

**Convention
on establishing the Pannon European Grouping
of Territorial Cooperation Ltd**

Members joining this Agreement for the purpose of establishing the Pannon European Grouping of Territorial Cooperation Ltd,

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 (EGTC) and to the 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).

with reference to Act XCIX of 2007 on the European Grouping of Territorial Cooperation passed by the Hungarian Parliament and to the 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 laws including the provisions necessary for the execution of Regulation (EC) No 1082/2006, and to the other provisions related to this law;

underlining the importance of the sustainable economic and social development promoted by the European groupings of territorial cooperation;

being convinced that the implementation of the Convention contributes to the development of the cooperation between Croatia, Hungary and Slovenia, and consequently to the reinforcement of cooperation and inherence of the three peoples;

being convinced that the cooperation realized on the basis of the Convention contributes to the implementation of the objectives conceived by the European Union;

setting the target that Members` common development shall be fulfilled by revitalization and reorganization of historical relations and cooperations, and by elaboration of common strategies, keeping the EU`s external and internal borders permeable;

promoting – by means of application of European law, and through exploitation of the possibilities offered by the European Grouping of Territorial Cooperation – the accession of local governments;

for promoting and strengthening the cooperation between the Members of the Grouping, and to promote and strengthen the economic and social cohesion within the affected territory through this cooperation;

in accordance with the national law of every Member;

engage in an agreement 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 TERITORIJALNU SURADNJU Š OGRANIČENOM ODROVORNOSTI

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: PANONSKO EGTS, in Slovenian: PANNON PANONSKO ETZ, 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

The Grouping is established by Hungarian, Croatian and Slovenian organisations within the territories of Hungary, Croatia and the Republic of Slovenia 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 ... (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. According to paragraph 3 of the above Regulation, organisations with legal entity are

eligible to join the European Grouping Territorial Cooperation. (Members according to Slovenian law).

§ 4

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

§ 5

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

§ 6

Members of the Grouping 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 authority of the states on the basis of the notification and observing the legal measures. The Grouping can be registered only when every member announcing participation possesses the necessary approval of the state.

§ 7

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.

§ 8

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

§ 9

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) 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 free decision may leave the Grouping with sending a notification to the Assembly after settling all accounts.

§ 10

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

III. MODIFICATION OF THE CONVENTION

§ 11

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

§ 12

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.

§ 13

Members shall aim by all means to make an agreement based on a consensus regarding any proposed modification of the Convention. If 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.

§ 14

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. GENERAL PROVISIONS

§ 15

For the purpose of implementing the provisions of the Convention in an unambiguous, transparent and consistent way, the Members shall create and maintain the legal framework necessary for the sustainable operation of the Grouping, and every other regulations, including in particular the Statutes related to the operation, competence and decision making process of the Grouping.

§ 16

Every Member's aim is that the Members of the Grouping and the organizations and authorities connected to the Members in the territory of the Grouping shall assist the activity of the Grouping and the achievement of its objectives, with especial regard to providing access to the relevant information and data, as well as to the preparation and implementation of the related projects.

§ 17

Every Member shall provide information and data for the associations, groups and other organizations promoting the objective of the Grouping by – respecting the data protection and privacy rules related to the activity of the Grouping –and the Members shall ensure that any data or information received from these organizations will reach the Grouping's body authorized to manage data and information.

§ 18

In accordance with its capacities, every Member shall promote the realization of the Convention's objectives in the national and international decision-making procedures, and within the national and international organizations.

§ 19

Every Member shall guarantee within its territory of competency that in accordance with the Convention's objectives all natural and legal persons participating in the Grouping's activity may contribute to the unhindered implementation of the Convention.

V. OBJECTIVES AND TASKS OF THE GROUPING

§ 20

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

§ 21

The prior 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.

§ 22

Further targets of the Grouping:

- a) to elaborate other individual measures within the objectives, efficient cooperation and implementation on the programmes and projects level, with or without the financial contribution of the European Union;
- b) to work on 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, about 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 sized 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 encourage 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, as well as and by planning;
- j) to promote integrated and coordinated development within the territory of the Grouping by creating a transnational organizational structure and organisational 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 work 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.

VI. LAW OF INTERPRETATION AND EXECUTION

§ 23

Regulation (EC) No 1082/2006 of the European Parliament and of the Council on a European grouping of territorial cooperation and Act LXXV of 2014 of Hungary apply to the Grouping.

§ 24

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

§ 25

The interpretation and execution of the Convention 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 prescribe the secession of the Members from the Grouping established on the basis of its law.

§ 26

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

VII. AGREEMENTS RELATED TO RECIPROCAL RECOGNITION

§ 27

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 governing this matter, and the Convention and the Statutes of the Grouping.

§ 28

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 Hungary, and the necessity to assist them to perform their work.

§ 29

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.

§ 30

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 supervision, in particular in the area of promoting cross-border administrative cooperation.

VIII. ACCEPTANCE, APPROVAL AND JOINING

§ 31

This Convention is accepted by the all the founding Members by means of signature of their authorized representatives.

§ 32

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.

IX. SETTLEMENT OF DISPUTES

§ 33

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 dispute by means of negotiations or in any other peaceful way.

§ 34

The procedure to settle disputes is determined by the Statutes.

X. LEGAL FORCE

§ 35

This Convention 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.

XI. AUTHENTIC TEXTS

§ 36

This Convention 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.

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

5 April, 2017