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*\*Please note that this version does not include the latest changes and amendments to this Act which were published in Official Gazette no 94/2004 and 48/2005 .*

**ACT**  
**ON PREVENTING OF THE CONFLICT OF INTEREST**  
**IN EXERCISE OF PUBLIC OFFICE**

*(“Official Gazette”, no. 163/2003)*

**GENERAL PROVISION**

**Article 1**

- (1) This Act governs the prevention of conflicts between private and public interests in the exercise of the public office.
- (2) The conflict of interests is a situation in which an official has a private interest contrary to the public interest or his or her private interest affects or may affect his or her impartiality in the exercise of their public offices.
- (3) In exercising public offices, officials shall not place their private interests above the public ones.

**THE NOTION OF AN OFFICIAL**

**Article 2**

- (1) For the purpose of this Act, the officials shall include:
  - The President and Vice-Presidents of Croatian Parliament,
  - Representatives in the Croatian Parliament,
  - President and the members of the Government of the Republic of Croatia,
  - President and the Judges of the Constitutional Court of the Republic of Croatia,
  - Governor, Deputy Governor and Vice-Governor of the Croatian National Bank,

- General State Auditor and his deputies,
- Ombudsman and deputies,
- Attorney for children and his deputies,
- Attorney engaged in cases of equality of sexes and his deputy,
- Secretary of the Croatian Parliament,
- Secretary of the Government of the Republic of Croatia,
- Deputy Secretary of the Croatian Parliament,
- Deputy Secretary of the Government of the Republic of Croatia,
- Deputies of Ministers,
- Assistants of Ministers,
- Secretaries of Ministries,
- Heads, Deputy heads, and Assistants to heads of the State administrative organisations,
- President and Deputy president of the Croatian Privatisation Fund,
- Head and Assistants to the Head of the Croatian Pension insurance fund,
- Director, Deputy director and Assistants director of the Croatian Health insurance fund,
- University Rectors and Pro-rectors,
- General State Treasurer,
- General Inspector of the State Inspectorate, his Deputy and Assistants,
- Head of Offices, Heads of Agencies and Directorates of the Government of the Republic of Croatia, and Heads of the Institutes appointed by the Government of the Republic of Croatia,
- Officials in the Office of the President of the Republic of Croatia appointed by the President of the Republic of Croatia in accordance with the provisions of special law,
- Chief of Staff of the Armed Forces of the Republic of Croatia and the Deputy Chief of Staff,
- Chief Defence Inspector and Deputy Chief Inspector,
- Commanders and Deputy Commanders of Branches of Armed Forces of the Republic of Croatia,
- Chiefs of Corps of Armed of Forces of the Republic of Croatia,
- heads and mayors.

(2) Officials in the meaning of this Act shall be considered also the other officers appointed by or approved by the Croatian Parliament, Government of the Republic of Croatia (hereinafter: Government) or the President of the Republic of Croatia if it was determined by the act on election, approval or appointment.

(3) The provisions of paragraph 2 of this Article do not refer to the persons appointed by the President of the Republic of Croatia in accordance with the provisions of the Act on service in the Armed Forces of the Republic of Croatia.

## PRINCIPLES OF ACTIVITIES

### Article 3

(1) Officials shall act honourably, honestly, faithfully, responsibly and impartially abiding to the principles of credibility and dignity of entrusted office and the trust of citizens.

(2) Officials shall be personally responsible for their activities in exercising the public office for which they have been appointed, or elected to the body and to the citizens who have appointed or elected them.

(3) Officials shall not exploit the public office for personal gain or for the gain of persons related to them. Officials shall not be in any depended relationship towards the persons who could influence their objectivity.

(4) Officials as public persons shall endure the interest that citizens show in them or in their behaviour.

## RELATED PERSONS

### Article 4

Within the meaning of this Act related persons shall include a marital or extramarital spouse of an official, his direct blood relatives, foster parent or foster child, indirect bloodline relatives to the second degree and relatives of the in-law family to the first degree, and other persons who can reasonably be considered to have interests with the official based on other grounds or circumstances.

## CONDUCT OF AN OFFICIAL IN SUSPECTED CONFLICT OF INTEREST

### Article 5

(1) In the case of doubt as to whether certain conduct is in accordance with the principles of public office, officials shall seek the opinion of the Commission for the Resolution of Conflicts of Interest (hereinafter: Commission).

(2) Official shall have the obligation to settle his or her private businesses upon the election or appointment to the public office in order to prevent the foreseeable conflict of interests, and in the case of emergence of such a conflict, the official shall have the obligation to resolve it in the manner to protect the public interest. In the case of doubt as to possible conflict of interest the official shall have the obligation to undertake all the necessary actions to separate the private and public interests.

## PROHIBITED CONDUCTS OF OFFICIALS

### Article 6

The officials shall not act in the manner to:

- a) receive or request any benefits or any promise of a benefit for the exercise of their office,

- b) exercise or acquire an entitlement in the case where the principle of equity before the law is violated,
- c) abuse the special rights of officials arising from or necessary for the exercise of their office,
- d) receive additional remuneration for work done in exercising public offices,
- e) request, accept or receive anything of value or any service for voting on any matter or exerting influence over a decision of a body or person,
- f) promise employment or any other entitlement in exchange for any gift or any promise of a gift,
- g) exert influence over the assignment of tasks or public procurement,
- h) use for personal advantage, or for the advantage of a related person, non-public knowledge concerning the activities of state authorities,
- i) use public office in any other way in order to exert influence over the decision-making of legislative, executive or judicial authorities, with the aim of gaining personal advantage or the advantage of a related person, a privilege or an entitlement, or to conclude a legal transaction or in any other way to favour personal interests or the interests of a related person.

## OFFICIALS REPORTING THEIR MEANS

### Article 7

- (1) Within 30 days from the day they begin to exercise their office, officials shall provide a report with data on their property, permanent or expected income, and the property of their spouse and children, with the balance as of that day, and shall provide a report upon the end of exercise of their office, and upon the expiration of the year in which in the course of the exercise of the office a major change occurred.
- (2) Officials shall in the report from the paragraph 1 of this Article submit the data on monetary savings if it exceeds the net one year amount of official's income.
- (3) An official shall not receive his salary prior to the fulfilment of the obligations under paragraph 1 of this Article.
- (4) The form of the report referred to in paragraph 1 of this article shall be laid down by the Commission.
- (5) The form of the report shall contain the date referred to in Article 10 and Article 11 of this Act.
- (6) An official's tax card shall be a public document.

## RECEIPT OF GIFTS

### Article 8

- (1) For the purpose of this Act, a gift shall imply monies, objects with no relevance to its value, entitlements, services without remuneration which place or may place the official in the depended relationship or create an obligation toward the donor.
- (2) An official may keep any gift and need not report any gift not exceeding the amount of one third of average salary paid in the Republic of Croatia in the year preceding.
- (3) An official may keep any gift worth up to an average monthly salary in the Republic of Croatia, which shall be determined by the State Statistics Office according to the data on the preceding year, but the official shall report them to the Commission.
- (4) An official shall not keep gift exceeding the value referred to in paragraph 3 of this Article, and shall report it to the Commission. Such gift shall become the property of the Republic of Croatia.
- (5) The gift as provided for in paragraphs 2, 3 and 4 of this Article shall also include several gifts given by the same donor within a period of one year.
- (6) Notwithstanding the amount, an official shall not keep any money, other security or precious metal, and shall report them. Such valuable shall become the property of the Republic of Croatia.
- (7) When in doubt as to the value of a gift, an official shall ask for the receipt from the donor or shall refuse the gift.
- (8) The value of any gift shall be determined according to its market value.
- (9) Provisions 1 to 8 of this Article governing the receipt of gifts shall also apply to persons receiving a gift for the benefit of an official.

## REMUNERATION OF OFFICIALS

### Article 9

While exercising public offices, officials shall not receive any remuneration except the salary for the office they perform, unless otherwise explicitly provided for by the law..

## OFFICIALS' PERFORMANCE OF OTHER ACTIVITIES

### Article 10

- (1) While exercising public office, an official may accept another public office, except one in a political party, only with the approval of the body which appointed him or her.
- (2) While exercising public office, an official may perform scientific, educational or cultural activities.
- (3) While exercising public office, officials may acquire incomes based on intellectual, patent or similar rights of intellectual and industrial property.
- (4) Official shall not perform activities of counselling of legal or natural persons..

## MEMBERSHIP IN COMPANIES OR MANAGEMENT AND SUPERVISORY BOARDS OF THE COMPANIES

### Article 11

(1) An official who hold more than 25% of shares, or shareholding in the company during his term of public office shall transfer his or hers membership rights in the company to another person, excluding the persons described in Article 4 of this Act, or to a special body. This person or special body (trustee) shall act in its own name and on behalf of the official in terms of the exercise of membership rights and company's shares .

(2) A trustee is considered to be a person related to official as provided for in the Article 4 of this Act.

(3) Should the trustee through a public tender on in any other way enter the business relation with the state bodies or local self-management unites or the companies in which Republic of Croatia or local self-management unit holds more than 25% of the management share, the same is due to inform the Commission about such business event.

(4) For as long as his or her companies' rights are transferred to another person or to a special body, the official shall not give information, instructions, order or be otherwise in contact with this person or body and thus exert influence on the exercise of rights and settlement of obligations arising form membership right in these companies. An official shall have the right to be informed about the situation in the companies where he or she owns shares.

(5) Officials may not be members of boards of directors or supervisory boards of companies.

(6) As an exception, the officials may become members of the supervisory board of companies owned by or mostly held by the state, which companies are of special state interest, but shall not be entitled to any remuneration or receipt of gifts, except for the reimbursement of travel and other expenses. The Croatian Parliament shall determine the list of companies which are of particular state interest, based on the proposal of the Government of the Republic of Croatia.

(7) Officials may be members of managing or supervisory bodies in the non-profit legal persons such as foundations, associations and other legal persons pursuing scientific, humanitarian, cultural, sports and similar activities, but shall not be entitled to any remuneration or receipt of gifts in this capacity, except for the reimbursement of travelling and other expenses..

(8) Officials who perform individual activities, craft or activity in the family business or any other similar activity shall have the obligation to report to the Commission within the period referred to in Article 7 paragraph 1 of this Act. Official is entitled to the difference between the remuneration of the salary and the income acquired by exercising of the stated activities, if the acquired income is lesser than the salary for performance of public office.

## REGISTRATION OF REMUNERATION TO WHICH THE OFFICIAL ARE ENTITLED

### Article 12

(1) An official shall record with the Commission any income outside their regular salary which they are entitled to receive, within 15 days from receiving the said income..

(2) Officials who pursue scientific, education or cultural activities shall report any income arising from such activity.

## OFFICIALS' OTHER INCOME

### Article 13

Except for the reimbursement of expenses and the income referred to in Article 10 paragraph 3 and Article 12 paragraph 2 of this Act, the officials shall not receive any other remuneration or gift from a foreign state, foreign or international organisation, or international association.

## NOTIFICATION OF INFLUENCE EXERTED ON OFFICIAL'S IMPARTIALITY

### Article 14

(1) Official shall have the obligation without delay to reveal and inform the body which elected or appointed them, and the Commission about any pressure or improper influence to which they have been exposed in the exercise of public office.

(2) Officials who, contrary to the provisions of this Act, have been offered a gift or any other advantage related to the exercise of their public office, shall:

1. reject such an offer,
2. try to determine the identity of the person making the offer,
3. in case of a gift which, due to specific circumstances, cannot be returned, the official shall keep it and report it immediately,
4. list witnesses of this event, if possible,
5. within reasonable time, submit the written report on the event to the competent person or body,
6. if a punishable offence is involved, report it to the bodies in charge of conducting proceedings.

## DURATION OF OFFICES ARISING FROM THIS ACT

### Article 15

The provisions of this Act which impose on the officials the obligations referred to in Article 6 and 7 and Article 11 paragraph 5 hereof shall be applicable for a period extending from the date of election or appointment to office through the date of the termination of office and six month after the date of termination of office.

## COMMISSION FOR THE RESOLUTION OF CONFLICTS OF INTEREST

### Article 16

(1) For the implementation of this Act a Commission referred to in Article 5 of this Act shall be established.

(2) The Commission shall be composed of 7 members who shall elect a president from their number. Members of the Commission shall be appointed by the Croatian Parliament on the proposal of the Committee on election, appointments and administrative affairs of the Croatian Parliament. In the proposal to the member of the Committee, his work and reputation shall be taken into account.

(3) Four members of the Commission shall be representatives in the Croatian Parliament, and other members shall be eminent public figures. No two members of the commission shall be from the same political party. President of the Commission shall not be a member of the currently governing party.

(4) Members of the Commission shall be elected for a term of seven years. Exceptionally, the members of the Commission being the members of the Croatian Parliament shall be elected for a term of their mandate in the Croatian Parliament. The member of the Commission may be eligible for re-appointment two times in a row at most.

## GROUPS OF COMMISSION'S ACTIVITY AND ITS COMPETENCE

### Article 17

(1) In its activity, the Commission shall be governed by this Act, good customs and the political responsibility and credibility of officials.

(2) The Commission shall pass instructions, prescribe the official forms and the organisation of the register for the purpose of implementation of the provisions of this Act. The Commission shall pass the Rules on Internal Organisation and Procedure, prescribing the rules on keeping the register, on the nature of the official forms, on implementation of rules of conducting proceedings and delivering decision, as well as on the drawing up of reports.

(3) The Commission shall decide on whether an act or omission constitutes a violation of the provisions of this Act. The Commission's decision shall contain a statement of reasons.

(4) The Office of Commission shall perform professional, administrative and technical activities for the Commission's needs.

(5) Once a year the Commission shall submit a report on its activity to the Croatian Parliament.

(6) The Commission shall have the obligation to enable public insight into data and documents related to Article 7 paragraph 1, Article 8 paragraphs 4 and 5 and Article 11, 12 and 14 of this Act.

(7) The means for implementation of this Act shall be ensured from the government budget.

## PROCEDURE BEFORE THE COMMISSION

### Article 18

(1) A procedure before the Commission shall be initiated on the request of the Commission or an official.

(2) The Commission may institute a procedure on the basis of the report submitted by any other person or on the basis of an anonymous report.



- (3) The Commission shall provide notification about its instituting of the procedure to the official, and ask to declare himself or herself with regard to the allegations.
- (4) The Commission shall be entitled to establish facts through its own investigation and to collect facts and evidence through the activity of other bodies of executive authorities
- (5) The Procedure before the Commission shall be closed for public. The Commission shall publicly announce only the final results of the procedure conducted.
- (6) In doubt as to the existence of violations of the official's obligations the Commission shall give notification to the official suspected of violating the rules of conduct as provided for in this Act requesting him or her to declare himself or herself with regard to these allegations. Before imposing a sanction the Commission shall hear the official to whom the sanction applies.
- (7) The Commission is independent in establishing the facts, and other competent bodies shall have the obligation to, upon the Commission's request, and with no delay, submit the facts and proves.

#### SANCTIONS IN RESPECT TO VIOLATION OF THE PROVISIONS OF THIS ACT

##### Article 19

- (1) The officials shall submit a written statement to the Commission stating that they are familiar with the provisions and conditions of this Act to carry out the procedure. The officials shall give the statement that shall upon the Commission's invitation for the most serious forms of violations of this Act offer their resignation to the body which appointed the official to the public office.
- (2) The Commission may impose on an official the following sanctions: the retention of the part of the official's net monthly salary, the warning, or the publication of the Commission's decision at the official's expense.
- (3) The Commission may sanction an official who fails to submit the report under Article 7 of this Act, or give false data in the submitted report, by retention of net monthly salary to an amount ranging from 1.000,00 to 3.000,00 kuna.
- (4) The Commission may issue the sanction referred to in paragraph 2 of this Article to the official who violates the provisions of this Act concerning the prohibited conduct of officials (Article 6), the receipt of gifts (Article 8), the remuneration of officials (Article 9), the performance of other activities by officials (Article 10), membership of companies, of the management and supervisory boards of companies (Article 11), the registration of remuneration to which officials are entitled (Article 12), other income of officials (Article 13), notification of influence exerted on an official's impartiality (Article 14) and the duration of obligations arising from this Act (Article 17).
- (5) The sanction involving the retention of part of an official's net monthly salary shall not be applied longer than three months, and the aggregate amount covered by this retention shall not exceed 8.000,00 kuna.
- (6) The Commission may issue a reprimand to an official instead of retaining part of the net monthly salary if it establishes especially mitigating circumstance.
- (7) The Commission may order that the decision pronouncing the official guilty be published at the official's expense.

## TRANSITIONAL AND FINAL PROVISIONS

### Article 20

- (1) The Committee for elections, appointments and administrative affairs of the Croatian Parliament shall, within thirty days from the date of this Act, submit a proposal to the Croatian Parliament for the appointment of members of the Commission..
- (2) The Croatian Parliament shall appoint the members of the Commission within two months from the date of filing of the proposal of the Committee on election, appointments, and administrative affairs of the Croatian Parliament.
- (3) Within thirty days from the date of appointment, the Commission shall pass the Rules on Internal Organisation and Procedure.
- (4) The Government of the Republic of Croatia shall within sixty days from the date of this Act prescribe by its decree the conditions, manner of keeping, storing, managing and disposing with objects referred to in Article 9 of this Act.
- (5) The provisions of Articles 7, 8, 10, 11 and 14 of this Act shall be applied upon the expiration of the term of four months as of the date of this Act.
- (6) The government bodies referred to in Article 2 paragraph 2 of this Act shall have the obligation, within the four months as of the date of this Act, to submit to the Commission a list of persons subject to appointment, election or approval.

### Article 21

- (1) The entitlements, obligations and responsibilities determined by this Act shall also refer to the official who exercises at the time of entering into force of this Act his or her public office.
- (2) The official referred to in paragraph 1 of this Article shall submit the report to the Committee within thirty days as of the date of deliverance of the Commission's Rules on work.
- (3) The provisions of Articles 3, 4, 5, 8 -11 and 14 of this Act shall be applied to all the persons exercising public offices accordingly.
- (4) As of the date of entering into force of this Act the provisions of Articles 2 -10 of the Act on the Obligations and Rights of State Officials (»National Gazette«, No. 101/98, 135/98, 105/99., 25/00, 73/00, 30/01, 59/01, 114/01 and 153/02) shall cease to be valid.

### Article 22

This Act shall enter into force on the eight day from the date of its publication in the »National Gazette «.

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Zagreb, 1<sup>st</sup> October 2003