

NEWSLETTER NO 31.
Of the Association of Corporate Lawyers

For all those who have forgotten or have not known the web site of the Association is
www.udruga-korporativnih-pravnika.hr

WHAT WAS HAPPENING DURING DECEMBER, JANUARY AND FEBRUARY

- 1. We are presenting you HRVATSKA POŠTA d.d. (Croatian Post Inc.) and its corporate lawyers**
- 2. Corporate lawyers seen by Law Faculty Students**
- 3. Report from the lecture “Novelties of entering into the Court Register: Law and Harmonisation”**
- 4. Members of the Association took part at the seminar “PIDA Training on International Contracts: Study of a mock case, Negotiating and Drafting Key Clauses, Dispute Resolution, Different Cultural and Legal Approaches”**

1. We are presenting you HRVATSKA POŠTA d.d. (Croatian Post Inc.) and its corporate lawyers

Croatian Post trading company was founded in 1999 when the company Croatian Post and Telecommunications was split into two shareholding companies. Croatian Post was established in the first line to enable proper functioning of postal traffic and rendering of postal and other services defined by the Law on Postal Services and the Statutes of the Company.

Croatian Post, the company that performs an up-to-date business activity, has kept some key features of its function and its position regarding the users of its services. They are reflected in the first line in continuance and stability of its functions, general accessibility, regularity, safety and fastness of rendered services. Due to the listed features and its long and rich historical development, Croatian Post has a huge business reputation and large trust of its users into its services even today. Croatian Post has been going through a new structural renovation recently with the aim to catch up with the most recent business operation and become an established company that is competitive under the new conditions of the modern market even in the environment of a highly developed society.

Croatian Post Inc. counts with 11663 employees. Some 50 employees out of the stated number are



lawyers. The following members of our Association were present at the interview: Ms Lidija Rovčić Galunić and Mr Ivan Antić from the Legal Affairs Office, Ms Vesna Vrankić, the head of the Contracting Department, Ms Lidija Karlović, the head of the Representing Department and a recently employed company lawyer, Mr Svebor Milković.

From the left to the right: Lidija Karlović, LLB, Iva Dvornik, LLB, Milan Kraguljac, LLB, Nevenka Frančić, secretary, Zoran Blažević, LLB, Executive Director of the Legal Affairs Office, Lidija Rovčić Galunić, LLB, Ivan Antić, LLB

Which is the structure of your Legal Affairs Office and how many employees does it have?

The Legal Affairs Office is one of the offices that support the Company Managing Board. It is divided into three departments: Representing Department, Contracting Department and the Money Laundering Prevention Department. Office employees are located in Osijek, Rijeka, Split and Zagreb. The Legal Affairs Office has 16 lawyers, and 10 of them have passed the bar exam.

Which services does the Legal Affairs Office render?

The office performs the most complex legal services. We can count some of them: representation of the Company in front of any court or administrative and other bodies and authorities of the Republic of Croatia; keeping to date with various laws, by-laws and other regulations; rendering a support in debt collecting procedures; legal counselling and giving legal opinions to the strategic management and expert services; rendering of legal estimations, counselling and giving of legal opinions during compilation of contracts; rendering of a legal support during compilation of internal Company acts and by-laws and managing of the central contract register, rendering of a legal support during performance of procedures bound to the intellectual property right protection.

The Legal Affairs Office takes also the responsibility of enforcement procedures regarding all debtors of postal services; it participates in bankruptcy procedures to achieve the maximum possible collection of debts of all due and mature liabilities of Croatian Post debtors.

Has the organisation of the Legal Department been changed during the last 10 years? What kind of relationship do the lawyers have with other experts in the Company?

The organisation and the structure of the Legal Department have significantly changed during the last 10 years. What is worth emphasising is a huge merit of the Managing Board President, Mr Robert Jukić who has contributed a lot to a far stronger and more important role of each individual lawyer and the Legal Department as a whole in everyday operations and business activities of the Company. The basic attitude of the Legal Affairs Department today, that is led by the executive director, Mr Zoran Blažević, is that the Department runs business activities as a legal office owned by Croatian Post. The main intention is that the Legal Department lawyers are introduced into solving of problems from the very beginning and in such a way they have been resolving the very cause of any problematic situation. In such a manner, performing preventive and timely activities, they remove any dispute consequences such as, for example, long-standing court procedures in case of legal disputes.

The Legal Department sees a big change introduced by the performance of mediation procedures that always bring better results in the long run, when we compare them to court procedures. It refers in the first line to employment rights disputes with Croatian Post employees in which the Legal Department puts the mediation procedure as the main and not alternative way of resolving of court procedures. On the basis of the stated, Croatian Post is exactly the leader of successfully resolved mediation procedures in individual employment law disputes in the Republic of Croatia.

The Legal Affairs Office has recently established a new system for employee dignity protection. Our attitude is that in such a way we are establishing a better climate in the Company, and employees can trust their company as a good employer, since the Company tries to resolve each employee problem in a very short time period.

A Legal Advisory Centre has been opened in the Legal Department working on the principle «you ask, we answer». All of our colleagues can come here and get an advice for his/her legal problems.

We would also like to mention a very important activity performed during the recent time period and it is compilation of the Ethic Code. The main aim of the Ethic Code is achievement of the vision, mission and strategy of Croatian Post consisting in earning of the reputation of a respectable and well-known company incorporating features harmonised with European practices with its way of performance of business activities, business results and the quality of rendered services. The purpose of the Ethic Code is inclusion and development of moral principles and the principles of professional ethics into business operation processes and working environment of the Croatian Post until those principles become a usual manner of behaviour of all Croatian Post employees in accordance with ethical and professional norms and widely accepted civilisation values.

Croatian Post has established a foundation under the name "Your Post" with the main aim to help children without appropriate parental care. In such a way Croatian Post has shown its social responsibility and readiness to provide for help to those who need it most once again. On the basis of the stated, the Legal Affairs Department has performed the whole procedure for establishment and work of the foundation and it contributes to the foundation with its activities on the volunteering basis without any remunerations.

How would you qualify the position of lawyers in the Company? Could lawyers influence reaching of business decision?

As a rule, lawyers are employed as trainees immediately after completion of the Law Faculty. After four years of employment, they get an approval to prepare for the bar exam. The Managing Board has expressed its understanding and approves employed lawyers a time period lasting up to a month and a half as paid vacations within the frames of the internal by-laws of the Company for preparation for the bar exam.

Taking into consideration business activities of the Company, lawyers are in the most cases specialised for a certain branch and they cover all the legal activities the Company have a need for (bankruptcy, enforcement, contracting, and even pressing charges).

Lawyers follow the business policy of the Company and respect the law within the stated frames. When business decisions are being made, lawyers emphasise what is justified. Although decisions are made sometimes independently from the Legal Department opinion, in the majority of cases Legal Department recommendations, opinions and attitudes are respected.

All contracts and normative by-laws are submitted to the Legal Affairs Office and it gives its comments in a written form.

How do you keep in pace with legislative and educational changes and amendments?

Frequent changes and amendments in the jurisdiction require continuous education and training of all the colleagues in an adequate manner such as legal counselling, expert workshops and other expert training and education. Educations and trainings are in the first line based on a previous analyses and determination of needs. Speaking generally, employees have a potential for their further development and learning not only regarding expert materials and skills, but also for development of so-called soft skills such as communicational and presentational skills, team work, etc.

2. Corporate lawyers seen by Law Faculty Students

The Association of Corporate Lawyers organised a trainee practical works for three students of the 8th and 10th semester of the Law Faculty of the University of Zagreb in Končar. They were working in Končar Electrical Industry Inc. from 22nd November to 10th December, 2010 in accordance with the Students Practical Work Programme in Trade Companies of the Law Faculty of the University of Zagreb. How are we seen by the eyes of future lawyers? We have tried to find answers to these questions in an interview with our three students. Let us see what they told us.

Which choices do the students of law in Zagreb have regarding performance of the practical work? What did motivate you when you were choosing the trading company in which you were going to do your practical work?

Josip Bešta

Practical study training is limiting regarding both, the time and the choice. That is the result of a wrong Student Practical Work Plan prepared by the Faculty. Practical work that has to be performed by students at the end of their studies becomes the thing to be "solved" only to finish the studies themselves. When I made my choice I was motivated by the name of "Končar", since the Company could give a lot to education and training of lawyers, in the first line corporate lawyers, with its reputation and the size.

Jasminka Podoreški

Law students in Zagreb can perform their practical work in an attorney-at-law office, public notary office or in a trading company. At the faculty, we often listen about activities of attorneys-at-law and public notaries, while we do not hear much about activities of corporate lawyers. During the 10th semester I have chosen the Commercial Law Module and I wanted to be introduced to the activities of lawyers in commerce.

Marko Kruc



I have to admit that I have not thought a lot about selection of the place where I am going to perform my practical work. But my attitude from the beginning has been that it would be useful to do that in an attorney-at-law or public notary office, since I have seen myself in a public notary office in the future.



Nevertheless after a short reconsideration I chose trading companies since I realised that the scope of activities of a corporate lawyer was definitively wider than the scope of activities of a public notary for example. Still for an attorney-at-law and public notary carrier I would certainly have time in the future (if this still is going to interest me and if I am going to have some luck). When my choice was reduced to the offered list of trading companies, I chose Končar - Electrical Industry Inc. since I had known something about that company from earlier, and it was interesting for me.

What was your perception about activities of a lawyer in a trading company before performance of student practical work, and which is your perception now, after it? What should be changed or supplemented?

Josip Bešta

Perceptions were abstract and therefore vague, but during the practical work we had a full insight into the “real life” of a trading company resulting in the fact that we had a chance to see the efficiency and the reliability of our knowledge obtained at the faculty. In such a way we continued to perform the student practical work during which we also had our mentors who were always asking for more. It was extremely motivating.

Jasminka Podoreški

Prior to realisation of the practical work I thought that the job of a corporate lawyer was simpler, but during the practice I realised that his/her job was very complex and that corporate lawyers had to know all branches of law very well to resolve each individual case successfully. Our mentors in the trading company did their best to introduce us to as many cases as possible, as those that appeared very frequently and were usually resolved as a routine, so those that were rarely seen in practice.

All corporate lawyers and lawyer trainees were extremely friendly and always willing to help and to answer any of our questions. I think that I learnt a lot during my student practical work, and I have no complaints.

Marko Kruc

I had been introduced to activities of a lawyer in a trading company only superficially, but during my student practical work I was introduced gradually to a wider scope of activities of a corporate lawyer. I have also to admit that before my practical work I had a sceptical attitude towards it, probably due to experience of my colleagues that had been performing their practical work at other companies. But, the three-week-long practical work in Končar exceeded all my expectations and I am extremely satisfied now when I sum up everything and I can freely say that I am happy because I performed my student practical work in Končar Electrical Industry Inc. Regarding possible complaints to the student practical work, I have to say that I am not in the position to give significant remarks exactly due to the fact my expectations were far smaller compared to what I got during these three weeks!



Therefore I have only commendations to variety of the practical work on one hand, and to correctness and availability of the employees on the other.

Where do you see yourself after taking a degree?

Josip Bešta

At the moment I am interested in scientific work at the faculty regarding legal-commercial-technological relationships with the accent on the study of commercial systems. Working at a corporation comes into consideration only after that.

Jasminka Podoreški

Prior to the beginning of my student practical work, working in a trading company was one of my options, and after the practice I am convinced in the correctness of my decision.

Marko Kruc

Making a difference from my colleagues with whom I performed my student practical work, I am still not sure where I would like to work when I complete my studies and take a degree. Trading companies are extremely interesting for me now, but by the time being I could not make a strict decision.

Conclusion:

What we can see on a small sample of only three Law Faculty students. All three students expressed their interest for corporate law selecting to perform their student practical work in a trading company, and even more two of them expressed their wish and intention to work as a corporate lawyer in the future. That obliges us, corporate lawyers, to try to enable students to be introduced to the practical work of corporate lawyers during their studies and to enable them to have correct professional working conditions. In the first line that means to make them possible to achieve conditions for sitting for the bar exam in the economy, too, as the basis on which they are going to build their profession and carrier.

3. Report from the lecture “Novelties of entering into the Court Register: Law and Harmonisation”

On 21st January, 2011, the judge and the head of the Court Register of the Commercial Court of Zagreb, Ms Željka Bregeš held the lecture with the topic “Practical implementation of the Law on Court Register” and the Rule-Book on entering into the Court Register with novelties and stressed the most frequent doubts regarding their implementation. Some twenty members of the Association were present at the lecture after which a discussion on open issues was developed.

During her lecture, Ms Bregeš paid a special attention to the simultaneous foundation of shareholding companies. When an application for entering into the Court Register is submitted, bound to Article 187 of the Law on Trading Companies, when a company is being established by investing of things and rights without revision of establishment, it is emphasised that the following is required: a description of the thing or right that is invested, and their values. In addition to the stated, the applier gives a statement that the values of things and/or rights that are being invested correspond to the lowest amount for which shares are being published.

The appraiser shall state the method of appraisal he/she applied.

If the securities are introduced, the documents shall be attached to the application form proving that the mean weighted price of the securities has been determined. If things are invested, the study on estimation determining the value of things or rights has to be attached.

The essential contract parts are: *clausula intabulandi* and transfer into the independent ownership; when we talk about - things (a pre-company transferred into independent ownership), and when we talk about - copy rights (copy right property shall be made available).

It was emphasised that for all the above stated activities, estimation shall be given by a court appraiser or an expert witness. The court appraiser shall be appointed and engaged by the Company Managing Board and he/she will be from the list kept by County, Commercial or Municipal Courts, and not by the Court in question.

A novelty is also the obligation of giving of a written statement by the company founders pursuant Article 40 Para A of the Law on Amendments of the Law on Court Register. The statement shall be given by all the founders on a prescribed fill-in form and the signature of each signatory shall be authorised by a public notary. In the statement, the signatory shall declare that neither he/she, nor companies in which he/she owns 5% or more of propriety shares in the capital, have any unsettled liabilities regarding taxes and contributions for the pension fund or the health insurance.

The application form for registration of members of a company harmonised with the provision of Article 52 of the Law on Amendments of the Law on Court Register can comprise the application for registration of members of a company only in the sense of the cited provision.

The application shall comprise all the data on all members of the company prescribed by the law: name and family name / name of the company, place of residence / principle place of business, personal identification number, for a foreign citizen: number of the passport / personal identification card, the state that issued the document, number of business

shares, the ordinal number under which the person is registered and kept, the nominal amount of each individual business share, the manner in which it was paid (things, cash, rights) and the fact whether it was paid in full or in part only.

In accordance with the provision of Article 410 Para 3 of the Law on Trading Companies, a list of members of the company made and signed by a public notary shall be attached to the application form. On that list the public notary shall confirm that all the listed in the list is in accordance with the data comprised by the latest list filed to the Registration Court and with the data comprised by the Business Share Book according to the Business Share Book extract submitted to the public notary by the managing board of the company.

A discussion was developed about convening of annual general meetings, the due course of annual general meetings, announcements and published data, minutes of meeting.

It was specially accentuated that the Court had the official duty to supervise the minutes of every annual general /extraordinary meeting and whether there was the defined voting results for each adopted decision in the following manner:

- the number of shares on the basis of which valid votes were given;
- the business share of the share capital of the company covering shares on the basis of which votes were given;
- the number of votes given for or against each individual decision, and the number of abstentions.

Although the stated solutions represent novelties, since the Amendments of the Law on Court Register were published in the Official Gazette of the Republic of Croatia NN No.91/2010 and the Amendments of the Rule-Book on the Manner of Registration into the Court Register in the Official Gazette NN No. 114/2010, compilation of the new Law and the Rule-book is expected.

A presentation from the lecture and the application forms for registering are available at the Association web site in the column Latest Events in Croatia.

4. PIDA Training on International Contracts: Study of a mock case, Negotiating and Drafting Key Clauses, Dispute Resolution, Different Cultural and Legal Approaches.



At the middle of February of each year, the International Chamber of Commerce (ICC) organises a seminar with the topic of international contracting in Paris. This year the PIDA Training on International Contracts was organised during the time period from 14th to 17th February. A limited number of attendants (40 as the maximum) can take part in this event due to fact that the focus is put on a maximum interaction of all the participants who are professionals from all the continents, literally from allover the world. Two members of our Association were present this year as well.

Mr Jose Rosell, a partner in Hughes, Hubbard & Reed and a lecturer at several universities, chaired the training, while the lecturers were experts who are all specialist for international contacting; a special attention required Mr Fabio Bortolotti, a professor at Turin University, a partner in Buff, Bortolotti & Mathis, the author of the ICC publication Drafting and Negotiating International Contracts, 2007, and one of the leading experts in the area of international contracting.

Training lasted four days and one topic was dealt with every day in the morning during the common session, and in the afternoon by working teams. Participants had received working materials and a contract that was the base for the practical work of the training dealt by working teams a few days before the beginning of the training. The initial topic was techniques and strategies of negotiation, than it was dealt with the topic regarding preparation of proposal drafts for contractual provisions, prevention of disputes and

methods of resolving disputes, and the last day was devoted to the various cultural and legal approaches.

Colleagues taking part in this training were experts for negotiations and contracting. At the training they were asked to, and they were also willing, to participate actively and to discuss each predefined topic. That was the real value of such a training, because it was focussed on practical issues and their implementation, it gave us new ideas and simultaneously enabled comparison among various manners of working of colleagues who were all dealing with the same area of law, but in various countries and different legal systems.

WHAT ARE WE PREPARING FOR MARCH AND APRIL?

Activities for March and April are already in due course, but since they are not finally defined, please be so kind and send us your proposals and suggestions!

**We are inviting you to be active participants!
Send us your letters, proposals and supplements for
Your and our Newsletter – and web site!**

In Zagreb, February, 2011

Association of Corporate Lawyers

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