintenance of adequate liquidity.

(2) The investment principles shall set out in particular:

- the types of property which the Fund's assets may be invested in,
- the manner of achieving compliance with the provision of paragraph 1 of this Article,
- procedures for investment decision making and realization of the investments,
- the manner of revising the investment principles.

Article 12

Conditions for the Fund's acquisition of securities, shares and types of property which the Fund's assets may be invested in, as well as the limitations on the investment of the Fund's assets shall be laid down by the Fund's Statute.

Article 13

(1) In accordance with the method stipulated by Fund's Statute, the Management Board may decide to delegate the management of a portion or of the total Fund assets to an investment funds management company (hereinafter referred to as: the Company).

(2) The Management Board shall select the Company following a public tender and in accordance with the criteria and standards set out by this Act, the Fund's Statute and the ordinance on criteria and standards for selection of the Company.

Article 14

(1) The Company is a company established as a limited liability company or a joint-stock company within the meaning of the Companies Act.

(2) The Company's minimum authorised capital stock shall be three million kuna. The capital stock shall be paid up in cash and shall not originate from loans or credits, nor shall it be encumbered in any manner whatsoever. The capital stock shall be maintained in the minimum stipulated amount throughout the entire period of Fund asset management.

(3) The Management Board shall adopt a special ordinance on the criteria and standards for selection of the Company.

(4) All relations between the Fund and the Company shall be specified by a contract based, in addition to the general acts regulating such relations, on the provisions of this Act and the Fund's Statute.

Article 15

(1) The Company shall manage the Fund's assets with the care, skill, prudence, and diligence that a prudent entrepreneur would use in managing an enterprise, adhering to the principles of security, profitability, solvency and risk spreading through diversification of investments in accordance with the provisions of this Act.

(2) The Company shall be liable for damages resulting from any failure to perform or from inadequate performance of its obligations relating to the management of the Fund's assets, unless the failure or the inadequate performance is due to circumstances for which the Company is not liable even though it carried out operations with due care, skill, prudence, and diligence.

(3) The Company shall keep, in the form of an archive, all documents and other records relating to the Fund.

V DEPOSITARY BANK

Article 16

(1) The Fund shall have a depositary bank.

(2) The Criteria and responsibility for selection of the depositary bank shall be laid down by the Fund's Statute.

(3) The depositary bank shall be liable to the Fund for damages resulting from any failure to perform or from inadequate performance of its obligations.

(4) The depositary bank shall be entitled to a fee for the custodial services. The maximum fee shall be fixed by the Fund's Statute.

(5) The depositary bank and the Fund shall regulate their respective rights and obligations by a contract.

VI FINANCIAL OPERATIONS AND REPORTING

Article 17

(1) Following a proposal by the director, the Management Board shall adopt the work programme and the financial plan for each business year.

(2) The Fund shall submit the annual work programme and financial plan for approval to the central state administration body responsible for energy affairs.

Article 18

(1) The Fund shall submit a report on the implementation of the work programme and the financial report to the Government of the Republic of Croatia by 31 March of the current year for the previous year.

(2) If the Fund's assets are managed by a Company, it shall report on a monthly basis to the Fund on its asset management activities.

(3) The director shall report every three months to the Management Board on the financial operations of the Fund. Exceptionally, the director shall submit a report on the financial

operations of the Fund to the Management Board on other occasions upon the request of the Management Board.

(4) The Fund shall report twice a year to the central state administration body responsible for energy affairs on the financial operations of the Fund.

(5) By way of derogation from paragraph 2, the Fund shall submit a report on the financial operations of the Fund to the central state administration body responsible for energy affairs on other occasions upon its request.

(6) Once a year and in the manner set out by the Fund's Statute, the Fund shall report to the public on the performance of the activities it was established for.

VII PENAL PROVISIONS

Article 19

(1) Hrvatska elektroprivreda d.d., Zagreb shall be fined in the amount of HRK 10,000.00 to 100,000.00 if it fails to make payments set out in Article 10 of this Act in the manner, amount and time limits stipulated.

(2) For the offence specified in paragraph 1, the responsible person of Hrvatska elektroprivreda d.d., Zagreb shall be fined in the amount of HRK 5,000.00 to 15,000.00.

VIII TRANSITIONAL AND FINAL PROVISIONS

Article 20

(1) The Government of the Republic of Croatia shall appoint the Management Board within 30 days from the date of entry into force of this Act.

(2) The Management Board shall request approval of the Fund's Statute from the Government of the Republic of Croatia within 30 days from its appointment.

Article 21

(1) The Government of the Republic of Croatia shall appoint an interim Fund director within 30 days from the date of entry into force of this Act.

(2) The interim Fund director shall be authorised to take actions and prepare for the commencement of the Fund's operations and to submit a request for the registration of the Fund in the Court Register.

Article 22

The Government of the Republic of Croatia shall pass the implementing regulation referred to in Article 10, paragraph 3 of this Act within 30 days from the date of entry into force of this Act.

Article 23

(1) Initial resources for the Fund's operations shall be provided by withdrawal from the budgetary account of the Republic of Croatia into which payments are made for financing the decommissioning of the Krško Nuclear Power Plant and the disposal of KNPP radioactive waste and spent nuclear fuel in accordance with the Regulation on the manner of payment of

funds for financing the decommissioning of the Krško Nuclear Power Plant and the disposal of KNPP radioactive waste and spent nuclear fuel (Official Gazette, 50/06 and 77/06).

(2) Within eight days from the day of opening the Fund's account, the resources paid into the budgetary account of the Republic of Croatia shall be transferred to the Fund's account in accordance with the Regulation on the manner of payment of funds for financing the decommissioning of the Krško Nuclear Power Plant and the disposal of KNPP radioactive waste and spent nuclear fuel.

Article 24

Hrvatska elektroprivreda d.d., Zagreb shall make payments for financing the decommissioning of the Krško Nuclear Power Plant and the disposal of KNPP radioactive waste and spent nuclear fuel in the amounts, time limits and manner stipulated by the Regulation on the manner of payment of funds for financing the decommissioning of the Krško Nuclear Power Plant and the disposal of KNPP radioactive waste and spent nuclear fuel until the date of entry into force of the regulation referred to in Article 10, paragraph 3 of this Act.

Article 25

This Act shall enter into force on the eighth day from the day of its publication in the Official Gazette.

Class: 310-33/07-01/01

Zagreb, 3 October 2007

THE CROATIAN PARLIAMENT

President

of the Croatian Parliament

Vladimir Šeks, m.p.