

JUGOPETROL AD



ARTICLES OF ASSOCIATION

Podgorica, 30.03.2021.

Pursuant to Article 133, paragraph 1, item 1 of the Companies Law (Official Gazette of Montenegro 65/2020) the General Meeting of shareholders of JUGOPETROL AD Podgorica, at the meeting held on 30 March 2021, adopted the following:

ARTICLES OF ASSOCIATION

1. GENERAL PROVISIONS

1.1. Foundation of the Company

Article 1

On the basis of the Decision on Ownership and Management Transformation of JP "Jugopetrol" Kotor by the Board of Directors, no. 5410 dated 23/09/1996, Jugopetrol was established as a joint-stock company and inscribed in the court registry held with the Commercial Court in Podgorica, reg. no. Fi 2885/96 dated 30/12/1996, (hereinafter: the "Company").

The Company is a legal successor of the Commercial Company for Trade with Oil and Oil Derivatives "Jugopetrol" Kotor, founded on 12/04/1947.

1.2. Organisation of the Company

Article 2

The Company is organised as a public joint-stock company in terms of the law.

The management of the Company is organised as a single-tier system.

1.3. Duration of the Company

Article 3

The Company is established for an unlimited period of time.

1.4. Day of the Company

Article 4

The Company celebrates April 12 as the Day of the Company.

The Day of the Company is the day when the first company Jugopetrol Kotor was founded in 1947.

The Day of the Company is celebrated in a manner more closely defined in the decision of the Board of Directors.

2. NAME OF THE COMPANY, PRINCIPAL PLACE OF BUSINESS AND BUSINESS ACTIVITY OF THE COMPANY

2.1. Name of the Company

Article 5

The name of the Company is: JUGOPETROL akcionarsko društvo za istraživanje, eksploataciju i promet nafte i naftnih derivata, Podgorica.

The abbreviated name of the Company is: JUGOPETROL AD.

2.2. Principal Place of Business and Address

Article 6

The principal place of business of the Company is in Podgorica, at Stanka Dragojevića bb.

The Company has an email address for electronic mail receipt: JUGOPETROLAD@jugopetrol.co.me

2.3. Business Activity of the Company

Article 7

Predominant business activity of the Company is:

46.71 - Wholesale of solid, liquid and gaseous fuels and related products.

Other business activities of the Company are:

- 47.30 - Retail sale of automotive fuel in specialized stores
- 47.78 - Other retail sale of new goods in specialized stores
- 46.12 - Agents involved in the sale of fuels, ores, metals and industrial chemicals
- 47.99 - Other retail sale not in stores, stalls or markets
- 46.43 - Wholesale of electrical household appliances
- 46.47 - Wholesale of furniture, carpets and lighting equipment
- 46.52 - Wholesale of electronic and telecommunications equipment and parts
- 46.44 - Wholesale of china and glassware and cleaning materials
- 46.49 - Wholesale of other household goods
- 46.73 - Wholesale of wood, construction materials and sanitary equipment
- 46.45 - Wholesale of perfume and cosmetics
- 46.48 - Wholesale of watches and jewellery
- 46.74 - Wholesale of hardware, plumbing and heating equipment and supplies
- 46.75 - Wholesale of chemical products
- 46.76 - Wholesale of other intermediate products
- 46.77 - Wholesale of waste and scrap
- 38.11 - Collection of non-hazardous waste
- 38.12 - Collection of hazardous waste
- 46.65 - Wholesale of office furniture
- 46.66 - Wholesale of other office machinery and equipment

46.51 - Wholesale of computers, computer equipment and software
46.90 - Non-specialised wholesale trade
45.11 - Sale of cars and light motor vehicles
45.19 - Sale of other motor vehicles
45.20 - Maintenance and repair of motor vehicles
52.21 - Service activities incidental to land transportation
52.22 - Service activities incidental to water transportation
52.23 - Service activities incidental to air transportation
52.24 - Cargo handling
52.29 - Other transportation support activities
45.31 - Wholesale trade of motor vehicle parts and accessories
45.32 - Retail trade of motor vehicle parts and accessories
45.40 - Sale, maintenance and repair of motorcycles and related parts and accessories
43.32 - Joinery installation
47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating
47.19 - Other retail sale in non-specialised stores
47.24 - Retail sale of bread, cakes, flour confectionery and sugar confectionery in specialised stores
47.25 - Retail sale of beverages in specialised stores
47.26 - Retail sale of tobacco products in specialised stores
47.29 - Other retail sale of food in specialised stores
47.75 - Retail sale of cosmetic and toilet articles in specialised stores
47.59 - Retail sale of furniture, lighting equipment and other household articles in specialised stores
47.53 - Retail sale of carpets, rugs, wall and floor coverings in specialised stores
47.63 - Retail sale of music and video recordings in specialised stores
47.43 - Retail sale of audio and video equipment in specialised stores
47.54 - Retail sale of electrical household appliances in specialised stores
47.52 - Retail sale of hardware, paints and glass in specialised stores
47.61 - Retail sale of books in specialised stores
47.62 - Retail sale of newspapers and stationery in specialised stores
47.64 - Retail sale of sporting equipment in specialised stores
47.65 - Retail sale of games and toys in specialised stores
47.41 - Retail sale of computers, peripheral units and software in specialised stores
47.42 - Retail sale of telecommunications equipment in specialised stores
55.10 - Hotels and similar accommodation
56.10 - Restaurants and mobile food service activities
56.30 - Beverage preparation and serving activities
49.20 - Freight rail transport
49.39 - Other passenger land transport
49.41 - Freight transport by road
49.42 - Removal services
49.50 - Transport via pipeline
52.10 - Warehousing and storage
64.91 - Financial leasing
64.92 - Other credit granting
68.10 - Buying and selling of own real estate
68.20 - Renting and operating of own or leased real estate
77.12 - Renting and leasing of trucks
77.39 - Renting and leasing of other machinery, equipment and tangible goods
77.33 - Renting and leasing of office machinery and equipment (including computers)

77.39 - Renting and leasing of other machinery, equipment and tangible goods not elsewhere classified

33.12 - Repair of machinery

95.11 - Repair of computers and peripheral equipment

71.12 - Engineering activities and related technical consultancy

74.90 - Other professional, scientific and technical activities n.e.c.

74.20 - Photographic activities

06.10 - Extraction of crude petroleum

06.20 - Extraction of natural gas

09.10 - Support activities for petroleum and natural gas extraction

71.11 - Architectural activities

71.20 - Technical testing and analysis

80.20 - Security systems service activities

Foreign trade activities:

- Foreign trade with foodstuffs as for national trade,
- Foreign trade with non-foodstuffs as for national trade,
- Foreign trade services,
- Supplying means of transportation and platforms,
- Sea transport activities,
- Mediating and representing in foreign trade transactions,
- Realization and relinquishment of investment works to the foreign entity in the country,
- Operations of public warehousing,
- Transport of goods in road traffic,
- Performing commercial activities abroad.

The Company may, with no inscription in the competent registry, perform other activities for the purpose of the activities inscribed in the competent registry, that are usually performed along with these activities, in smaller volume or from time to time.

2.4. Protection of common interest

Article 8

The Company performs activities specified in Article 7 of the Articles of Association in the way that provides stability of the operation, regular and high-quality satisfaction of the needs of oil derivatives consumers, efficiency of the management and operation at market economic conditions.

Provision of common (public) interest in the activities of the Company is made according to the special law.

3. SEAL, STAMP AND TRADEMARK OF THE COMPANY

3.1. Seal of the Company

Article 9

The Company has a round seal, 3.5 cm in diameter, and the full name of the Company is written in it in concentric circles around the trademark of the Company.

The seal of the Company is made in several copies which are numbered. A person who is entrusted with keeping and using the seal is obligated to keep it in a manner which prevents its unauthorised use.

In business operations with third parties the seal may be used for application exclusively on documents, papers, contracts and all other writings previously signed by the President or members of the Board of Directors, Executive Director, Company Secretary or other person of the Company, by authority or proxy.

The Board of Directors determines by a special regulation persons who will be responsible for the seals, the number of the seals produced, the manners of using the seals in other cases and destroying seals.

3.2. Stamp of the Company

Article 10

The stamp of the Company is rectangular, size 2, 5 x 5, 5 cm, and the short name of the Company is written in with space for the number and date of the document.

The Board of Directors by a special regulation determines the manners of using, keeping and destroying seals.

3.3. Trademark of the Company

Article 11

The Company may have trademarks.

4. SHARE CAPITAL AND CAPITAL CHANGES

4.1 Share Capital of the Company

Article 12

Share Capital of the Company is EUR 67,986,605.00 (sixty-seven-million-nine-hundred-eightysix-thousand-six-hundred-and-five EUR) divided into 4,653,971 fully paid-up registered shares with a nominal value of EUR 14.6083.

All shares of the Company are regular shares in dematerialised form.

4.2. Increasing Share Capital

Article 13

In accordance with law, the Company may increase its Share Capital with additional investments of its shareholders or other persons to whom new shares are issued.

Decision on increasing the Share Capital is made by the General Meeting of shareholders, provided that present at the General Meeting are shareholders or their representatives holding at least 2/3 of the shares.

The decision referred to in paragraph 2 herein shall be adopted individually for each class of shares, in view of protecting the rights of the shareholders.

General Meeting of shareholders may, by its decision adopted by a two-third majority of the shareholders present in person or represented by proxies or voting by ballot, authorize the Board of Directors to make decision on shares issuing. The decision of the General Meeting of shareholders determines the amount of the approved increase of the Share Capital (authorized capital) which may not exceed 10% of the value of the Share Capital, and the period until which the authorization of the Board of Directors is valid, which may not be longer than five years from the date of the decision.

The amount of the approved capital increase must be less than the amount of the portion of the Share Capital comprised of issued ordinary shares.

4.3. Decreasing Share Capital

Article 14

The Share Capital may be decreased by the withdrawal and cancellation of shares and by the reduction of nominal value of shares.

The Share Capital may be decreased in accordance with the law.

The Share Capital of the Company may be decreased by a decision of the General Meeting of shareholders passed by shareholders representing 2/3 of the votes of shareholders who are present at the General Meeting in person or through representatives or through ballots.

5. RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 15

Shareholders have those rights given by the shares in their ownership, whereby the owners of the same class of shares have equal rights.

Article 16

Shareholders have the right to:

1. participate in distribution of profit of the Company in the form of a dividend, once a decision on distribution of profit to shareholders has been adopted;
2. receive a portion of the surplus assets of the Company after the liquidation proceedings are finalised;
3. receive shares free of charge in the event of increase in Share Capital from the financial resources of the Company, subject to limitations provided for by the law;
4. have a pre-emptive right to purchase in the process of new issuance of shares and convertible bonds, subject to limitations stipulated by the law;
5. dispose of shares in accordance with the law;
6. participate and vote at the General Meeting;
7. be informed;
8. hire an expert;
9. ask questions.

Shareholders have other rights in accordance with the law.

Article 17

Shareholders have the obligation to pay, in the manner determined, the initial price of the shares which they subscribed to.

6. REPRESENTING AND SIGNING FOR THE COMPANY

6.1. Representation

Article 18

The Company is represented by the President of the Board of Directors and the Executive Director, each of them individually in accordance with the competences under this Articles of Association and the law.

The Board of Directors, upon proposal of the President of the Board of Directors or the Executive Director, may give general proxy to the member of the Board of Directors, Company Secretary and member of the management for specific activity of the Company.

6.2. Proxies

Article 19

The President of the Board of Directors and the Executive Director, within their authorisations, may give a proxy for representing the Company to the employees of the Company or to persons outside of the Company.

Authorisation given to a proxy may be general or limited to a certain affair or type of affairs, this limitation having effect toward third party if that party knew for it or had to know for it.

6.3. Signing

Article 20

The Company is bound by the signature of a representative of the Company, or proxy, adding his/her signature next to the Company name.

The Board of Directors by its decision determines the need for collective signing that is the cases when two signatures are necessary.

7. PERFORMANCE AND LIABILITIES IN LEGAL AFFAIRS

7.1. Legal affairs

Article 21

Within its activities the Company independently performs legal affairs, concludes legal businesses and undertakes other legal actions significant for performing activities of the Company.

7.2. Liability of the Company

Article 22

The Company is a legal entity which is with its property and liabilities completely separated from the shareholders.

The Company is liable for its obligations with its entire property.

Shareholders of the Company are liable up to the amount of the funds invested, in accordance with the law.

8. GENERAL MEETING

8.1. Competence of the General Meeting

Article 23

The General Meeting of shareholders is the supreme authority of the Company.

The following powers shall be vested in the General Meeting:

1. to adopt and amend the Articles of Association,
2. to elect and remove the members of the Board of Directors,
3. to elect and remove the auditor of the Company,
4. to appoint and dismiss the liquidator of the Company,
5. to adopt annual Financial Statements and Business Reports of the Company,

6. make decision on the Company's property running (purchase, sale, rent, change, acquire or other running) for the property the value of which is higher than 20% of the book value of the Company's property (large value property),
7. to decide on remuneration policy and on remunerations for the members of the Board of Directors, at its each ordinary General Meeting,
8. to make a decision on profit distribution,
9. to increase or decrease Share Capital of the Company determined by the Articles of Association, convert shares of one class to those of another,
10. to pass a decision on voluntary liquidation of the Company, restructuring or submitting the proposal for instigation of bankruptcy proceeding,
11. to approve valuation of non-monetary investments,
12. to approve conclusion of the contracts on purchase of property from the founder or major shareholder of the Company, in every case when payment exceeds 1/10 of Share Capital of the Company determined by the Articles of Association and where such contract should be concluded within two years following the registration of the Company,
13. to make a decision on issuing bonds, that is convertible bonds or other convertible valuable papers,
14. to limit or abolish priority right of shareholders to subscribe shares or acquire convertible bonds, with approval of 2/3 majority of shareholder's votes to which this decision relates,
15. to adopt a decision on independent or joint incorporation of another company or a decision authorising the Company's management bodies to adopt a decision on independent or joint incorporation of one, several or indefinite number of companies,
16. examine the issues that fall within the scope of the Board of Directors' competencies which relate to business matters of the Company,
17. to adopt rules of procedure of the General Meeting,
18. to decide on other issues in accordance with the law.

8.2. Annual General Meeting

Article 24

The Annual General Meeting shall be held each year within six months of the close of the financial year of the Company.

The meeting shall be convened by the Board of Directors or by shareholders holding at least 5% of the Share Capital.

8.3. Extraordinary General Meeting

Article 25

The Extraordinary General Meeting is every meeting other than Annual General Meeting.

The Extraordinary General Meeting shall be convened in case:

1. shareholders, holding at least 5% of voting rights, submit a written request for holding a general meeting;
2. the Board of Directors or shareholders propose:
 - a. the Company's business activity to be changed;
 - b. the Company's Share Capital to be changed;

- c. the Auditor to be substituted prior to the expiry of his term of office;
 - d. a member of the Board of Directors to be substituted prior to the expiry of his/her term of office.
3. there are serious losses of the Company or the Company is authorised to purchase its own shares;
 4. reorganization, merger, voluntary liquidation or submission of the petition for initiation of bankruptcy procedure of the Company need to be approved;
 5. it is requested by the Auditor who has resigned;
 6. the membership of a member of the Board of Directors terminates;
 7. the Board of Directors is of the opinion that a certain matter should be considered at the Extraordinary General Meeting.

8.4. Convening of General Meeting

Article 26

General Meeting shall be convened by notice published in at least one daily newspaper published in Montenegro two times and on the Company's website, not less than thirty days before the date fixed for meeting. The notice of a meeting shall state place, date and time of the General Meeting, proposal of the agenda with the items of the agenda and stating the class and total number of shares voting on each decision and the majority required for taking such decision with a notice where shareholders may see the material and proposals of decisions that will be considered at the General Meeting, the Company's website address, information on rights of shareholders to participate and to vote at the General Meeting and instruction on how to exercise rights thereof.

Exceptionally, in case of convening the repeated General Meeting, shareholders are informed by notice not less than ten days before the date fixed for repeated General Meeting.

Extraordinary General Meeting may be convened without observing deadlines provided by law and this Articles of Association if all shareholders with voting right, that is their proxies, agree to that.

The General Meeting can be held by physical presence of the shareholders or by using electronic audio and/or video means of communication in a way that all shareholders participating in the meeting can communicate with each other at the same time.

Participation at the General Meeting may be carried out, as follows:

- by live broadcast of the general meeting;
- by two-way communication allowing shareholders to address the general meeting from another location;
- electronic voting, before or during the session.

The Board of Directors decides on the way the General Meeting is held and incorporates the required information in the Agenda and announcement for convening the meeting.

8.5. Agenda of the General Meeting

Article 27

The General Meeting cannot make decisions on issues that are not on agenda, unless all shareholders with voting right are present, and unanimously accept the amended agenda.

Shareholders holding not less than 5 % of the Company's Share Capital shall have the right to request from the Board of Directors to amend the agenda of the General Meeting not less than 15 days prior to the date fixed for meeting. In addition to the request for amendment to agenda of the General Meeting which shall have to be submitted in the seat of the Company, shareholders are also obliged to submit draft decisions related to proposed items of the agenda. In this case, the Board of Directors is obliged to amend the agenda of the General Meeting.

In case of the amendment to the agenda, shareholders are informed thereof at least 10 days prior to the date of holding the General Meeting in the same way as they are informed on convening the General Meeting, and the amended agenda shall be published on the Company's website.

8.6. Acting procedure of the General Meeting

Article 28

The General Meeting is presided by the Executive Director, unless otherwise decided by the majority of present or represented shareholders.

The Board of Directors members are entitled to attend the General Meeting.

The Company Secretary is also the secretary of the General Meeting and, if the Company Secretary is not present, the chairman appoints other person as the secretary of the General Meeting.

Article 29

The presence of shareholders or their proxies at the General Meeting is recorded by the attendance list. The attendance list also provides the number of votes held by each shareholder.

The attendance list is duly signed by the chairman of the General Meeting and the Company Secretary.

Shareholders or their proxies intending to be present at the General Meeting are obliged to register to the Company Secretary at least 2 hours prior to the General Meeting.

Article 30

Minutes of the General Meeting is signed by the chairman of the General Meeting, secretary of the General Meeting and at least one shareholder authorised by the General Meeting.

Copies of proxies and ballots of participants in the Shareholders' General Meeting of both who voted in advance and those who voted at the Shareholders' General Meeting are attached to the minutes of the Shareholders' General Meeting.

8.7. Quorum of the General Meeting

Article 31

Quorum of the General Meeting is made of shareholders holding more than the half of the total shares with voting rights, who are present or represented by proxies or voted by ballots.

If the necessary quorum of the General Meeting is not reached after thirty minutes from the time fixed for the start of the General Meeting, the General Meeting may be convened again in accordance with the procedure determined by the law.

Shareholders present in person or represented by proxies, who have no voting right as regards deciding on specific agenda items shall be counted in when the quorum is determined, but they shall not be taken into account when decisions are adopted.

8.8. Voting at the General Meeting

Article 32

Voting at the General Meeting is done by verbal voting of the shareholders present to the meeting or their proxies, or by ballots where they may circle "In favour" or "Against" the proposal.

A ballot voting is mandatory in case of election of the members of the Board of Directors and request of the shareholders or their proxies holding at least 5 % of voting rights at the General Meeting.

After voting on each individual decision, the chairman of the General Meeting shall inform the General Meeting on the result of the voting of present shareholders and on the voting of the shareholders in writing.

Article 33

Each shareholder has the right to one vote for each share owned.

In case of the electing of members of the Board of Directors, the vote is made according to the cumulative system and then each share with voting right produces the number of votes equal to the number of members of the Board of Directors being elected. Shareholder or his proxy has the right to give all the votes to one candidate or to distribute them on more candidates at one's choice.

Article 34

Shareholder has the right to authorise other person to vote as his/her proxy at the Shareholder General Meeting or to perform other legal actions.

The Company shall determine the form of the authorisation and announce it along with the Notice on convening General Meeting. The authorisation has to be verified in accordance with the law.

The proxy must meet the requirements set under the law.

If it is not explicitly stated in the authorisation that it is granted for one meeting and repeated meetings, the authorisation shall be considered to be given for all General Meetings held until the moment of the revocation of the authorization.

The authorization may be revoked in any moment and it is deemed to be revoked even in case a shareholder gives another authorization or if he/she votes in the Shareholders General Meeting.

Article 35

The General Meeting adopts decisions by the majority of present or represented shareholders' votes or by ballots, except in the cases where another majority is required for adoption of a decision.

9. BOARD OF DIRECTORS

9.1 Structure of the Board of Directors

Article 36

The Board of Directors is the managing and directing body of the Company and its decisions are executed by the Executive Director and the Company Secretary.

The General Meeting elects and replaces members of the Board of Directors.

The Board of Directors has 7 (seven) members.

The Board of Directors must have at least 3 (three) independent members who meet the criteria provided under the law.

9.2 Election of the Board of Directors

Article 37

A person with business capability who has university education, appropriate knowledge and experience in the activities of the Company, personal integrity and is available to perform the duties of the member of the Board of Directors may only be elected member of the Board of Directors.

Members of the Board of Directors need not be shareholders.

Member of the Board of Directors have to meet the conditions for membership provided under the law.

Article 38

Shareholder and shareholders holding together 5% of the Company's Share Capital have the right to propose candidates for members of the Board of Directors.

Shareholders with the right to propose members of the Board of Directors may propose all 7 (seven) members of the Board of Directors or only some members.

Proposal of a candidate or candidates for members of the Board of Directors has to include basic information on a candidate, date and place of birth, qualification, curriculum vitae, employment status and residence.

Proposal of a candidate has to be followed with the signed statement of acceptance of candidacy and declaration that a candidate meets the eligibility criteria provided under the law.

The Board of Director shall determine the form of the statement and announce it along with the Notice on convening General Meeting.

9.3. Board of Directors members' term of office

Article 39

Term of office of the members of the Board of Directors expires two years from the Board election and this term is automatically extended until the lapse of the period of time, during which the first Annual General Meeting following the termination of such term must be convened.

A person who was member of the Board may be re-elected. Number of terms of office for members of the Board of Directors is not limited.

A member of the Board of Directors may offer his/her resignation in writing prior to the expiration of his/her term of office on which he/she informs the Board of Directors in written form not later than 15 days prior to the date of the meeting of the Board of Directors. The resignation shall have legal effect as of the date of appointment of a new member of the Board of Directors.

9.4. Remuneration for the work in the Board of Directors

Article 40

A member of the Board of Directors has the right to be remunerated in accordance with the decision of the General Meeting.

If a member of the Board of Directors concludes with the Company an agreement on remuneration for the work in the Board or he/she is employed by the Company, all essential provisions of such agreement are shown in annual financial report of the Company.

9.5. Authorities and obligations of the Board of Directors

Article 41

The Board of Directors has the obligation to run the Company directly and through the Executive Director and the management on the whole and has full authority to make decisions and undertake activities it finds useful for achievement and implementation of the purpose and object of the Company operation, except for the activities which are explicitly in competence of the General Meeting of the Company.

The Board of Directors is particularly authorised to:

- prepare and submit proposals of decisions and reports and initiates performance of the General Meeting of the Company role,
- execute the decisions of the General Meeting,
- set out the business policy and business strategy of the Company,
- monitor activities of the Management and administration and to ensure implementation of adopted business policy of the Company,
- ensure the adequate system of internal control, both operational and financial one,
- elect and appoint the Executive Director and the Company Secretary,
- determine the number of the Board of Directors members working as professionals,
- render all general regulations of the Company, except the Articles of the Association of the Company,
- set the organization of the Company, organization of the accounting and financial control,
- set the Management and administration structure of the Company, upon a proposal of the Executive Director,
- appoint and dismiss responsible persons – members of the management and supervision over these persons,
- make investments decisions,
- decide on founding of new business,
- decide on opening of branch offices of the Company,
- adopt annual business plans,
- adopt elaborate pertaining to the results of executed inventory of the property and obligations of the Company,
- initiate the extraordinary business audits,
- approve entering into contracts, as well as the contracts on purchase of property from the founder or major shareholder which do not fall within competencies of the General Meeting,
- decide on credit responsibilities of the Company and approval of the deposits,
- adopt its own rules of procedure,
- appoint commissions (including Audit Committee) and working bodies for execution of certain tasks /assignment,
- pass decision establishing Audit Committee of the Company, define its composition, its authorisations, and other issues relevant to the operations of the Audit Committee, and appoint and dismiss members of the Audit Committee,
- perform other tasks set forth under the law and Articles of Associations.

The Board of Directors submits to the General Meeting annual reports on operation and financial performance of the Company.

Members of the Board of Directors as a rule attend the Shareholders' Assemblies at which they are obliged to reply to questions put by the shareholders regarding the issues and draft decisions as per the items of the agenda.

9.6. President of the Board of Directors

Article 42

The Board of Directors elects the President of the Board among its members.

The President of the Board of Directors is authorised to:

- conclude the employment contract with the Executive Director and the Secretary of the Company,
- call and preside over the Board of Directors, propose the agenda and to be responsible for minutes-taking at the Board meetings,
- monitor and ensure the implementation of the decisions of the Board of Directors,
- perform activities pertaining to preparing and promotion of the program and development strategy of the Company,
- coordinate and implements business cooperation with domestic and foreign partners and international organisations,
- provide prompt information on overall work and operation of the Company to the Board of Directors,
- perform other activities specified in the Articles of the Association of the Company.

The President of the Board of Directors may be at the professional work in the Company and that should be decided by the Board of Directors during the elections.

9.7. Meetings of the Board of Directors and decision-making

Article 43

Meetings of the Board of Directors may be convened by its President personally or if by request of its member.

Meeting of the Board of Directors may be convened by a member of the Board of Directors provided that more than 1/2 of the members agreed to that.

Meeting of the Board of Directors may be held if more than half of the members are present or legally represented including also the members who participate in the meeting by the means of teleconference. In case of absence a member may authorize by a letter another member to represent him/her at the meeting.

Article 44

Decisions of the Board of Directors are adopted if at least half of the present members of the Board of Directors vote in favour of such decision.

Members of the Board of Directors who are not present may vote by telephone or by other means of communication in a manner which undisputedly provides determination of their votes.

Members of the Board of Directors do not have right to vote when decision on their material responsibility or on their work in the Company is made.

Decisions of the Board of Directors are included in the minutes of meeting which is signed by the President of the Board, members of the Board of Directors who participated in the meeting and the Company Secretary.

9.8. Termination of the membership in the Board of Directors

Article 45

Term of office of the Board of Directors member shall terminate:

- upon the expiry of the term of office,
- when a member ceases to meet the conditions for membership in the Board of Directors provided under the law,
- by submitting resignation,
- by dismissal by the General Meeting.

In case of a dismissal of a member of the Board of Directors before the expiry of the term of office, the Board of Directors may form a commission to examine reasons for requesting dismissal of a member.

In case of termination of the membership in the Board of Directors as referred to in paragraph 1 herein, a new Board of Directors shall be elected within 60 days following the registration date of the termination of the membership.

10. EXECUTIVE DIRECTOR, COMPANY SECRETARY AND AUDITOR OF THE COMPANY

10.1. Executive Director

Article 46

Executive Director of the Company is appointed by the Board of Directors.

Executive Director is appointed for a period of 4 (four) years, with a possibility for re-election.

A person fulfilling the following conditions may be elected as the Executive Director:

- completed 7th degree of education in economics, law or technical sciences,

- at least 3 years of experience in the profession,
- knowledge of one foreign language,
- non-existence of legal obstacles.

The President of the Board of Directors and Executive Director shall conclude an employment contract by which rights, obligations and responsibilities of the Executive Director shall be determined, as well as conditions for termination of the function prior to expiration of the deadline determined by the contract.

Article 47

Executive Director of the Company implements and executes the decisions of the Board of Directors and directs current operations of the Company and for that purpose:

- organises work process of the Company,
- takes care and bears responsibility for legal operation of the Company, within the limits of his/her authorisations,
- administers the property and manages the funds of the Company, in accordance with the Law and decisions of the Board of Directors,
- prepares and proposes business and development plans,
- submits proposals of internal organisation and act of employee job positions,
- submits quarterly reports on business activities of the Company,
- decides on employing new staff within the Company, in accordance with the plans and needs of the Company
- executes contracts, in accordance with his/her authorities,
- decides on disciplinary responsibility of employees,
- decides on working hours.
- forms working groups, teams of experts and commissions for execution of specified tasks,
- approves domestic and international business trips of employees (up to 7 days),
- attends the General Meeting and meeting of the Board of Directors under conditions determined by the Articles of Association and law,
- decides on financial support packages in the maximum as from time to time be decided by the Board of Directors,
- performs other activities determined by the employment contract, this Articles of Associations and the law.

Article 48

Executive Director may delegate certain duties to other persons from the Company in accordance with law and decision of the Board of Directors.

Article 49

Term of office of the Executive Director may be terminated in accordance with the employment contact and the law.

10.2. Company Secretary

Article 50

The Company has the Secretary appointed by the Board of Directors.

A person fulfilling the following conditions may be elected as the Company Secretary:

- completed 7th degree of education in economics or law and
- possessing knowledge and experience required for performing duties of Company Secretary.

The President of the Board of Directors and Company Secretary shall conclude a employment contract by which rights, obligations and responsibilities of Company Secretary shall be determined, as well as conditions for termination of the term of office prior to expiration of the deadline determined by the contract.

Article 51

Company Secretary is authorised to:

- organise the General Meeting and takes the minutes,
- prepare materials for the Board of Directors meetings and takes the minutes,
- perform all activities relating to shareholders and their protection,
- keep and update book of minutes of the General Meeting and the meeting of the Board of Directors,
- submit documents to the Central Register of Business Entities of the Tax Administration of Montenegro in Podgorica in accordance with the law,
- update the list of shareholders,
- take care that the Company has the exact list of owners of bonds it has issued,
- have a copy of each instrument which establishes or registers some legal burden on property of the Company,
- perform other activities by order of the Board of Directors and Executive Director.

Company Secretary is obligated to answer in writing any question asked in writing by a shareholder relating to the management of the Company, within thirty days from the delivery of the letter.

10.3. Auditor of the Company

Article 52

Auditor of the Company is elected by the General Meeting for a period of one year.

Auditor is obligated to audit financial statements of the Company and to report on this to the the Company.

Auditor has the right to participate in the General Meeting and to give explanation and answers to questions put in relation to assessment and opinion in the submitted report.

Auditor is responsible for misuse of its position and authorisation, especially if intentionally or by being not cautious it contributes to fraud activity of manager or, if it, contrary to the law, disclose or reveal the Company and proceedings for compensation of damage may be taken against it together with members of the Board of Directors and the Executive Director.

11. FINANCES AND PROFIT DISTRIBUTION

Article 53

Financial year is a calendar year.

The Company obligatory prepares report on operations during financial year.

When on last day of last financial year net assets of the Company according to the annual report are, or after profit distribution to shareholders would be, less than the Share Capital of the Company together with reserves which cannot be distributed by the law or the Articles of Association, the Company may not distribute the profit to the shareholders.

Amount intended for the distribution to the shareholders may not exceed amount of the profit realised at the end of the financial year, increased for the profit from previous year and for available amount of reserves and decreased for losses carried forward from previous year and for amount determined for reserves, in accordance with law and the Articles of the Association of the Company.

Article 54

Dividend is a payment of a part of the Company's profit to its shareholders.

As a rule, dividends are paid to shareholders in money, but they may be paid also in shares of the Company or in other valuable papers.

Decision on payment of dividend, made by the General Meeting, represents an obligation of the Company towards its shareholders.

12. FUNDS AND RESERVES

Article 55

The Company forms funds and reserves in accordance with law and operation and development needs of the Company.

The General Meeting decides on forming funds and reserves which are not compulsory by law.

13. ENVIRONMENT PROTECTION

Article 56

Environment protection is regulated by a special act passed by the Board of Directors of the Company.

The Board of Directors determines funds for provision of environment protection.

14. CHANGES OF STATUS OF THE COMPANY

Article 57

The Company may be restructured, in accordance with law, in the following ways:

- by dividing it in two or more companies,
- by merging two or more companies,
- by separation with establishing of one or more separate companies and
- by changing its organisational form.

The General Meeting makes decision on change of the status of the Company by the votes of 2/3 majority of the present and proxy-represented shareholders or ballot shareholders.

15. BUSINESS SECRET

Article 58

Documents and information which disclosure to unauthorised persons, due to their significance and nature, would be contrary to the interests of the Company are considered business secret.

The Board of Directors by a special decision regulates which documents and information are considered business secret and manners to provide keeping the business secret.

16. AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND GENERAL REGULATIONS OF THE COMPANY

Article 59

Articles of Association is the supreme regulation of the Company passed by the General Meeting.

Other general regulations of the Company (regulations, rules of procedure, instruction manuals, decisions etc.) have to be in conformity with the Articles of Association.

Article 60

Any amendments to the Articles of Association shall be made in the manner and procedure set forth for its the adoption.

Under amendments shall be considered all interventions on the Articles of Association, including thought the adoption of a new text of the Articles of Association during the business operation of the Company.

Proposal for the amendments to the Articles of Association may be made by the Board of Directors or by shareholders holding at least 1/10 of the capital of the Company.

If a proposal for the amendments to the Articles of Association is not made by the Board of Directors but by shareholders, the proposal is firstly submitted to the Board of Directors to give its opinion on proposal to the General Meeting.

The General Meeting adopts the amendments to the Articles of Association by majority of the total number of shares.

Article 61

The Board of Directors passes general regulations of the Company for:

- the distribution of wages,
- the organisation and systematisation of job positions,
- the accounting
- the financial control
- the business secret of the Company,
- other issues.

General regulations of the Company are passed by the Board of Directors on its own initiative or at Executive Director's initiative.

General regulations of the Company passed by the Executive Director relate to:

- housing issues,
- workplace safety,
- environmental protection,
- other issues which are not under the competence of the Board of Directors.

17. TRANSITIONAL PROVISIONS

Article 62

All existing regulations which are not in contrary to the law and this Articles of Association will be in use until new general regulations are passed.

Article 63

This Articles of Association shall enter into force on the day of its adoption and shall be registered in accordance with the law.

With the entry into force of this Articles of Association, the consolidated text of the Articles of Association of Jugopetrol AD dated 28 May 2019 shall cease to be valid.

**GENERAL MEETING
Chairman,**



Vasilelos Panagopoulos