

LAW No. 05/L – 120

ON TREPÇA

The Assembly of the Republic of Kosovo,

Based on Article 65 (1) of the Constitution of the Republic of Kosovo,

Approves:

LAW ON TREPÇA

**CHAPTER I
GENERAL PROVISIONS**

**Article 1
Purpose**

The purpose of this Law is to establish the legal infrastructure which aims a sustainable economic development, through opening way for investments, enhancing the value of assets and advancing the technical-technological capital as a prerequisite for the revitalization of Trepça as an enterprise with a special importance, which is vital for the social wellbeing of its employees and the general public interest.

**Article 2
Scope**

1. Provisions of this Law determine the transformation of business units listed in paragraph 2 of this Article into a Joint Stock Company Trepça JSC.

2. Business units of Trepça JSC are:

- 2.1. Mines with Floatation Trepça-Stan Tërg (Fi 690/89);
- 2.2. Mines with Floatation Kishnicë and Artanë (Fi 349/88);
- 2.3. Mines with Floatation Kopaonik – Leposaviq (Fi 804/89);

3. According to a feasibility study and economic and financial reasoning, the following business units shall be established under the composition of Trepça JSC:

- 3.1. Lead Metallurgy;
- 3.2. Zink Metallurgy;
- 3.3. Chemical industry.

4. According to the feasibility study, other business units can be established for the processing of metals and other products and services.

5. Business units of Trepça JSC shall be established according to this Law and decisions of the Oversight Board, upon the proposal of the Managing Board based on the feasibility study.

Article 3

Definitions

1. Terms used in this Law shall have the following meaning:

1.1. **Trepça** – the Socially Owned Enterprise under administration of the Privatization Agency of Kosovo, which is registered in the registry of the Ministry of Trade and Industry-Kosovo Business Registration Agency, with business registration number 70331094, and registered in court registries under the name: Mining-Metallurgic and Chemical Combine “Trepça”, which based on its current registration certificate is identified under the name “Trepça – Enterprise under PAK Administration”;

1.2. **Trepça JSC** – joint stock Company under the ownership eighty percent (80%) of the Government and twenty percent (20%) of the employees according to Article 4 of this Law;

1.3. **Business unit** –business units of Trepça, as defined in Article 2 of this Law;

1.4. **Relevant legislation** – includes in specific way, but not limited to, Law No. 03/L-087 on Publicly Owned Enterprises (Official Gazette No. 31, of 15 June 2008), and Law No. 02/L-123 on Business Organizations (Official Gazette No. 39, of 1 October 2008).

1.5. **Privatization Agency of Kosovo (PAK)** – the public independent body established by the Law, which is authorized to administer enterprises defined in Law No. 04/L-034 on Privatization Agency of Kosovo (Official Gazette No. 19, of 21 September 2011), as amended and supplemented with respective Laws;

1.6. **Ministry** – the Ministry of Economic Development, or a subsequent ministry competent for publicly-owned enterprises;

1.7. **Technological remains** – mining remains and industrial remains;

1.8. **Special Chamber** – the Special Chamber of the Supreme Court of Kosovo on Privatization Agency Related Matters, established in line with Law No. 04/L-033 on the Special Chamber of the Supreme Court of Kosovo on Privatization Agency Related Matters (Official Gazette No. 20, 22 September 2011);

1.9. **Public-Private Partnership or PPP** – any contractual or institutional cooperation between one or more Public Authorities and one or more Private Partners, as defined in Law No. 04/L-045 on Public-Private Partnerships (Official Gazette No. 26, of 25 November 2011);

Article 4

Shareholders

1. The Government of the Republic of Kosovo shall be the owner of eighty percent (80%) of Trepça JSC shares.
2. Employees shall be the owners of twenty percent (20%) of Trepça JSC shares.
3. The percentage of participation in the twenty percent (20%) of shares shall be determined for each employee individually, based on the value of assets of the business unit in which the employee has established an employment relation.
4. The manner of division of employees' shares according to paragraph 2 and 3 of this Article shall be determined with special sub-legal act.

Article 5

Mining resources, transfer of assets, rights and human resources

1. Mineral resources shall be property of the Republic of Kosovo.
2. Trepça JSC shall explore and exploit mineral resources based on a license for exploration and exploitation issued in accordance with the legislation into force in the Republic of Kosovo.
3. All rights, interests and valid operational licenses of the Socially Owned Enterprise Trepça shall be transferred to Trepça JSC.
4. All employees with a regular employment contract with a business unit defined in this Law shall continue their employment relation with the respective business unit from the date of entry into force of this Law.
5. Trepça JSC shall inherit the right of valorization of technological remains from the past and treating them in compliance with environment standards and feasibility study.

CHAPTER II

ORGANIZATION AND REGISTRATION

Article 6

Statute

1. The organizational structure, initial capital, management and other organizational specific matters of Trepça JSC shall be determined in the statute of the joint stock company, in accordance with the Law.
2. The Statute of Trepça JSC shall be proposed by the Oversight Board, shall be adopted by the shareholders after the approval of the Assembly of Kosovo.

3. Assets of Trepça JSC consist of assets of business units established by this Law, and their value is determined in the statute, based on the feasibility study and standard valuation methods.

4. Assets of Trepça and its financial outcome shall be presented in financial consolidated statements of Trepça JSC.

Article 7 Registration

The Ministry, on behalf of the Government of the Republic of Kosovo, shall undertake all legal actions required for the registration of Trepça JSC in the Business Registration Agency in the Ministry of Trade and Industry.

CHAPTER III GOVERNANCE

Article 8

1. Governance of Trepça JSC shall be conducted by the:

1.1. Oversight Board;

1.2. Managing Board.

Article 9 Oversight Board

1. The Oversight Board of Trepça JSC shall consist of nine (9) members elected by the shareholders in proportion to their participation in the capital, and in accordance with the procedures set in the Statute.

2. Selection of the Oversight Board of Trepça JSC shall be done in accordance to procedures established by the applicable legislation on Publicly Owned Enterprises in the Republic of Kosovo.

3. The composition of the Oversight Board must ensure the necessary expertise in the economic, legal, geosciences, technical and technological fields, as well as specific requirements as defined by the Statute of Trepça JSC.

4. Members of the Oversight Board must have university degrees from the areas as stated in paragraph 3 of this Article, must have work experience of at least ten (10) years, of which five (5) years in managerial positions.

5. Members of the Oversight Board cannot be members of political party forums and cannot have a conflict of interest as per the provisions of the Law on the Prevention of Conflicts of Interest, and must fulfil other requirements as established by the legislation in force.

6. Oversight Board members are independent in the exercise of their duties and responsibilities and their mandate is four (4) years.

7. Members of the Oversight Board may be dismissed by the representing shareholders, in accordance to the provisions laid down by the applicable legislation on publicly owned enterprises in the Republic of Kosovo.

8. In addition to the powers and authorizations established in the applicable legislation on Publicly Owned Enterprises in the Republic of Kosovo, the Oversight Board shall also exercise the following duties and responsibilities:

8.1. selects the members of the Managing Board of Trepça JSC;

8.2. approves the financial and development plans of business units under Trepça JSC;

8.3. approves the contracts related to partnership.

9. The Oversight Board must obtain the consent of the Government of the Republic of Kosovo as the majority shareholder, which shall be approved at the Assembly of Kosovo, on issues related to the establishment, functioning or abolition of business units or investment in new projects.

10. The Oversight Board may take the decisions related to investments and partnerships for exploration and exploitation of minerals, as well as transformation of the property of Trepça JSC, only after there is obtained the approval by the Assembly of Kosovo.

11. In its operations, the Oversight Board shall adhere to corporate governance principles of transparency, accountability, efficiency and effectiveness, professional competence and independence.

12. The Oversight Board may establish permanent or temporary committees/commissions as per its powers and scope, including an Internal Audit committee/commission.

13. In addition, the Oversight Board shall engage an internationally-renowned independent external auditor who will report to the shareholders on the financial statements of Trepça JSC business units.

Article 10 **Managing Board**

1. The Managing Board shall consist of the Chief Executive Officer of Trepça JSC, his/her deputy and heads of business units.

2. The manner of functioning and powers of the Managing Board shall be defined in the Statute of Trepça JSC.

CHAPTER IV BUSINESS UNITS

Article 11

1. Business units shall have their own recording sub-accounts and the powers to manage their operations and make decisions regarding the salaries and operational expenses as per the financial plans approved by the Oversight Board.
2. Business Units may propose plans, investment projects in which they may invest their profits, and involve public-private partnership initiatives or private investors, upon the approval of the Oversight Board.
3. Dividends that the shareholders are entitled to, commensurate with their shares, shall be recorded and paid in the level of business units based on the financial outcome.
4. The manner of operation of business units shall be regulated by the Statute of Trepça JSC.

CHAPTER V PRIVATE SECTOR PARTICIPATION POSSIBILITIES

Article 12

1. Trepça JSC, under the transformation and restructuring process, with the aim of creating the conditions for its development, will create possibilities to be attractive to private investors, both domestic and foreign, in the form of:
 - 1.1. public-private partnerships;
 - 1.2 direct private investments;
 - 1.3 joint investments;
 - 1.4. issuance and sale of shares.
2. Investments in existing units shall be governed by equity participation.
3. The Oversight Board of Trepça JSC may introduce contractual arrangements on governance and management in relevant business units even if the participation of private investors in equity is less than fifty percent (50%).
4. If the private investor's participation is higher than fifty percent (50%) in a business unit, the governance and organization of the business entity shall be done in line with the applicable legislation on business organisations.
5. For investments in metallurgy, metal processing and chemical industry, the Government of the Republic of Kosovo, as the main shareholder, and private investors may establish companies

that rely on an alliance and strategic partnership with Trepça JSC. The strategic partnership shall be developed for business cooperation regarding the supply of concentrate minerals exploited by relevant units of Trepça JSC.

6. In accordance to a feasibility study, the strategic partnership may be concluded in the interest of the development of metallurgy, metal processing in Kosovo as well as for the exploitation of rare and precious metals, development of the chemical industry and other products and services that generate employment in Kosovo.

7. Trepça JSC may be listed in the securities market in order to secure resources for new investments.

CHAPTER VI SOCIAL RESPONSIBILITY AND RELATIONS WITH THE COMMUNITY

Article 13

1. Trepça JSC and its units shall be governed by the principle of social responsibility, contributing to community development.

2. After collection of mining royalty by the relevant institution, twenty percent (20%) of the value of such royalty shall be reallocated from the Central Budget to the Municipal Budget of the Municipality where the business unit is located, dedicated specifically for investments in community development in the location in which the business unit is located, in the field of environment protection, infrastructure, sports, healthcare and education.

CHAPTER VII OTHER PARTS OF “TREPÇA” SOE

Article 14

1. Other assets of the socially owned enterprise “Trepça”, which are not transformed in accordance with this Law into Trepça JSC shall be treated as per the recommendations of the feasibility study. Non-core and unprofitable asset shall remain under PAK management, in order to be subject to privatization or liquidation, in accordance with the Law.

2. PAK must undertake all necessary activities in order to realize the rights of Kosovo and Trepça regarding the assets of Trepça in other countries.

CHAPTER VIII CREDITOR CLAIMS

Article 15

1. Creditor claims against the Socially Owned Enterprise Trepça submitted at the Privatization Agency of Kosovo according to the Law No.04/L- 035 on Reorganization of Certain Enterprises

and their Assets, amended and supplemented by the respective Law, shall be treated according to the Law on Privatization Agency of Kosovo.

2. Other possible creditor claims against Socially Owned Enterprise Trepça presented until the date of setting the liquidation of assets according to Article 14 of this Law, shall be treated according to the Law on Privatization Agency of Kosovo.

3. From the entry into force of this Law all rights and obligations related to Trepça JSC will be treated in compliance with the Law on Publicly Owned Enterprises.

CHAPTER IX TRANSITIONAL AND FINAL PROVISIONS

Article 16

In the event that prior to the entry into force of this Law, a reorganizational, bankruptcy or liquidation procedure has been initiated for the organizational units of Trepça SOE stipulated in Article 2 of this Law, such procedures shall be terminated upon entry into force of this Law.

Article 17

Provisions of this Law shall supersede any provision of other legislation which may envisage a different regulation to that established by this Law.

Article 18

The Government, at the Ministry's proposal, adopts sub-legal acts required to implement this Law, within six (6) months from its entry into force.

Article 19

This Law shall enter into force on the day of its publication in the Official Gazette of the Republic of Kosovo.

**Law No.05/L - 120
8 October 2016**

Promulgated by Decree No.DL-039-2016, dated 31.10.2016, President of the Republic of Kosovo Hashim Thaçi.