

LD 2162 (2023)

## **FRAMEWORK LOAN AGREEMENT**

*between*

**COUNCIL OF EUROPE DEVELOPMENT BANK**

*and*

**BRNĚNSKÉ VODÁRNY A KANALIZACE, A.S.**

Project Loan - Brno Wastewater Treatment

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**COUNCIL OF EUROPE DEVELOPMENT BANK**, international organisation with its headquarters at 55, Avenue Kléber, 75116 Paris (France) (hereinafter, the **“CEB”** or the **“Bank”**), on the one hand,

and

**Brněnské vodárny a kanalizace, a.s.**, incorporated in the Czech Republic and registered in the commercial register maintained by the Regional Court in Brno, file number B 783, with identification number 463 47 275, with its corporate seat at Pisárecká 555/1a, Pisárky, 603 00, Brno, the Czech Republic (hereinafter, the **“BVK”** or the **“Borrower”** and together with the CEB, the **“Parties”** and each a **“Party”**), on the other hand,

#### **WHEREAS**

- (A) Having regard to the loan application submitted by the Czech Republic on 28 August 2023, approved by the CEB’s Administrative Council on 29 September 2023,
- (B) Having regard to the Third Protocol dated 6 March 1959 to the General Agreement on Privileges and Immunities of the Council of Europe dated 2 September 1949,
- (C) Having regard to the CEB’s Loan Regulations, as adopted by the CEB’s Administrative Council Resolution 1587 (2016) (hereinafter, the **“Loan Regulations”**),
- (D) Having regard to the CEB’s Loan and Project Financing Policy, as adopted by the CEB’s Administrative Council Resolution 1646 (2022) (hereinafter, the **“Loan Policy”**),
- (E) Having regard to the CEB’s Environmental and Social Safeguards Policy, as adopted by the CEB’s Administrative Council Resolution 1588 (2016) (hereinafter, the **“Environmental and Social Safeguards Policy”**),
- (F) Having regard to the CEB’s Procurement Guidelines, as adopted by the CEB’s Administrative Council in September 2011 (hereinafter, the **“Procurement Guidelines”**),
- (G) Having regard to the CEB’s Data Protection Regulation, as adopted by the CEB’s Administrative Council Resolution 1639 (2022) (hereinafter, the **“Data Protection Regulation”**),
- (H) Having regard to the CEB’s Anti-Corruption Charter, as adopted by the CEB’s Administrative Council Resolution 1628 (2021), and
- (I) Having regard to the CEB’s Policy on Non-compliant/Uncooperative Jurisdictions, as adopted by the CEB’s Administrative Council Resolution 1630 (2021),

#### **HEREBY AGREE AS FOLLOWS:**

## 1. INTERPRETATION

### 1.1 Definitions

The following terms shall have the meaning indicated below, except as the context requires otherwise:

**“Agreement”** means this framework loan agreement, including its appendices.

**“Allocation”** means the commitment of a Tranche by the Borrower to the eligible component parts of the Project even if such Tranche has not yet been paid out under the Project.

**“Allocation Period”** has the meaning specified under Sub-clause 5.2.

**“Business Day”** means:

In relation to payments in Euro, any day on which T2 (the real time gross settlement system operated by the Eurosystem, or any successor system) is open for the settlement of payments in euro.

In relation to payments in a Currency other than Euro, any day on which:

- (a) T2 (the real time gross settlement system operated by the Eurosystem, or any successor system) is open for the settlement of payments in euro; and
- (b) banks are open for general business in the principal financial centre for the relevant Currency.

**“Certificate”** has the meaning specified under Sub-clauses 4.5 and 6.5 and the form stipulated under Appendix 4 hereto.

**“Closing Date”** means the date specified under Appendix 1 hereto from which no further disbursements under the Loan may take place.

**“Completion Report”** has the meaning specified under Sub-clause 6.1(b).

**“Cross-Default Event”** has the meaning specified under Sub-clause 6.6(a).

**“Currency”** means, for the purposes of the Agreement, Euro or Czech Crown.

**“Czech Crown”** and the sign **“CZK”** means the lawful currency of the Czech Republic.

**“Day Count Convention”** means the convention for determining the number of days between two dates and the number of days in a year specified in the relevant Disbursement Notice.

**“Debt Instrument”** means (i) any loan or other form of financial indebtedness; (ii) an instrument, including any receipt or statement of account, evidencing or constituting an obligation to repay a loan, deposit, advance or similar extension of credit (including without limitation any extension of credit under a refinancing or rescheduling agreement), (iii) a bond, note, debt security, debenture or similar written evidence of financial indebtedness; or (iv) an instrument evidencing a guarantee of an obligation constituting financial indebtedness of another.

**“Default Interest Rate”** has the meaning specified under Sub-clause 4.9.

**“Disbursement Date”** means the date on which a Tranche is scheduled to be disbursed pursuant to the applicable Disbursement Notice.

**“Disbursement Notice”** has the meaning specified under Sub-clause 4.3(b).

**“Disbursement Request”** has the meaning specified under Sub-clause 4.3 (a).

**“Effective Date”** means the date of entry into force of the Agreement resulting from Clause 20.

**“EU”** means the European Union.

**“EURIBOR”** means the percentage rate quoted by any financial news provider acceptable to the CEB at or about 11.00 a.m. Brussels time on the Interest Determination Date as the Euro wholesale funding rate administered by the European Money Market Institute (or any other entity which takes over the administration of that rate) for the same period as the relevant Interest Period.

If the relevant Interest Period is not the same as a period quoted by the relevant financial news provider, the applicable EURIBOR shall be the percentage rate resulting from a linear interpolation by reference to two (2) EURIBOR rates, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant Interest Period.

**“Euro”** and the sign **“EUR”** means the lawful currency of the Member States of the EU which from time to time adopt it as their currency in accordance with the relevant provisions of the Treaty of the EU and the Treaty on the Functioning of the EU or their succeeding treaties.

**“European Convention on Human Rights”** means the Convention for the Protection of Human Rights and Fundamental Freedoms dated 4 November 1950, CETS No. 5, as amended from time to time.

**“European Social Charter”** means the European Social Charter dated 3 May 1996, CETS No. 163, as amended from time to time.

**“Final Beneficiaries”** are specified under Appendix 1 hereto as the group benefitting from the social effects of the Project.

**“Financial Ratios”** has the meaning specified under Sub-clause 6.6(b).

**“Fixed Interest Rate”** means the interest rate *per annum* specified in the applicable Disbursement Notice.

**“Floating Interest Rate”** means the interest rate *per annum* determined by adding or subtracting the Spread specified in the applicable Disbursement Notice to or from, as the case may be, the Reference Rate.

For the avoidance of doubt, when the determination of the Floating Interest Rate results in a negative interest rate (due to a quoted negative Reference Rate, to the operation of a Spread that is subtracted from the Reference Rate or to any other circumstances), the interest to be paid by the Borrower for the Interest Period shall be deemed to be zero.

**“Forecasted Expenditure”** means the eligible costs planned to be incurred under the Project over the period of one (1) year.

**“Group”** means the Statutory City of Brno and any of its subsidiaries, where the Statutory City of Brno owns directly or indirectly more than fifty per cent (50%) of the issued share capital.

**“Incurred Expenditure”** means the eligible costs incurred by the Borrower.

**“Interest Determination Date”** means, for the purposes of determination of a Floating Interest Rate, the day falling two (2) Business Days prior to the first day of the Interest Period, unless otherwise specified in the relevant Disbursement Notice.

**“Interest Payment Dates”** means the dates for the payment of interest corresponding to the relevant Interest Period specified in the applicable Disbursement Notice.

**“Interest Period”** means the period commencing on an Interest Payment Date and ending on the day immediately prior to the following Interest Payment Date, provided that the first Interest Period applicable to each Tranche shall commence on the Disbursement Date and end on the day immediately prior to the next Interest Payment Date.

**“Loan”** means the loan granted to the Borrower by the CEB by means of the Agreement.

**“Loan Amount”** means the amount specified under Sub-clause 4.1.

**“Market Disruption Event”** has the meaning specified under Sub-clause 4.10.

**“Material Adverse Change”** means any event which, in CEB’s reasonable opinion, (i) materially impairs the Borrower’s ability to perform its financial obligations under the Agreement or materially impairs the Borrower’s business, operations or property; (ii) adversely affects any Security provided by the Borrower or a third-party to secure the due performance of the Borrower’s financial obligations under the Agreement; or (iii) adversely affects any rights or remedies of the CEB under the Agreement.

**“Maturity Date”** means the last Principal Repayment Date for each Tranche specified in the applicable Disbursement Notice.

**“Modified Following Business Day Convention”** means a convention whereby if a specified date would fall on a day which is not a Business Day, such date would be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date would be the first preceding day that is a Business Day.

**“Prepayment Confirmation”** has the meaning specified under Sub-clause 4.7.

**“Prepayment Costs”** has the meaning specified under Sub-clause 4.7.

**“Prepayment Date”** has the meaning specified under Sub-clause 4.7.

**“Prepayment Notice”** has the meaning specified under Sub-clause 4.7.

**“Principal Repayment Date(s)”** means the date(s) for the repayment(s) of principal under each Tranche specified in the applicable Disbursement Notice.

**“Principal Repayment Period”** means with respect of each Tranche the period running from its Disbursement Date to its Maturity Date.

**“Progress Report”** has the meaning specified under Sub-clause 6.1(a).

**“Prohibited Practices”** has the meaning specified under Sub-clause 5.8.

**“Project”** means the eligible investment scheme set forth under Appendix 1 hereto to be partially financed with the Loan approved by the CEB’s Administrative Council with ref. LD 2162 (2023).

**“PRIBOR”** (Prague Interbank Offered Rate) means the percentage rate *per annum* quoted by any financial news provider acceptable to the CEB at or about 11 a.m. Prague time on the Interest Determination Date as the rate of the Czech Financial Benchmark Facility s.r.o. (or any other entity which takes over the administration of that rate) for Czech Crown term deposits in the Czech interbank market for the same period as the relevant Interest Period.

If the relevant Interest Period is not the same as a period quoted by the relevant financial news provider, the applicable PRIBOR shall be the percentage rate *per annum* resulting from a linear interpolation by reference to two (2) PRIBOR rates for Czech Crown term deposits, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant Interest Period.

**“Reference Rate”** means EURIBOR for a Floating Interest Rate Tranche denominated in Euro or PRIBOR for a Floating Interest Rate Tranche denominated in Czech Crown.

**“Sanction Lists”** means (i) any economic, financial and trade restrictive measures and arms embargoes issued by the EU pursuant to chapter 2 of title V of the Treaty on European Union as well as article 215 of the Treaty on the Functioning of the European Union, as available on the official EU website<sup>1</sup> or on any successor page, as amended and supplemented from time to time; or (ii) any economic, financial and trade restrictive measures and arms embargoes issued by the United Nations Security Council pursuant to article 41 of the UN Charter, as available on the official UN website or on any successor page, as amended and supplemented from time to time.

**“Sanctioned Persons”** means any individual or entity listed in and/or otherwise subject to one or more Sanction Lists.

**“Security”** means any agreement or arrangement creating a preferential rank, a preferential right of payment, a collateral or guarantee of any nature whatsoever which might confer enhanced rights upon third parties.

**“Shareholding Event”** means any situation in which (i) the Statutory City of Brno ceases to own directly or indirectly at least fifty-one per cent (51%) of the issued share capital of the Borrower; or (ii) a person, an entity or group of persons/entities acting in concert (other than the Statutory City of Brno) gain control over the Borrower (*i.e.*, the power to direct the Borrower’s management or policies) through ownership of voting rights, by contract or otherwise.

**“Spread”** means, in connection with Floating Interest Rate Tranches, the fixed-spread to the Reference Rate (being either plus or minus) specified in basis points in the applicable Disbursement Notice.

**“Tranche”** means an amount disbursed or to be disbursed under the Loan.

## 1.2 Construction

Unless the context otherwise requires, references to:

- (a) this Agreement shall be construed as references to this Agreement as supplemented, amended or restated from time to time;

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<sup>1</sup> [http://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\\_en](http://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en).



- (b) a Party or any other person includes its successors in title or permitted transferee;
- (c) "Clauses", "Sub-clauses" and "Recitals" shall be construed as references to clauses, sub-clauses and recitals respectively of this Agreement; and
- (d) words importing the singular shall include the plural and vice-versa.

### **1.3 Headings**

Headings in this Agreement have no legal significance and do not affect its interpretation.

### **1.4 Rounding**

For the purposes of any calculations referred to in this Agreement:

- (a) all percentages resulting from such calculations other than those determined through the use of interpolation will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (*e.g.*, 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655));
- (b) all percentages determined through the use of linear interpolation by reference to two (2) relevant Reference Rates will be rounded, if necessary, in accordance with the method set forth in subsection (a) above, but to the same degree of accuracy as the two (2) rates used to make the determination (except that such percentages will not be rounded to a lower degree of accuracy than the nearest one thousandth of a percentage point (0.001%)); and
- (c) all currency amounts used in or resulting from the above calculations will be rounded, unless otherwise specified in the relevant Currency definition, to the nearest two decimal places in the relevant currency (with .005 being rounded upwards (*e.g.*, .674 being rounded down to .67 and .675 being rounded up to .68).

## **2. CONDITIONS**

The Loan is granted under the general conditions of the Loan Regulations, attached hereto as Appendix 6, and under the special conditions of the Agreement.

## **3. PURPOSE**

The CEB grants the Loan to the Borrower, who accepts it, solely for the purpose of financing the Project as described under Appendix 1.

Any change to the way the Loan is applied that has not received the CEB's prior written approval would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## **4. FINANCIAL CONDITIONS**

### **4.1 Loan Amount**

The Loan Amount is:

Fifty-eight million seven hundred thousand Euros  
EUR 58,700,000

If a Tranche is disbursed in a Currency other than the one in which the Loan Amount is denominated, the calculation of the undisbursed balance under the Loan shall be computed on the basis of the exchange rate quoted by the European Central Bank on the Business Day preceding the issuance of the relevant Disbursement Notice.

### **4.2 Disbursement Amount**

The Loan shall be disbursed in a minimum of two (2) Tranches and a maximum of six (6) Tranches.

The amount of the first Tranche shall not exceed twenty-five per cent (25%) of the Loan Amount. The amount of any subsequent Tranche shall be determined according to the Incurred Expenditure and/or the Forecasted Expenditure.

### **4.3 Disbursement Procedure**

The disbursement of each Tranche is determined through the following procedure:

(a) Disbursement Request

Prior to each disbursement, the Borrower shall submit to the CEB a disbursement request substantially in the form set out under Appendix 3 hereto (hereinafter, a **“Disbursement Request”**).

A Disbursement Request shall specify the proposed:

- (a) Currency(ies) and amount(s) for the Tranche;
- (b) Disbursement Date; such Disbursement Date shall be a Business Day falling at least five (5) Business Days after the date of the Disbursement Request;
- (c) Principal Repayment Date(s), including the Maturity Date, taking into account that the Principal Repayment Period for each Tranche shall not exceed (i) twenty-five (25) years without a grace period or (ii) twenty (20) years including a grace period not greater than three (3) years;
- (d) maximum Fixed Interest Rate or maximum Spread to the Reference Rate;
- (e) Interest Period and Interest Payment Dates;
- (f) Day Count Convention and Business Days; and
- (g) Borrower's account for payments.

Each Disbursement Request delivered to the CEB shall be irrevocable, unless otherwise agreed in writing by the CEB.

(b) Disbursement Notice

If the CEB receives a Disbursement Request that complies with the Disbursement Request requirements set out in Sub-clause 4.3(a) above, and if all other relevant Disbursement Conditions as defined in Sub-clause 4.5 (*Disbursement Conditions*) below have been fulfilled by the Borrower, the CEB shall deliver to the Borrower a disbursement notice substantially in the form set out under Appendix 3 hereto (hereinafter, a **“Disbursement Notice”**). Each Disbursement Notice shall be delivered at least two (2) Business Days before the proposed Disbursement Date.

A Disbursement Notice shall specify:

- (a) the Currency(ies) and the amount(s) for the Tranche;
- (b) the Disbursement Date;
- (c) the Principal Repayment Period and Principal Repayment Date(s), including the Maturity Date;
- (d) the Fixed Interest Rate or the Spread to the Reference Rate;
- (e) the Interest Period and the Interest Payment Dates;
- (f) the Day Count Convention and the Business Days; and
- (g) the Borrower’s and the CEB’s accounts for payments.

A Disbursement Notice matching the elements included in a Disbursement Request shall constitute an irrevocable and unconditional commitment on the part of the Borrower to borrow from the CEB and on the part of the CEB to disburse to the Borrower the Tranche under the terms and conditions specified in the Disbursement Notice.

Notwithstanding the above, if the CEB has not delivered a Disbursement Notice within twenty (20) Business Days following the receipt of a Disbursement Request, the relevant Disbursement Request shall be deemed as cancelled.

**4.4 Disbursement Period**

Unless otherwise agreed in writing by the CEB, the Borrower shall not be entitled to:

- (a) the issue of a Disbursement Request for the first Tranche beyond twelve (12) months after the execution of the Agreement by the Parties;
- (b) the issue of any further Disbursement Request beyond eighteen (18) months after the last disbursement; or
- (c) the issue of any further Disbursement Request beyond the day falling fifteen (15) Business Days before the Closing Date.

**4.5 Disbursement Conditions**

(a) Conditions precedent to the Disbursement Request for the first Tranche:

- (i) Legal opinion in English issued by the Borrower’s external legal advisors confirming to the CEB’s satisfaction, substantially in the form set out under Appendix 2 hereto, that

the Agreement has been duly executed by authorised representatives of the Borrower and that the Borrower has the corporate power and capacity to enter into the Agreement.

- (ii) Evidence in English (*e.g.*, statute, resolution, power of attorney, etc.) to the CEB's satisfaction of the person(s) authorised to execute the Agreement and the Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).
- (iii) A Certificate from the Borrower in the form of Appendix 4 hereto, signed by the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower and dated not earlier than a date falling five (5) Business Days before the Disbursement Request.

(b) Conditions precedent to any further Disbursement Request:

- (i) Evidence in English (*e.g.*, Statute, Resolution, Power of Attorney, etc.) to the CEB's satisfaction of the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).
- (ii) Progress Report confirming to the CEB's satisfaction the Allocation of at least ninety per cent (90%) of the previous Tranche.
- (iii) A Certificate from the Borrower in the form of Appendix 4, signed by the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower and dated not earlier than a date falling five (5) Business Days before the Disbursement Request.
- (iv) (For the Tranche following the disbursement of which the principal amounts disbursed under this Agreement (including the amount to be disbursed under the said Tranche) will exceed fifty per cent (50%) of the Loan Amount, only) Delivery of (i) evidence, satisfactory to the CEB, that the concession agreement and the lease agreement to operate and manage the Statutory City of Brno's drinking water and sewage utility networks is (again) effectively awarded by the Statutory City of Brno to the Borrower or (ii) evidence, satisfactory to the CEB and prepared by a reputable audit firm (acceptable to the CEB) and endorsed by an authorised representative of the Borrower in writing, such as the financial model, remedy plan or business plan, proving to the satisfaction of the CEB that the Financial Ratios will be fully complied with during the life of the Loan despite such concession and lease agreements to operate and manage the Statutory City of Brno's drinking water and sewage utility networks not being awarded to the Borrower.

#### **4.6 Repayment**

On any Principal Repayment Date, the Borrower shall repay the principal of each Tranche due on that Principal Repayment Date in accordance with the terms set forth in the applicable Disbursement Notice.

#### **4.7 Prepayment**

- (a) Mechanics

If in any event specified in this Agreement referring to this Sub-clause the Borrower ought to prepay all or part of a Tranche or in the event of voluntary prepayment, the Borrower shall give at least a one (1) month prior written notice to the CEB (hereinafter, the **"Prepayment Notice"**) specifying the amounts to be prepaid, the date on which the prepayment will take place (hereinafter, the **"Prepayment Date"**) and, upon prior consultation with the CEB, the Prepayment Costs. The Prepayment Date shall fall on an Interest Payment Date, unless otherwise agreed in writing by the CEB.

Upon receipt of the Prepayment Notice, the CEB shall send a written notice to the Borrower (hereinafter, the **"Prepayment Confirmation"**), not later than five (5) Business Days prior to the Prepayment Date, indicating the accrued interest due thereon and the Prepayment Costs in accordance with Sub-clause 4.7 (b).

A Prepayment Confirmation matching all the elements included in the Prepayment Notice shall constitute an irrevocable and unconditional commitment on the part of the Borrower to prepay the relevant amounts to the CEB under the terms and conditions specified in the Prepayment Confirmation.

If the Borrower partially prepays a Tranche, the prepaid amount shall be applied pro rata to each outstanding principal repayment. In such an event, the Prepayment Confirmation shall accordingly include an adjusted repayment schedule which shall be, in the absence of manifest error, binding on the Borrower.

#### (b) Prepayment Costs

The costs resulting from prepayment in accordance with Sub-clause 4.7 (a) (hereinafter, the **"Prepayment Costs"**) shall be determined by the CEB on the basis of the costs to it of redeploying the amount to be prepaid from the Prepayment Date to the Maturity Date, including any related costs, such as unwinding any underlying hedging arrangements. The costs of redeployment will be established on the basis of the difference between the original rate and the redeployment rate, which shall be determined by the CEB on the basis of market conditions on the date of the Prepayment Notice.

### 4.8 Interest Determination

The Borrower shall pay interest on the principal of each Tranche from time to time outstanding during each Interest Period at the Fixed Interest Rate/Floating Interest Rate specified in the applicable Disbursement Notice.

Interest shall (i) accrue from and including the first day of the Interest Period to but excluding the last day of such Interest Period; and (ii) be due and payable on the Interest Payment Dates specified in the applicable Disbursement Notice. Interest shall be calculated on the basis of the Day Count Convention specified in the relevant Disbursement Notice.

In the case of Floating Interest Rate Tranches, the CEB shall determine on each Interest Determination Date the interest rate applicable during the relevant Interest Period in accordance with the Agreement and promptly give notice thereof to the Borrower. Each determination by the CEB shall be final, conclusive and binding upon the Borrower unless shown by the Borrower to the satisfaction of the CEB that any such determination has involved manifest error.

### 4.9 Default Interest Rate

In the event that the Borrower fails to pay, in full or in part, any amount under the Agreement, and notwithstanding any other recourse available to the CEB under the Agreement or otherwise, the

Borrower shall pay interest on such unpaid amounts from the due date until the date of receipt of such payment by the CEB at the interest rate *per annum* (hereinafter, the “**Default Interest Rate**”) equal to:

- (a) for payments in Euro, the one-month EURIBOR quoted on the due date plus two hundred basis points (200 bps); and
- (b) for payments in Czech Crown, the one-month PRIBOR quoted on the due date plus two hundred basis points (200 bps).

The applicable Default Interest Rate shall be updated every thirty (30) calendar days.

#### **4.10 Market Disruption Event**

The CEB shall promptly, upon becoming aware of it, notify to the Borrower that a Market Disruption Event has occurred.

For the purposes of the Agreement, “**Market Disruption Event**” refers to the following circumstances:

- (a) The relevant financial news provider referred to under the EURIBOR definition/PRIBOR definition does not quote any percentage rate or its corresponding screen rate page is not accessible.

Under such a Market Disruption Event, the applicable EURIBOR/PRIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in Euro/Czech Crown, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the Interest Determination Date by three (3) leading banks in the EU/Czech interbank market, as applicable, selected by the CEB (acting reasonably). If at least two (2) quotations are provided, the applicable EURIBOR/PRIBOR for that Interest Determination Date shall be the arithmetic mean of all quotations provided.

If only one (1) or no quotation is provided, the applicable EURIBOR/PRIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in Euro/Czech Crown, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the second Business Day after the beginning of the relevant Interest Period by major banks in the EU/Czech interbank market, as applicable, selected by the CEB.

- (b) The CEB determines that it is not possible to determine the applicable Reference Rate in accordance with paragraph (a) above.

Under such a Market Disruption Event, the applicable Floating Interest Rate shall be replaced by the rate that expresses as a percentage rate *per annum* the cost to the CEB of funding the Loan from whatever source the CEB may reasonably select.

- (c) At any time between the delivery of a Disbursement Notice and the Disbursement Date the CEB reasonably determines that there are exceptional and unexpected circumstances of an economic, financial, political or other external nature adversely affecting the CEB’s access to its sources of funding.

Under such a Market Disruption Event, the CEB shall be entitled to cancel at no cost the scheduled disbursement.

In the case of the Market Disruption Events set forth under paragraphs (a) and (b) above:

- (a) If the Borrower so requires, the Parties, acting in good faith, shall enter into negotiations for a period of not more than thirty (30) calendar days in order to agree on an alternative to the applicable EURIBOR/PRIBOR. If no agreement is reached, the Borrower shall proceed with prepayment on the next Interest Payment Date in the terms provided under Sub-clause 4.7.
- (b) The CEB shall have the right, acting in good faith and in consultation with the Borrower to the extent reasonably practicable, to change the duration of any subsequent Interest Period to thirty (30) calendar days or less by sending to the Borrower a notice thereof. Any such change to an Interest Period shall take effect on the date specified by the CEB in such notice.

If the CEB determines that the relevant Market Disruption Event no longer exists, then, subject to any further Market Disruption Event occurring or existing, the Floating Interest Rate and/or Interest Period applicable to any relevant Tranche shall revert, from the first day of the following Interest Period to being calculated in accordance with the Floating Interest Rate and Interest Period specified in the relevant Disbursement Notice.

#### **4.11 Payments**

All the amounts due by the Borrower under this Agreement are payable in the Currency of each Tranche to the CEB's account indicated in the applicable Disbursement Notice. Any payment under this Agreement shall be made on a Business Day subject to the Modified Following Business Day Convention. Any payment shall be deemed paid when the CEB has received the amount on its account.

All payments to be made by the Borrower under this Agreement shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

If the CEB receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Agreement, the CEB shall apply that payment in or towards payment of:

- (a) first, any fees, costs, charges or expenses due but unpaid under this Agreement;
- (b) secondly, any accrued interest due but unpaid under this Agreement,
- (c) thirdly, any principal due but unpaid under this Agreement; and
- (d) fourthly, any other sum due but unpaid under this Agreement.

### **5. PROJECT IMPLEMENTATION**

The Borrower shall implement the Project in accordance with the Agreement.

Failure to comply with the undertakings set forth hereby under Clause 5 would constitute, irrespective of any other applicable provision of the Loan Regulations, an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to (i) the relevant contract expenditure being declared ineligible for Allocation under the Project; and/or (ii) the early reimbursement, suspension or cancellation of the Loan, in whole or in part, under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

No event in the terms of Article 3.3 (h) of the Loan Regulations will occur in relation to Sub-clauses 5.2, 5.3, 5.5, 5.6 and/or 5.9 if the failure to comply is capable of remedy and is remedied within ten (10) Business Days of the earlier of (A) the CEB giving notice to the Borrower and (B) the Borrower becoming aware of the failure to comply.

### **5.1 Duty of Care**

The Borrower shall apply all care and diligence, and shall exercise all typically used means (including, but not limited to, legal, financial, managerial and technical) required for the proper implementation of the Project.

### **5.2 Allocation Period**

The Borrower shall allocate each Tranche to the Project within twelve (12) months after the relevant Disbursement Date (hereinafter, the **“Allocation Period”**), unless otherwise agreed in writing by the CEB.

If a Tranche disbursed by the CEB is not allocated to the Project or is only partially allocated to it within the Allocation Period, the Borrower shall proceed with prepayment of the unallocated amounts on the next Interest Payment Date in the terms provided under Sub-clause 4.7.

### **5.3 Project Costs**

The Tranches disbursed under the Loan shall not exceed fifty per cent (50%) of the total eligible costs of the Project specified under Appendix 1 hereto. If the Tranches disbursed under the Loan exceed the above 50% (by reduction of the total eligible costs or otherwise), the Borrower shall proceed with prepayment of the surplus on the next Interest Payment Date in the terms provided under Sub-clause 4.7.

Should the total eligible costs of the Project specified under Appendix 1 hereto increase or be revised for whatever reason, the Borrower shall ensure that the additional financial resources for the completion of the Project are available without recourse to the CEB. The plans to finance the increased costs shall be communicated to the CEB without delay.

### **5.4 Project Specific Undertakings**

The Borrower shall ensure that:

- (a) all the land, real property rights and permits required for the implementation of the Project are timely available; and
- (b) all assets and plants under the Project are permanently insured, maintained and operated in accordance with Czech best practices.

### **5.5 Procurement**

Procurement of supplies, works and services to be financed under the Project shall comply with the Procurement Guidelines.

### **5.6 Environmental and Social Safeguards**

The Borrower shall implement the Project in conformity with the requirements set forth in the Environmental and Social Safeguards Policy. In particular, should the Project require an Environmental



Impact Assessment (EIA) or an Environmental and Social Impact Assessment (ESIA) in accordance with the Environmental and Social Safeguards Policy, the Borrower shall notify the CEB and ensure that the EIA/ESIA is undertaken in accordance with the requirements of the Environmental and Social Safeguards Policy. The Borrower shall ensure that the relevant EIA/ESIA documentation is made available for the CEB's review upon request.

## **5.7 Human Rights**

The Borrower shall ensure that the implementation of the Project does not give rise to a violation of (i) the European Convention on Human Rights; or (ii) the European Social Charter.

## **5.8 Integrity**

The Borrower shall ensure that the implementation of the Project will not give rise to a violation of the applicable laws on fraud, corruption, money laundering, financing of terrorism or any other unlawful use of funds (hereinafter, the **"Prohibited Practices"**).

## **5.9 Visibility**

The Borrower shall inform the Final Beneficiaries that the Project is partly financed by the CEB through appropriate means of communication such as dedicated notices in relevant websites, social media, press releases, brochures or the exhibit of billboards/plates on relevant Project sites/facilities. In any case, information to the Final Beneficiaries shall display in an appropriate way the CEB's name and logo.

# **6. MONITORING**

## **6.1 Reporting**

### **(a) Progress Reports**

The Borrower shall send to the CEB a progress report (hereinafter, a **"Progress Report"**) (i) once a year, until the completion of the Project; and (ii) prior to every Disbursement Request, except for the Disbursement Request for the first Tranche.

Appendix 5 hereto provides a template specifying the minimum information required by the CEB. Alternative formats containing the same information may also be used.

### **(b) Completion Report**

Upon completion of the Project, the Borrower shall submit a completion report (hereinafter, a **"Completion Report"**), including an appraisal of the Project's social impact.

Appendix 5 hereto provides a template specifying the minimum information required by the CEB. Alternative formats containing the same information may also be used.

## **6.2 Visits**

The Borrower undertakes to favourably receive any reasonable monitoring/technical/evaluation visits, including by facilitating access to relevant Project sites, carried out by the CEB's staff members or designated third parties, provided that such visit shall be notified in writing to the Borrower at least fifteen (15) Business Days prior to the date of such visit.

### **6.3 Audit**

Should the Borrower fail to comply with any of its undertakings under the Agreement, the Borrower undertakes to favourably receive any on-site audit, carried out by the CEB's staff members or designated third parties, which shall be at the Borrower's expense.

The preceding paragraph does not apply if the failure to comply is capable of remedy and is remedied within ten (10) Business Days of the earlier of (A) the CEB giving notice to the Borrower and (B) the Borrower becoming aware of the failure to comply.

### **6.4 Project Information**

The Borrower shall keep accounting records concerning the Project, which shall be in conformity with Czech accounting standards, showing, at any point in time, the Project's state of progress, and which shall record all operations made and identify the assets and services partially financed with the Loan.

The Borrower shall deliver to the CEB in a timely manner any information or document concerning the financing or the implementation (including in particular environmental/social and procurement issues) of the Project as the CEB may reasonably require.

The Borrower shall inform the CEB immediately of any event materially affecting the implementation of the Project, including but not limited to:

- (i) any action or protest initiated or any objection raised by any third party or any complaint received by the Borrower or any litigation that is commenced or threatened against it with regard to procurement or environmental/social or other matters in connection with the Project; or
- (ii) any enactment of or any amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) in connection with the Project.

Any event that may have a material adverse impact on the implementation of the Project would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

No event in the terms of Article 3.3 (h) of the Loan Regulations will occur in relation to the preceding paragraph if the failure to comply is capable of remedy and is remedied within ten (10) Business Days of the earlier of (A) the CEB giving notice to the Borrower and (B) the Borrower becoming aware of the failure to comply.

### **6.5 Borrower Information**

The Borrower shall deliver to the CEB (i) its audited unconsolidated annual reports (and, if published, its audited consolidated annual reports), including balance sheet, profit and loss account and auditors report, as soon as they become available but not later than one hundred eighty (180) days after the end of each financial year; and (ii) (where such latter reports are published) its semi-annually reports, as soon as they become available but not later than sixty (60) days after the end of each accounting semester.

The Borrower shall deliver, together with the annual report, a Certificate in the form of Appendix 4 hereto, signed by the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower.

The Borrower shall inform the CEB of any Shareholding Event or any Material Adverse Change without undue delay after becoming aware thereof. Any Shareholding Event or any Material Adverse Change would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## 6.6 Financial Covenants

### (a) Cross-Default

The Borrower shall inform the CEB if any Cross-Default Event occurs. Any Cross-Default Event would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

For the purpose of this Agreement, “**Cross-Default Event**” means a situation in which, following any default in relation thereto, the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, repay or terminate ahead of maturity any Debt Instrument or any commitment in connection with any Debt Instrument is cancelled or suspended, provided that the amount to be prepaid, repaid or terminated or the commitment to be cancelled or suspended is higher than four million Euros (EUR 4,000,000) (or its equivalent in any other currency).

### (b) Financial Ratios

The Borrower undertakes that the **Debt Service Cover Ratio** shall be at all times higher than 1.4.

The Borrower undertakes that, at the end of each calendar month, the aggregate amount of **Cash and Cash Equivalent Investments** held by the Borrower shall not be less than one hundred fifty million Czech Crowns (CZK 150,000,000) (or its equivalent in any other currency).

The Borrower undertakes to comply with the following ratios from 1 January 2024 until 31 December 2027:

A. **Total Net Debt to Equity** shall be lower than 150%.

B. **Equity to Total Assets** shall be higher than 30%.

The Borrower undertakes to comply with the following ratios from 1 January 2028 until 31 December 2028:

A. **Total Net Debt to Equity** shall be lower than 135%.

B. **Equity to Total Assets** shall be higher than 35%.

The Borrower undertakes to comply with the following ratios from 1 January 2029 until 31 December 2033:

A. **Total Net Debt to Equity** shall be lower than 120%.

B. **Equity to Total Assets** shall be higher than 35%.

The Borrower undertakes to comply with the following ratios from 1 January 2034 until repayment of all outstanding principal under the Loan as well as payment of all interests and other amounts outstanding under the Agreement:

A. **Total Net Debt to Equity** shall be lower than 110%.

B. **Equity to Total Assets** shall be higher than 40%.

The Borrower shall not declare, make or pay any Dividend or any other distribution on or in respect of its share capital (including, for the avoidance of doubt, any reduction of its share capital and interest on any unpaid Dividend or other distribution), whether in cash or in kind, unless (i) the Borrower has generated profits as per the income statement in the last audited annual report delivered to the CEB and (ii) the declaration, making or payment of Dividend/any other distribution does not exceed forty per cent (40%) of the Borrower's Last Income Before Tax.

For the purposes of this Agreement, the following definitions shall apply:

**"Debt Service Cover Ratio"** means the sum of earnings before interest, taxes, depreciation and amortization of the Borrower for the preceding twelve (12) months, divided by the Debt Service of the Borrower due during the preceding twelve (12) month period.

**"Total Net Debt"** means the aggregate amount of all short-term (*i.e.*, up to 12 months) and long-term financial debt due, owing or incurred by the Borrower minus (i) amounts held on deposit in CZK or in any other currency which is freely transferable and freely convertible into CZK and (ii) short-term financial assets that can be converted to cash in less than one (1) year.

**"Cash and Cash Equivalent Investments"** refers to the line item on the asset side of the balance sheet that reports the value of the most liquid assets that are cash or assets convertible into cash within ninety (90) days.

**"Equity"** means the aggregate sum of the total paid-up capital, retained earnings and reserves of the Borrower not allocated to cover specific liabilities as of the end of the last audited financial year.

**"Total Assets"** means the aggregate sum of the total assets in the balance sheet of the Borrower as of the end of the last audited financial year.

**"Debt Service"** means any interest, principal, and lease payments (except for lease payments relating to agreements on pipeline infrastructure) due as of the end of the last audited financial year.

**"Dividend"** means the share of accumulated net profit paid to shareholders leading to a reduction in equity.

**"Last Income Before Tax"** means the difference between incomes and expenses prior to the deduction of the corporate tax in the last audited annual report.

To the extent that the applicable regulations impose financial ratios that differ or are more stringent than the ones set out in the preceding paragraph, the Borrower shall in addition observe and comply

with those other or more stringent requirements or ratios, except to the extent that any non-compliance therewith is waived in writing by the competent supervisor/authority.

The Borrower shall certify the compliance with the ratios referred to in this Sub-clause 6.6 (b) (hereinafter, the **"Financial Ratios"**) by means of the Certificate, in the form included as Appendix 4 hereto, (i) before disbursement of each Tranche, as required under Sub-clause 4.5; and (ii) together with the annual report, as required under Sub-clause 6.5.

Failure to comply with the above provisions would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

(c) Change in Business

The Borrower shall not make any substantial changes to its core business from that carried on at the date of this Agreement without the prior written approval of the CEB (such approval not to be unreasonably withheld or delayed).

The Borrower shall not make any substantial changes to its articles of association without the prior written approval of the CEB (such approval not to be unreasonably withheld or delayed), provided that no prior written approval of the CEB shall be required in respect of the following changes of its articles of association:

- (i) any change of the Borrower's name, registered office within the Czech Republic or internet website;
- (ii) any change in the Borrower's business permitted by this Agreement;
- (iii) any changes in the rules for shareholders' requests to the general meeting for clarification of matters concerning the Borrower, regulation of the record date for participation in the general meeting, voting technique at the general meeting (ballots) and convening the general meeting, any changes in the number of members of the Borrower's corporate bodies, any changes in the length of their terms of office and any changes concerning the convening and meeting of the board of directors and the supervisory board;
- (iv) any change to the articles of association caused by a change in applicable legislation; and
- (v) any change to the articles of association caused by the fact that the Statutory City of Brno becomes the sole shareholder of the Borrower.

The Borrower shall not enter into any amalgamation, demerger, merger or corporate restructuring without the prior written approval of the CEB (such approval not to be unreasonably withheld or delayed). The previous sentence does not apply to any amalgamation, demerger, merger or corporate restructuring within the Group, provided that (i) it is not reasonably expected to give rise to a Material Adverse Change and (ii) the Borrower remains the surviving entity.

The Borrower shall maintain its centre of main interests (as that term is used in article 3.1. of Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (hereinafter, the **"Regulation (recast)"**)) in its jurisdiction of incorporation and the Borrower shall not have any establishment (as that term is used in article 2, item (10) of the Regulation (recast)) in any jurisdiction other than its jurisdiction of incorporation.

The Borrower shall not acquire any shares or securities or business or undertaking of company or incorporate a company without the prior written consent of the CEB. The previous sentence does not apply to any of the following operations that takes place within the Group on a consolidated basis: (i) incorporation of companies or acquisition of any shares and securities in special purpose vehicles (SPV) by the Borrower and (ii) acquisition of any shares or securities or business or undertaking or any joint venture company by the Borrower.

Failure to comply with the above provisions would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## **7. PARI PASSU**

Failure to comply with the provisions set forth below under Clause 7 would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

### **7.1 Ranking**

The Borrower shall ensure that its payment obligations under this Agreement rank, and will rank, not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under its Debt Instruments except for obligations mandatorily preferred by law.

### **7.2 Security**

Should a Security be granted for the performance of any of the Borrower's Debt Instruments, the Borrower shall timely inform the CEB of its intentions and shall, if so required by the CEB, provide to the CEB, within the deadline set forth in the CEB's notice, identical or equivalent Security for the performance of its financial obligations under this Agreement.

This provision shall not apply to a Security:

- (a) created on property at the time of purchase solely as security for the payment of the purchase price or for the payment of debt incurred for the purpose of financing the purchase of such property;
- (b) securing a Debt Instrument maturing not more than one (1) year after the date on which it was originally incurred; or
- (c) established with prior approval of the CEB.

### **7.3 Clause by Inclusion**

Should any of the Borrower's Debt Instruments include a loss-of-rating covenant, a financial ratios covenant or *pari passu* provisions that are not included in the Agreement or that are stricter than any equivalent provision of this Agreement, the Borrower shall so inform the CEB and shall, at the request

of the CEB by means of a written notice, execute within the deadline indicated in the CEB's notice, an amendment to this Agreement to provide an equivalent provision in favour of the CEB.

#### **7.4 Prepayment to Third Parties**

Should the Borrower voluntarily prepay (for the avoidance of doubt, prepayment shall include a repurchase where applicable) in whole or in part any Debt Instrument and such prepayment:

- (a) is not made within a revolving credit facility which remains open for drawing on the same terms after such prepayment; or
- (b) is not made out of the proceeds of another Debt Instrument having a term at least equal to the unexpired term of the prepaid Debt Instrument,

the Borrower shall inform the CEB. In such an event, and upon the CEB's request, the Borrower shall prepay to the CEB within two (2) months from any such prepayment the amounts disbursed under the Loan in accordance with Sub-clause 4.7 in such proportion as the prepaid amount bears to the corresponding Debt Instrument.

### **8. REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants that:

- (a) it is incorporated and carries out its business according to the laws, decrees, regulations, articles of association and other texts applicable to it; in particular, it complies with the applicable laws on fraud, corruption, money laundering and financing of terrorism;
- (b) it is not and no member of its management body or none of its officers, directors, agents or employees is a Sanctioned Person or is the subject of a final and irrevocable court ruling in connection with Prohibited Practices perpetrated in the exercise of its professional duties and none of them did or does enter into business relationships with Sanctioned Persons;
- (c) its centre of main interests (as that term is used in article 3 1. of Regulation (recast)) is situated in its jurisdiction of incorporation and it has no establishment (as that term is used in article 2, item (10) of the Regulation (recast)) in any jurisdiction other than its jurisdiction of incorporation;
- (d) its board of directors has authorised it to enter into the Agreement and have given the signatory(ies) the authorisation therefor, in accordance with the laws, decrees, regulations, articles of association and other texts applicable to it;
- (e) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Agreement do not:
  - (i) contravene or conflict with any applicable law, statute, rule or regulation, or any judgment, decree or permit to which it is subject;
  - (ii) contravene or conflict with any Debt Instrument or any other agreement binding upon it which might reasonably be expected to give rise to a Material Adverse Change;

- (f) no event or circumstance is outstanding that constitutes a default under any Debt Instrument or any other agreement, which is binding on it or to which its assets are subject, which might reasonably be expected to give rise to a Material Adverse Change;
- (g) no Security has been granted to a third party in breach of Sub-clause 7.2;
- (h) no litigation, arbitration or administrative proceedings of or before any court, arbitral tribunal or agency which might reasonably be expected to give rise to a Material Adverse Change have (to the best of its knowledge and belief) been started or threatened against it; and
- (i) it has received a copy of the Loan Regulations, the Loan Policy, the Environmental and Social Safeguards Policy, the Procurement Guidelines and the Personal Data Protection Regulation and has taken note thereof.

The above representations and warranties are deemed repeated on the date of signature of each Disbursement Request and on the date of each Certificate. Any material change in relation to the above representations and warranties must, for the entire Loan period, be notified and any supporting documents provided to the CEB immediately after the Borrower having become aware of such material change.

If any of the above representations and warranties is or proves to have been incorrect or misleading in any respect, this would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## **9. THIRD PARTIES**

The Borrower may not raise any fact relating, within the scope of the use of the Loan, to its relations with third parties in order to avoid fulfilling, either totally or partially, the obligations resulting from the Agreement.

The CEB may not be involved in disputes which might arise between the Borrower and third parties and the costs, whatever their nature, incurred by the CEB due to any claims, and in particular all legal or court costs, shall be at the expense of the Borrower.

## **10. NON-WAIVER**

In no case, including delay or partial exercise, shall it be presumed that the CEB has tacitly waived any right granted to it by the Agreement.

## **11. TRANSFER**

The Borrower may not transfer any of its rights and/or obligations under the Agreement without the prior written consent of the CEB.

The Borrower hereby gives its consent to any transfer by the CEB of all or part of its rights and/or obligations under the Agreement to any other international financial institution, a national central bank, the European Central Bank or to any reputable bank or credit institution which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or



other financial assets (the “**New Lender**”) which has a rating for its long-term unsecured and non-credit enhanced debt obligations of at least A- by S&P or Fitch or A3 by Moody’s, provided that there shall be no such requirement for a New Lender in circumstances where the transfer is made at a time when a default is continuing under this Agreement.

## **12. ILLEGALITY**

If it is or becomes unlawful in any jurisdiction for the CEB to make, maintain or fund the Loan or perform any of its obligations under this Agreement, this would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## **13. NO HARDSHIP**

Each Party hereby acknowledges that any applicable provision pursuant to which a Party may request the other Party to renegotiate the Agreement or may cease to perform its obligations hereunder, in case of a change of circumstances unforeseeable at the time of the conclusion of the Agreement which makes performance excessively onerous for a Party who had not agreed to assume such risk, shall not apply to it with respect to its obligations under the Agreement and that it shall not be entitled to many any claim under such provision.

## **14. GOVERNING LAW**

The Agreement shall be governed by the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and, secondarily, if necessary, by French law.

## **15. DISPUTES**

Disputes between the Parties shall be subject to arbitration under the conditions laid down in chapter 4 of the Loan Regulations.

The Parties agree not to take advantage of any privilege, immunity or legislation before any jurisdictional or other authority, whether domestic or international, in order to object to the enforcement of an award handed down under the conditions laid down in chapter 4 of the Loan Regulations.

In any legal action arising from this Agreement, the CEB’s certificate as to any amount due or interest rate applicable under the Agreement shall, in the absence of manifest error, be *prima facie* evidence of such amount or interest rate.

## **16. DATA PROTECTION**

The processing of any personal data collected under the Agreement shall be carried out by the CEB in accordance with the Data Protection Regulation.

## 17. NOTICES

Any notice (including any document or communication) to be given or made under or in connection with this Agreement to the CEB or the Borrower shall be in writing and unless otherwise stated, may be made by registered letter or electronic mail. Such notice shall be deemed to have been received by the other Party:

- (a) in the case of a hand-delivered or registered letter, on the date of delivery;
- (b) in the case of electronic mail, only when actually received in readable form and only if it is addressed in such a manner as the other Party shall specify for this purpose; and
- (c) in the case of electronic mail, which contains a Disbursement Notice, sent by the CEB to the Borrower, when the electronic mail is sent.

Any notice provided by the Borrower to the CEB by electronic mail shall:

- (a) mention the LD reference in the subject line; and
- (b) be in the form of a non-editable electronic image (pdf, tif or any other common non-editable file format agreed between the Parties) of the notice signed by the person or persons duly authorised to sign such notice on behalf of the Borrower, attached to the electronic mail.

Without affecting the validity of notices by electronic mail made in accordance with this Clause, the following notices shall also be sent by registered letter to the other Party at the latest on the immediately following Business Day:

- (a) Disbursement Requests;
- (b) any communications in respect of the suspension, cancellation and/or early reimbursement of the Loan or in respect of a Prepayment Notice; and
- (c) any other communication required by the CEB.

The Parties agree that any above notice (including via electronic mail) is an accepted form of communication, shall constitute admissible evidence in court and shall have the same evidential value as an agreement under hand.

The postal address and electronic mail address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication to be given or made under or in connection with this Agreement is:

For the Borrower:

[REDACTED]

Attention:  
E-mail:

[REDACTED]

For the CEB:

[REDACTED]

Attention:

E-mail:

[REDACTED]

The CEB and the Borrower shall promptly notify the other Party in writing of any change in their respective communication details.

All notices to be given or made under or in connection with the Agreement shall be in English or, if in another language, shall be accompanied by an English certified translation thereof, when so required by the CEB.

All notices to be given or made by the Borrower under or in connection with this Agreement shall, where required by the CEB (acting reasonably), be delivered to the CEB together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and with the authenticated specimen signature of such person or persons.

## **18. TAXES AND EXPENSES**

The Borrower shall pay, to the extent applicable, all taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution, registration, implementation, termination or enforcement of the Agreement and/or any related document as well as of the creation, perfection, registration, enforcement or release of any Security required under the Agreement.

The Borrower shall bear all charges and expenses (including legal, professional, banking or exchange costs) incurred in connection with (i) the preparation, execution, perfection, implementation, termination and enforcement of this Agreement and/or any related document; (ii) any amendment, supplement or waiver in respect of this Agreement and/or any related document; and (iii) the preparation, execution, perfection, management, enforcement and release of any Security required under the Agreement.

Notwithstanding the above, Article 4.7 (*Cost of arbitration*) of the Loan Regulations shall apply regarding the costs of the arbitration set forth under Clause 15.

## **19. DISCHARGE**

After repayment of all outstanding principal under the Loan as well as payment of all interests and other expenses resulting from the Agreement, including in particular those amounts under Sub-clause 4.9 and Clause 18, the Borrower shall be fully released from its obligations arising out of or in connection with this Agreement.

Without prejudice of the above, the Borrower shall nevertheless undertake, for a period not exceeding six (6) years following the receipt of a Completion Report to the CEB's satisfaction, (i) to keep the Project-related documentation; and (ii) to favourably receive any evaluation visits, including by facilitating access to relevant Project sites carried out by the CEB's staff members or designated third

parties, provided that any such visit shall be notified in writing to the Borrower at least fifteen (15) Business Days prior to the date of such visit.

## **20. ENTRY INTO FORCE**

The Agreement shall enter into force upon (i) its execution by the Parties and (ii) notification by the Borrower to the CEB of the publication of the Agreement in the registry of contracts (in Czech: *Registr smluv*), as required by the applicable Czech law, such publication to be done within thirty (30) calendar days upon reception by the Borrower of the Agreement duly executed by both Parties.

The CEB and the Borrower hereby agree that the following information shall be redacted when the Agreement is published in the registry of contracts:

- (a) any personal data included in this Agreement;
- (b) contact details specified in Clause 17 of this Agreement; and
- (c) names and signatures of signatories of this Agreement.

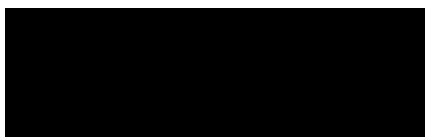
IN WITNESS THEREOF the Parties have caused the Agreement to be executed in three (3) originals, each of which is equally valid. One (1) original is kept by the CEB and two (2) originals are kept by the Borrower.

For the Borrower

Brno, on 22. April 2024

For the CEB

Paris, on 19 April 2024



## APPENDIX 1

### Project Description

I.

LD	LD 2162 (2023)
Borrower	Brněnské vodárny a kanalizace, a.s. (BVK)
Loan Type	Project Loan
Loan Amount	EUR 58,700,000
Approval by the CEB’s Administrative Council	29 September 2023

II.

Sector of action	Protection of the environment																																																						
Planned Works	<p>The Project consists of the reconstruction and the extension of the wastewater treatment plant in Brno-Modrice (the <b>WWTP</b>).</p> <p>In particular, the Project will include:</p> <ul style="list-style-type: none"><li>(i) the reconstruction and extension of the sludge management facility;</li><li>(ii) the reconstruction of the boiler house facilities;</li><li>(iii) the replacement of the original sludge digestion tanks, balancing tanks, facility for thickening of excess sludge, facility for mechanical thickening of mixed sludge, including pumping station, and sludge drying buildings with boiler house and equipped with low temperature dryers; and</li><li>(iv) the extension of facilities for the collection and storage of biogas, which is further processed by the WWTP in order to use the residual energy and to meet part of the WWTP’s heat and electricity needs.</li></ul>																																																						
Location	<p>The works will be carried out on the existing premises of the WWTP. The location is in an under-utilized area in the middle of the WWTP. The works will be undertaken while ensuring continuous operation of the WWTP. Due to the proposed technical solution and the location of the new sludge line, most of the works can be carried out without affecting the WWTP’s operations.</p>																																																						
Final Beneficiaries	<p>Inhabitants of the wider Brno region, more than 412 000 direct or indirect customers of the Borrower, together with the newly connected inhabitants over the forthcoming years.</p> <p>Inhabitants living along the downstream water course in which the treated water is discharged.</p>																																																						
Project Total Cost	EUR 141,706,532																																																						
Financing Plan	<table><tr><th colspan="3">Sources</th><th colspan="3">Uses</th></tr><tr><td>CEB</td><td>58.7</td><td>41.3%</td><td>Design/studies</td><td>3.1</td><td>2.2%</td></tr><tr><td>EIB</td><td>53.0</td><td>37.3%</td><td>Technology</td><td>50.4</td><td>35.5%</td></tr><tr><td>Commercial bank</td><td>26.5</td><td>18.7%</td><td>Buildings construction</td><td>60.8</td><td>42.8%</td></tr><tr><td>EU Funds (Operational Programme Environment)</td><td>3.5</td><td>2.5%</td><td>Construction supervision</td><td>3.1</td><td>2.2%</td></tr><tr><td></td><td></td><td></td><td>Project management</td><td>1.5</td><td>1.1%</td></tr><tr><td></td><td></td><td></td><td>Other project related costs</td><td>2.2</td><td>1.5%</td></tr><tr><td></td><td></td><td></td><td>Contingencies</td><td>20.0</td><td>14.1%</td></tr><tr><td>Total</td><td>142</td><td>100%</td><td>Total</td><td>142</td><td>100%</td></tr></table>	Sources			Uses			CEB	58.7	41.3%	Design/studies	3.1	2.2%	EIB	53.0	37.3%	Technology	50.4	35.5%	Commercial bank	26.5	18.7%	Buildings construction	60.8	42.8%	EU Funds (Operational Programme Environment)	3.5	2.5%	Construction supervision	3.1	2.2%				Project management	1.5	1.1%				Other project related costs	2.2	1.5%				Contingencies	20.0	14.1%	Total	142	100%	Total	142	100%
Sources			Uses																																																				
CEB	58.7	41.3%	Design/studies	3.1	2.2%																																																		
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			Contingencies	20.0	14.1%																																																		
Total	142	100%	Total	142	100%																																																		

<b>Schedule of Works</b>	The handover of the reconstructed and extended WWTP by the contractor to the Borrower is planned for 21 February 2027 after which the Borrower has planned a Project's operation verification phase lasting one (1) year.
<b>Closing Date</b>	30 June 2027

<b>III. Eligibility Criteria</b>	<p>The CEB finances projects, undertaken by public or private entities, that contribute to protecting and improving the environment, and thus to improving living conditions. The CEB can finance projects concerned with:</p> <ol style="list-style-type: none"> <li>1) reduction and treatment of solid and liquid waste;</li> <li>2) clean-up and protection of surface and underground water;</li> <li>3) decontamination of soils and aquifers;</li> <li>4) production of renewable energy;</li> <li>5) energy saving measures (excluding energy production/distribution);</li> <li>6) reduction of air pollution; and</li> <li>7) protection and development of biodiversity.</li> </ol> <p>Investments undertaken by private enterprises for the creation of infrastructure for the treatment of solid and liquid waste and wastewater that is not produced by the enterprises themselves are eligible.</p> <p>Lastly, these projects must concern populations defined at local or regional level.</p>
<b>Eligible Costs</b>	<p>The investment costs eligible for CEB financing include:</p> <ol style="list-style-type: none"> <li>1) The preparatory surveys or studies (technical, economic or commercial, engineering, environmental and social impact assessment and management plans) the technical supervision of the Project and other Project related professional services. These costs should not exceed 5% of the total cost of the Project, unless justified.</li> <li>2) The acquisition or preparation of land that the Borrower can demonstrate is directly linked to the Project's implementation, at its purchase price, unless it has been donated or granted.</li> <li>3) Construction/renovation/modernisation or purchase of buildings directly linked to the Project. Purchasing of buildings shall correspond to the eligible sectors of</li> </ol>

	<p>activity defined in the NACE nomenclature of the European Union.</p> <ol style="list-style-type: none"> <li>4) The installation of basic infrastructure, such as sewerage, water supply, gas supply, electricity and telecommunications networks, waste disposal and waste water treatment, roads, etc.</li> <li>5) The purchase of materials, equipment and machinery, including IT equipment and software, as well as the related costs linked to the training of staff.</li> <li>6) Contingencies for unanticipated costs (technical and/or price increases) can be financed by the CEB. These represent financial coverage for unforeseen changes in the quantity of works required, or of unit prices, in the type and quantity of equipment to be purchased or in the method of carrying out the Project. The total cost of the Project includes contingencies of EUR 25.2 million, representing 16.4% of total Project costs. This amount covers additional works contingency and other potential unexpected costs (<i>e.g.</i>, delays, inflation and exchange rate risks) related to the Project's implementation.</li> <li>7) Costs related to professional/vocational training and public awareness-raising campaigns may be eligible for CEB financing taking into account their objectives within the framework of the Project.</li> <li>8) The Loan cannot cover staff costs (wages/salaries and other related benefits, such as pension payments), financial charges and non-cash items, such as depreciation. Such costs may however be considered eligible when they relate to Project management or technical assistance required for Project preparation and implementation.</li> <li>9) Financial costs (payment and/or refinancing of debts, interest charges, acquisition of interest in the capital of an enterprise, etc.) or financial investments cannot be included in the estimated cost of the Project and cannot be financed by the CEB.</li> <li>10) Non-refundable and non-deductible VAT costs will be considered as eligible for CEB financing as well as all technical assistance costs incurred during the preparation of the Project.</li> </ol>
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<b>IV. Social impact</b>	The Project will improve the public service of sewage water treatment for the entire connected population, <i>i.e.</i> ,
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	<p>more than 412 000 inhabitants, as the sludge will be fully dried in line with the most stringent norms, and the general population in the target area will benefit from optimisation of the wastewater treatment services as a whole.</p> <p>More specifically, the Project provides the following benefits:</p> <ol style="list-style-type: none"> <li>1) The connected population as well as inhabitants living along the downstream water course in which the treated water is discharged will benefit from an improved environment, less pollution of soil (100% dried sludge), increased quality of the downstream water courses and increased quality of life (e.g., less odours and nuisances).</li> <li>2) Thanks to the use of appropriate technologies, the Borrower shall avoid potential future penalties for non-respect of EU legislation as regards wastewater and waste management, and shall improve the energy balance, and therefore this Project would possibly bring to the connected households a long-term cost reduction of the treatment cost per m<sup>3</sup> of wastewater. This cost reduction will not be effective immediately, as the investment cost and depreciation are included in the tariff calculations.</li> <li>3) The Project is estimated to generate important environmental benefits, as it will reduce the needs for fossil fuels in the local cement industry and potentially the use of chemical fertilisers in agriculture.</li> <li>4) The Project has a partial contribution to “green finance” through pollution prevention.</li> </ol>
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## APPENDIX 2

### Form of Legal Opinion (Framework Loan Agreement)

#### PRIVATE AND CONFIDENTIAL

COUNCIL OF EUROPE DEVELOPMENT BANK

55, Avenue Kléber, 75116 Paris, France

Attn: Projects Department

Cc: Office of the General Counsel

and the other Beneficiaries (as defined below)

Our ref: 0297242.0001

Your ref:

Date [●] 2024

Dear Sirs

**Brněnské vodárny a kanalizace, a.s. – Framework Loan Agreement dated [●] 2024**

#### 1. Introduction

##### 1.1. Basis of instructions

We have acted as Czech legal advisers to the Obligor (as defined below) as borrower in relation to the Framework Loan Agreement (as defined below). The Obligor (as our client) has asked us to address this Opinion to the Beneficiaries.

##### 1.2. Entity and documents covered by this Opinion

This Opinion relates to the Obligor and the framework loan agreement dated [●] 2024 and registered in the registry of contracts (in Czech: *Registr smluv*) on [●] 2024 between the Obligor as borrower and CEB (as defined below) as the lender (the **Framework Loan Agreement**).

##### 1.3. Defined terms

1.3.1 Words defined in the Framework Loan Agreement have the same meanings in this Opinion unless they are expressly defined herein.

1.3.2 In this Opinion:

**Act on Preventive Restructuring** means Act No. 284/2023 Coll., on Preventive Restructuring.

**Authorising Resolution** is defined in Schedule 1 (*Documents reviewed*).

**Beneficiaries** means:

- (a) CEB; and
- (b) any other person who we agree with in writing may rely on this Opinion.

**Business Corporations Act** means Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as amended.

**CEB** means COUNCIL OF EUROPE DEVELOPMENT BANK, international organisation with its headquarters at 55, Avenue Kléber, 75116 Paris, France.

**Civil Code** means Act No. 89/2012 Coll., Civil Code, as amended.

**Commercial Register** means the Czech Commercial Register (*obchodní rejstřík*) maintained pursuant to Act No. 304/2013 Coll., on Public Registers of Legal Entities and Individuals, as amended.

**Constitutional Documents** is defined in Schedule 1 (*Documents reviewed*).

**Czech Arbitration Act** means Czech Act No. 216/1994 Coll., on arbitration proceedings and enforcement of arbitration award, as amended.

**Documents** means the documents listed in Schedule 1 (*Documents reviewed*).

**Framework Loan Agreement** is defined in paragraph 1.2 of this Opinion.

**Governing Law** means the governing law pursuant to clause 14 of the Framework Loan Agreement pursuant to which the Framework Loan Agreement shall be governed by the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and, secondarily, if necessary, by French law.

**Insolvency Act** means Act No. 182/2006 Coll., Insolvency Act, as amended.

**Insolvency Register** means the Czech insolvency register (*insolvenční rejstřík*) maintained pursuant to the Insolvency Act.

**Obligor** means Brněnské vodárny a kanalizace, a.s., a joint stock company established under the laws of the Czech Republic, with its registered office at Pisárecká 555/1a, Pisárky, 603 00 Brno, the Czech Republic, ID No. 463 47 275, registered in the commercial register maintained by the Regional Court in Brno under file No. B 783.

**Register of Beneficial Owners** means register of beneficial owners (*evidence skutečných majitelů*) maintained by the Ministry of Justice in accordance with Section 11 et seq. of Act No. 37/2021 Coll., Act on Register of Beneficial Owners (*zákon o evidenci skutečných majitelů*), as amended.

**Restructuring Register** means the Czech restructuring register (*restrukturalizační rejstřík*) to be maintained pursuant to the Act on Preventive Restructuring.

1.3.3 References to **this Opinion** are references to the whole of this opinion and any part of it.

#### **1.4. Searches and enquiries completed and documents reviewed**

For this Opinion:

- (a) we have completed only the searches and enquiries referred to in paragraph 2 (*Searches and enquiries*); and
- (b) we have not examined any other contracts, instruments, corporate records or other documents save for the Documents.

We have not made any other enquiries or searches in respect of any parties to the Framework Loan Agreement or any matter of fact, for the purposes of giving this Opinion.

#### **1.5. Scope of the Opinion**

1.5.1 This Opinion is limited to Czech law in force as published in the Collection of Laws of the Czech Republic, the Collection of International Treaties of the Czech Republic and the EU law directly applicable in the Czech Republic, in effect as of the date of signing of the Framework Loan Agreement. We express no opinion as to matters governed by any law other than Czech law. We undertake no responsibility to notify or advise you on any change in law or fact after the date thereof that would alter the scope or substance of the opinions expressed herein.

1.5.2 This Opinion is limited to the matters expressly set forth herein and no opinion is to be implied or inferred beyond the matters expressly so stated.

1.5.3 We give this Opinion:

- (a) on the basis of the assumptions set out in Schedule 2 (*Assumptions*); and
- (b) subject to the qualifications set out in Schedule 3 (*Qualifications*).

#### **1.6. Reliance and disclosure**

1.6.1 No person may rely on this Opinion except for the Beneficiaries. They may rely on it only:

- (a) in connection with the Framework Loan Agreement; and
- (b) on condition that:
  - (i) it is interpreted in accordance with, and our obligations and liability in connection with it are governed by, Czech law; and
  - (ii) any dispute arising from it is subject to the exclusive jurisdiction of the Czech courts.

1.6.2 No person may, without our written consent and subject to paragraph 1.6.3 disclose this Opinion, or any copy of it, to any other person.

1.6.3 Subject to paragraph 1.6.4, a Beneficiary may disclose this Opinion to:

- (a) any person to whom disclosure is required:
  - (i) by law, court order or the mandatory rules or regulations of any competent supervisory or regulatory body; or
  - (ii) in connection with any judicial proceedings relating to the Framework Loan Agreement;
- (b) the officers, employees, auditors and professional advisers of any Beneficiary;
- (c) any person who is not at the time of the disclosure a Beneficiary, but:
  - (i) to whom a Beneficiary has assigned or transferred (or may potentially assign or transfer) its rights and/or obligations under (and in accordance with) the Framework Loan Agreement; or
  - (ii) with (or through) whom a Beneficiary has entered into (or may potentially enter into) any sub-participation in relation to the Framework Loan Agreement,
 and any such person's professional advisers.

1.6.4 The following conditions apply to any disclosure under paragraph 1.6.3:

- (a) the disclosure is made only to inform the recipient of the terms of the Opinion, but not so the recipient may rely on it in any way; and
- (b) we accept no responsibility or legal liability to the recipient.

1.6.5 This Opinion is given by Dentons Europe CS LLP which assumes liability, and is responsible, for it. No individual owes or shall owe any duty of care to any person for this Opinion.

### **1.7. Our relationship with the Beneficiaries**

The Beneficiaries may only rely on this Opinion on the following basis:

- (a) we have acted for, and taken instructions solely from, the Obligor in relation to the Framework Loan Agreement and we are giving this opinion to you in such capacity and upon express instruction of the Obligor (as our client);
- (b) we have not advised, and we have no obligation now or in the future to advise, any Beneficiary in relation to the Framework Loan Agreement or on any of the matters referred to in this Opinion;
- (c) we do not assume any responsibility to any Beneficiary for any commercial matters in relation to the Framework Loan Agreement and we have not assumed any responsibility or duty of care to any Beneficiary to protect their rights and interests when negotiating the Framework Loan Agreement; and

- (d) no Beneficiary may request or require that we stop acting for the Obligor in relation to the Framework Loan Agreement now or in the future on account of our having given this Opinion, whether on the basis of a deemed conflict of interest or otherwise.

## **2. Searches and enquiries**

We have undertaken the following searches and enquiries for this Opinion in relation to the Obligor:

- (a) On [●] we examined the extract from the Commercial Register dated [●] (the **Commercial Register Extract**);
- (b) on [●] we examined the extract from the Register of Beneficial Owners dated [●]; and
- (c) on [●] at [●] we examined the extract from the Insolvency Register dated [●] (the **Insolvency Search**).

## **3. Opinion**

We are of the opinion that:

### **3.1. Valid existence**

The Obligor is a joint-stock company (akciová společnost) validly existing under Czech law, and established without any time limitation.

### **3.2. Authorisation and due execution**

The Framework Loan Agreement has been duly authorized by all necessary corporate action on the part of the Obligor and validly executed by the Obligor giving rise to legally valid, binding and enforceable undertakings for the Obligor.

### **3.3. Capacity**

The Obligor has the corporate power and capacity (*právní osobnost a svéprávnost*) to enter into and perform the Framework Loan Agreement.

### **3.4. All approvals**

No licenses, approvals, authorizations, exemptions, filings, notarisations, registrations or consents of Czech state authorities are necessary in connection with the execution of the Framework Loan Agreement by the Obligor in order to give rise to legally valid, binding and enforceable undertakings for the Borrower and for the Agreement to be admissible in evidence in the Czech Republic.

### **3.5. No violation of law**

The execution of the Framework Loan Agreement by the Obligor does not and will not result in any violation of (i) the Obligor's Constitutional Documents or (ii) Czech law applicable to companies generally.

### **3.6. Choice of law**

The submission by the Obligor to the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and secondarily to the laws of France is legally valid and binding on the Obligor under the laws of the Czech Republic.

### **3.7. Arbitration**

The submission by the Obligor to the Arbitral Tribunal set forth under Chapter 4 of the CEB's Loan Regulations with respect to any dispute arising out of the Framework Loan Agreement is legally valid and binding on the Obligor under the laws of the Czech Republic. An arbitral award rendered against the Obligor by the respective Arbitral Tribunal set forth under Chapter 4 of the CEB's Loan Regulations in connection with the enforcement of the Framework Loan Agreement would be enforceable in the Czech Republic in accordance with the terms of Article 3 of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949).

### **3.8. No filing**

No filing, recording or registration with any public or official body or agency in the Czech Republic is necessary in relation to the Obligor's entry into the Framework Loan Agreement and in order to ensure the enforceability of the Framework Loan Agreement except for the registration of the Framework Loan Agreement in the registry of contracts (in Czech: *Registr smluv*) in accordance with the Czech Act No. 340/2015 Sb. on special conditions for effectiveness of certain contracts, publication of such contracts and on registry of contracts.

### **3.9. Stamp duties**

No Czech stamp duty or registration, documentary or similar tax or fee is payable on the execution of the Framework Loan Agreement or to render them admissible in evidence in the Czech Republic.

Yours faithfully

[●], Partner

On behalf of Dentons Europe CS LLP

## Schedule 1 – Documents reviewed

For this Opinion we have reviewed originals or copies of the following documents:

- 1 The Framework Loan Agreement.
- 2 The copy of the articles of association (*stanovy*) of the Obligor dated 9 June 2023 (the **Constitutional Documents**).
- 3 The copy of the (partially redacted) minutes of Board of Directors of the Obligor dated [●] 2024 (the **Authorising Resolution**).
- 4 Council of Europe Development Bank Loan Regulations adopted by the Administrative Council by Resolution 1587, on 17 November 2016 (the **CEB's Loan Regulations**).



## Schedule 2 – Assumptions

For the purposes of this Opinion, we have assumed:

### Veracity and bona fides

- 1 the genuineness of all signatures, the authenticity and completeness of all documents submitted to us as originals, the completeness and conformity to originals of all documents submitted to us as copies and the authenticity of the originals of such copies;
- 2 that all agreements, deeds, schedules or documents which may be related to the Documents have been fully disclosed to us;
- 3 that there are no contractual or other restrictions (other than as other than under the reviewed documents listed in Schedule 1 above, if any) binding on any of the parties to the Documents or any other person which would adversely affect the opinions expressed herein;
- 4 that all representations set out in the Framework Loan Agreement as to matters of fact (but, for the avoidance of doubt, excluding any matters of Czech law on which we specifically opine herein) were true and accurate when made and remain true and accurate as at the date hereof;
- 5 that the Documents provided for our review are complete, correct and up-to-date (and have not been amended and/or rescinded), and that the Constitutional Documents and Authorising Resolution reflect the status of the Obligor as of the date of signing of the Framework Loan Agreement;
- 6 that the Obligor has not received a court summons regarding asset declaration; and
- 7 that all the information stated on excerpts from public registries, including the Commercial Register, the Register of Beneficial Owners and the Insolvency Register (including the Insolvency Register accessible at [www.justice.cz](http://www.justice.cz)), and on certificates, confirmations and other documents issued by, or published at official notice boards of, public authorities are true, correct and accurate and remain true, correct and accurate as at the date hereof;

### Capacity, authorisation, execution and validity

- 8 the capacity (*právní osobnost a svéprávnost*), power and authority to act of all the parties to the Documents (except for the Obligor);
- 9 the capacity (*právní osobnost a svéprávnost*) of all natural persons representing any party to the Documents (including the Obligor, if applicable);
- 10 that all necessary capacity, authorizations, licenses, resolutions and other conditions for the valid execution and performance of the Documents by all parties thereto (except for the Obligor) were given, obtained or complied with;
- 11 that the members of the Board of Directors of the Obligor meet all legal prerequisites and conditions required for their appointment and acting in their respective functions;

- 12 that the Documents (other than the Framework Loan Agreement) have been duly adopted and executed, remain in full force and effect, and have not been amended in any way relevant to the opinions expressed herein;
- 13 that each member of the Board of Directors was able to validly exercise its voting rights for the purpose of the Authorising Resolution, no conflict of interest (actual or potential) arises in connection with the Documents or otherwise between the Obligor and its shareholder, member of the Board of Directors, member of the Supervisory Board or any of their close persons, affected persons or controlled persons (*osob blízkých, ovlivněných nebo ovládaných*), or any other person acting as a “*de facto director*” (*osoba, která se fakticky nachází v postavení člena voleného orgánu, přestože jím není*), the Authorising Resolution has not been amended or rescinded or its redacted part does not affect in any respect the opinion statements provided herein and neither the general meeting nor the Supervisory Board has prohibited the entering by the Obligor into the Framework Loan Agreement.
- 14 to the extent to which it is relevant, the relevant corporate bodies of the Obligor have been informed in advance about entering into the Framework Loan Agreement, pursuant to Sections 55 and 56 of the Business Corporations Act, which was confirmed in the Authorising Resolution.
- 15 that there are no facts or circumstances in existence and no events have occurred which would render the Framework Loan Agreement void or voidable or repudiated or frustrated or capable of rescission by reason of fraud, duress, undue influence, mistake or misrepresentation on the part of any of the parties thereto;
- 16 that the Framework Loan Agreement has been duly executed and delivered by each party thereto (other than the Obligor) in accordance with all applicable laws and their respective constitutional documents.
- 17 that the Framework Loan Agreement has been entered into by each of the parties hereto in good faith, for the benefit of each of them respectively (and without the intention of any party to curtail its creditors), for consideration, on arms' length commercial terms and under the terms usual in business dealings (*za podmínek obvyklých v obchodním styku*), in accordance with fair business dealings (*poctivý obchodní styk*), commercial customs (*obchodní zvyklosti*), good morals (*dobré mravy*) and public policy (*veřejný pořádek*);
- 18 that the Framework Loan Agreement has not been entered into by any party in connection with any unlawful activity or with the intention or purpose of avoiding or circumventing (*obcházení*) any legal obligation;
- 19 that none of the terms of the Framework Loan Agreement is considerably unfavorable (*zvláště nevýhodný*) to the Obligor, and there is no gross disproportion in mutual performances (*hrubý nepoměr vzájemných plnění*) under the Framework Loan Agreement;
- 20 that, as of the date of this Opinion, none of the parties to the Framework Loan Agreement is insolvent or in liquidation or subject to a voluntary dissolution, no application has been submitted to the relevant court for the insolvency liquidation, bankruptcy, winding-up or

similar proceeding (including any criminal proceedings which could result in any of the above) against any of them and no preventive restructuring of any of them has been initiated (provided that to the extent assumptions are made with respect to the Obligor, we have made the Insolvency Search for the purposes of this paragraph and the Insolvency Search revealed no entries which were inconsistent with the foregoing assumptions); and that entering by the Obligor to the Framework Loan Agreement and performance of any transactions thereunder shall not result in insolvency of the Obligor;

- 21 that the funds provided under the Framework Loan Agreement shall not be used for the purposes of any financing or refinancing of an acquisition of any shareholding interest in the Obligor or in any company which controls the Obligor within the meaning of Section 75 of the Business Corporations Act;
- 22 that the Framework Loan Agreement is legal, valid and binding under Czech law (but, for the avoidance of doubt, excluding any matters of Czech law on which we specifically opine herein);

#### **Foreign law**

- 23 that the Framework Loan Agreement constitutes valid and legal obligations binding on and enforceable against the parties thereto (and are not subject to avoidance by any person) under all applicable laws other than Czech law, in particular the Governing Law, and in all applicable jurisdictions other than the Czech Republic, in particular French jurisdiction, and all conditions required to be fulfilled in connection with the Framework Loan Agreement under all such applicable laws, other than that of the Czech Republic, have been duly fulfilled;
- 24 that the obligations expressed to be assumed by the parties to the Framework Loan Agreement constitute their legal, valid, binding and enforceable obligations under the Governing Law;
- 25 that the submission to the arbitration contained in the Framework Loan Agreement is legal, valid and binding as a matter of all applicable laws (other than the laws of the Czech Republic);
- 26 that the choice of the Governing Law as the governing laws of the Framework Loan Agreement is a valid choice of law under all applicable laws (other than the laws of the Czech Republic) and would be upheld as a valid choice of law by the courts of all relevant jurisdictions (other than the courts of the Czech Republic);
- 27 that all deeds, instruments, assignments, agreements and other documents in relation to the matters contemplated by the Documents and this Opinion, insofar as any of such deeds, instruments, assignments, agreements and other documents may need to be performed in any jurisdiction other than the Czech Republic, have been or will be duly performed and are not and will not be illegal or ineffective by virtue of such other laws; and
- 28 that there are no provisions of the laws of any applicable jurisdiction outside the Czech Republic which would be contravened by the execution or the delivery of the Documents and that none of the opinions expressed hereunder will be affected by the laws (including the public policy) of any applicable jurisdiction outside the Czech Republic.

## Schedule 3– Qualifications

### Limitations arising from insolvency law and preventive restructuring

- 1 This Opinion is subject to any limitations arising from insolvency, bankruptcy, moratorium, reorganization, preventive restructuring, debt restructuring, liquidation and other laws of general application relating to or affecting the rights of creditors in any applicable jurisdiction, including the Insolvency Act and the Act on Preventive Restructuring.

### Qualifications related to court enforcement or insolvency proceedings and preventive restructuring

- 2 The Insolvency Register may not display all insolvency petitions or insolvency proceedings promptly upon their commencement. In particular the insolvency court may decide not to publish information regarding an insolvency petition filed by a creditor in case the insolvency court has reasonable doubts about merits of the insolvency petition.
- 3 The Act on Preventive Restructuring provides that certain specific resolutions of the restructuring courts and other documents relating to preventive restructurings shall be published in the Restructuring Register. However, as of the date of this Opinion, the Restructuring Register has not yet been made publicly available. In such case, the Act on Preventive Restructuring provides that the documents to be published in the Restructuring Register shall be instead published at the official notice board of the competent restructuring court. The official notice board of each Czech court is accessible also electronically at [www.justice.cz](http://www.justice.cz); however, searches in electronic versions of the official notices boards may be unreliable and may not display all resolutions of the restructuring courts and other documents relating to preventive restructurings.
- 4 A translation of any document into Czech certified by certified translator is necessary to ensure the enforceability or admissibility in evidence of such document in the Czech Republic.
- 5 The following assets will be exempt from execution proceedings in the Czech Republic:
  - (a) any funds which are deposited with a Czech bank and which are designated for the payment of wages (or wages compensation or other amounts compensating remuneration for work) of employees on the wage payment day which follows the day when such a bank receives the decision from the court of the Czech Republic ordering the transfer of the funds to the creditor(s) to enforce his/her claim;
  - (b) any compensatory payments to be paid by an insurance company under the relevant asset insurance policy provided that these funds shall be used for the purposes of (a) the construction of a new building (if the insured building was destroyed) or (b) the re-construction of an existing building (if the insured building was damaged);
  - (c) movables and/or immovables which the debtor necessarily needs to carry out its business activity (except for movables or immovables subject to a pledge or a mortgage (*zástavní právo*) securing the relevant claim which is being thus enforced) and other movables or immovables the forced sale of which would contravene good morals;

- (d) receivables for money and securities which, pursuant to the Financial Collaterals Act (No. 408/2010 Coll., as amended) or pursuant to foreign law, are subject to financial collateral arrangement in accordance with Directive of the European Parliament and of the Council No. 2002/47/EC, dated 6 June 2002, on financial collateral arrangements.
- 6 Assets used for military, national security or diplomatic purposes and other assets excluded pursuant to Czech law (including but not limited to Act No. 44/1988 Coll. on the Protection of Mineral Wealth) may enjoy immunity from suit, execution, attachment or other legal process in any proceedings taken in the Czech Republic.

#### **General limitations arising from the law**

- 7 Act No. 240/2000 Coll., Czech Crisis Management Act, as amended, provides for measures in states of emergency and other crisis situations. There are circumstances under that Act in which the Obligor may be obligated to contribute its tangible assets towards relief efforts.

#### **General limitations of this Opinion**

- 8 For the purposes of the opinion given in paragraph 3.1 (*Valid existence*) above, we have relied solely upon the Commercial Register Extract and the Constitutional Documents.
- 9 For the purposes of the opinion given in paragraph 3.5 (*No violation of law*) above the words "laws applicable to companies generally" refer to laws applicable to companies irrespective of the character of their business or of the assets that they own.
- 10 We have not advised and do not express any opinion on any corporate benefit or directors' liability issues in relation to the Documents.
- 11 The opinions expressed herein are subject to certain further qualifications as to matters of Czech law, namely:
- (a) the performance of an obligation shall be generally deemed to be unattainable if the law passed after the conclusion of the contract prohibits the conduct agreed in the contract;
  - (b) a party whose interests conflict with the interests of another party may not represent the latter party as an attorney (unless the latter party knew or must have known of such a conflict) and the latter party may not validly waive its right to revoke a power of attorney which appoints the former party at any time (except in specific circumstances); and
  - (c) a waiver of a right may not be valid if made by a weaker party (*slabší strana*).
- 12 We provide no opinion on any potential consent, approval or permit which may be required under any corporate documents of the parties (other than the Obligor) or and/or laws under which they are established or laws of any jurisdiction where any of their assets may be located (other than Czech law).

- 13 We express no opinion as to whether the Framework Loan Agreement breaches any other agreement, arrangement or instrument, except for the Constitutional Documents and the Authorising Resolution.
- 14 We express no opinion as to any taxation or tax related issues (save for the opinion expressed in paragraph 3.10 (*Stamp duties*) above).
- 15 Where an assumption is stated to be made in this letter, we have not made any investigation with respect to the matters that are subject of such assumption.

#### **Other qualifications**

- 16 In the Czech Republic it is not possible to search any public registers to determine conclusively whether there are any petitions or pending litigation against a particular entity, which could materially affect the opinions expressed herein and, therefore our opinions expressed herein are subject to the effect of any petitions or litigations involving any party to the Framework Loan Agreement.
- 17 The opinions expressed herein may be affected by sanctions, embargoes or other similar measures imposed by the Czech Republic, the United Nations, the Organization for Security and Co-operation in Europe or the European Union with respect to a party to the Framework Loan Agreement, a person controlling or being otherwise affiliated to such party, or the country where such party or other person is domiciled, holding funds or carrying on business, to the extent that such sanctions, embargoes or other similar measures are not incompatible with the CEB's privileges and immunities under the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949).
- 18 This Opinion expresses and describes Czech legal concepts in the English language rather than in the original Czech language and such expressions and/or descriptions may not be identical in meaning to the underlying Czech legal concepts. Accordingly, any issues of interpretation arising in respect of this Opinion will be determined by Czech authorities in accordance with Czech law and we express no opinion as to the interpretation that Czech authorities may give to any such expressions or descriptions.

### APPENDIX 3

#### DISBURSEMENT REQUEST (TEMPLATE)

LD [•] – [•] Tranche

With reference to the Framework Loan Agreement dated [•] (hereinafter, the “**Agreement**”) between the Council of Europe Development Bank (hereinafter, the “**CEB**”) and [BORROWER] (hereinafter, the “**Borrower**”), the Borrower hereby requests the CEB, in accordance with Sub-clause 4.3(a) of the Agreement, to proceed with the disbursement of a Tranche under the specific terms and conditions set out below.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Currency/Amount	[•]		
Disbursement Date	[•]		
Principal Repayment Period	[•] years [including a grace period of [•] years]		
Principal Repayment Date(s)	[•]		
Maturity Date	[•]		
Interest Rate	Fixed	Maximum [•] <i>per annum</i>	
	Floating	Reference Rate:	[[•]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] <i>per annum</i>
		Spread	Maximum [•] basis points
Interest Period	[Quarterly] [Semi-annually] in arrears		
Interest Payment Dates	The interest payment will take place on [•] every year and for the first time on [•]		
Day Count Convention	Modified Following Business Day Convention		
Business Day	[•]		
Borrower's Account	Beneficiary's Name	[•]	
	Beneficiary's Bank	Name	[•]
		City	[•]
		SWIFT	[•]
		IBAN	[•]
		Reference	[•]
	Correspondent Bank (if applicable)	Name	[•]
		City	[•]
		SWIFT	[•]
		IBAN	[•]

[•], on [•].

For the Borrower  
[INSERT NAME(S)/TITLE(S)]

**DISBURSEMENT NOTICE (TEMPLATE)**

**LD [●] – [●] Tranche**

In response to your Disbursement Request dated [●] with reference to the Framework Loan Agreement dated [●] (hereinafter, the “**Agreement**”) between the Council of Europe Development Bank (hereinafter, the “**CEB**”) and [BORROWER] (hereinafter, the “**Borrower**”), the CEB hereby notifies to the Borrower, in accordance with Sub-clause 4.3(b) of the Agreement, the terms and conditions of the disbursement of the relevant Tranche.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Currency/Amount	[●]		
Disbursement Date	[●]		
Principal Repayment Period	[●] years [including a grace period of [●] years]		
Principal Repayment Date(s)	[●]		
Maturity Date	[●]		
Interest Rate	Fixed	[●] <i>per annum</i>	
	Floating	Reference Rate:	[[●]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] <i>per annum</i>
		Spread	[●] basis points
Interest Period	[Quarterly] [Semi-annually] in arrears		
Interest Payment Dates	The interest payment will take place on [●] every year and for the first time on [●]		
Day Count Convention	Modified Following Business Day Convention		
Business Day	[●]		
Borrower's Account	Beneficiary's Name	[●]	
	Beneficiary's Bank	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]
		Reference	[●]
	Correspondent Bank (if applicable)	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]
CEB's account	Beneficiary's Name	Council of Europe Development Bank	
	Beneficiary's SWIFT	CEFPFRPP	
	Beneficiary's Bank	Name	Deutsche Bank
		City	Frankfurt (Germany)
		SWIFT	DEUTDEFF
		IBAN	DE44 5007 0010 0928 7384 00

Paris, on [●]

For the CEB  
[INSERT NAME(S)/TITLE(S)]



## APPENDIX 4

### Form of Certificate

[INSERT LETTERHEAD]

To: Council of Europe Development Bank

From: Brněnské Vodárny a Kanalizace, a.s. (BVK)

Date: [NOT EARLIER THAN FIVE (5) BUSINESS DAYS BEFORE THE DISBURSEMENT REQUEST]

Subject: Framework Loan Agreement between Council of Europe Development Bank and Brněnské Vodárny a Kanalizace, a.s. (BVK) dated [●] (the “**Agreement**”).

Dear Sir or Madam,

Terms defined in the Agreement have the same meaning when used in this Certificate. For the purposes of Sub-clause 4.5 and/or Sub-clause 6.5 of the Agreement, we hereby certify to you as follows:

- (a) No Material Adverse Change has occurred, as compared with the situation at the date of signature of the Agreement;
- (b) No Cross-Default Event has occurred;
- (c) No breach of the Financial Ratios has occurred; [PLEASE ENCLOSE SUPPORTING DOCUMENTATION]
- (d) None of the Borrower’s Debt Instruments includes loss-of-rating, financial ratios or *pari passu* provisions that are stricter than any equivalent provision of the Agreement, except for any such provision disclosed to Council of Europe Development Bank pursuant to Sub-clause 7.3 of the Agreement;
- (e) The representations and warranties to be made or repeated by us under Clause 8 of the Agreement are true in all material respects; in particular, no Security has been granted to a third party in breach of Sub-clause 7.2 of the Agreement; and
- (f) No event or circumstance which could give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations has occurred or may reasonably be expected to/is likely to occur.

For Brněnské Vodárny a Kanalizace, a.s. (BVK)

[INSERT NAME(S)/TITLE(S)]

## **APPENDIX 5**

### **Progress Report/Completion Report**

**PROJECT TITLE: Brno Wastewater Treatment Plant**

**Project number: LD 2162 (2023)**

### **ANNUAL PROGRESS/COMPLETION REPORT**

**REPORTING PERIOD:**

**Date:**

#### **Table of Contents**

- 1. Narrative Report**
  - 1.1 Summary and context of the Project**
  - 1.2 Activities Undertaken and results achieved**
  - 1.3 Management, Coordination and Financing Arrangements**
  - 1.4 Deviations from the Plan and difficulties encountered, if any, and mitigation measures**
  - 1.5 Detailed project implementation plan**
  - 1.6 Conditions precedent before disbursement, if applicable**
  - 1.7 Communication and Visibility Activities**
- 2. Financial Report**
  - Table 1: Procurement Plan**
  - Table 2: List of awarded contracts**
  - Table 3: Costs and financial sources**
  - Table 4: Indicators of achievement**

## 1. Narrative Report

### 1.1 Summary and context of the Project

Title of the Project		
Objective		
Framework Loan Agreement (FLA) entry into force		
Implementing Agency		
Estimated project cost	<u>Original:</u>	<u>Revised:</u>
Approved CEB loan amount		
Maximum CEB financing of total eligible costs (in %)		
Other sources of financing		
Implementation period	<u>Original:</u> mm/yyyy-mm/yyyy	<u>Revised:</u> mm/yyyy-mm/yyyy
Closing date for CEB loan disbursement		

### 1.2 Activities Undertaken and results achieved

Please describe the progress of activities in relation to the Project, including, but not limited to:

Activity	Progress and results
Land acquisition and preparation (location and building permits, dates)	
Studies and Design	
Procurement related activities	
Works, including photos showing the latest progress	
Management of environmental and social safeguard issues, including information on any incident, compliant and corrective action taken	

### 1.3 Management, Coordination and Financing Arrangements

Provide information on any inter-institutional arrangements/concession agreement related to management and implementation of the Project (owner of the sewerage system, contracting authority for the works, operator, responsible party for collecting the sewerage tariff from the consumers, etc)	
--	--

#### **1.4 Deviations from the Plan and difficulties encountered, if any, and mitigation measures**

Provide information on any major constraints/deviations from the Project plan, especially, but not limited to, problems that risk delaying the Project. Explain the reasons for such deviations and propose corrective measures in the table below.

Proposed Action Plan to solve issues (if any):			
Constraint/ Deviation	Corrective Measure	Responsible	Completion Date

#### **1.5 Detailed project implementation plan**

Please present a detailed project implementation plan as a Gantt Chart or similar presentation (with planned and actual start, planned and actual end dates, duration of activities, % of completion, dependency relationship between activities, milestones) for the overall implementation period.

#### **1.6 Conditions precedent before disbursement, if applicable**

Please detail conditions yet to be fulfilled in line with Framework Loan Agreement requirements and inform on the progress in addressing the conditions.

#### **1.7 Communication and Visibility Activities**

Please inform about the communication and visibility activities (public announcements, media/newspaper articles that mention CEB and/or other partners) including links of any media events and articles.

## 2. Financial Report

**TABLE 1 – PROCUREMENT PLAN FOR THE YEAR XXXX (VAT excluded)**

Country: Czech Republic  
 Borrower: Brno Waterworks and Sewerage (BVK)  
 Project: FIP 20878 (2023)  
 Project title: Brno Waste Water Treatment Plant

Date of Procurement Plan: \_\_\_\_\_  
 Date of Procurement Plan Revision: \_\_\_\_\_

### 1. Civil Works

1	2	3	4	5	6	7	8	9	10	11	12	13
Ref. No.	Contract Description	Estimated Cost CZK	Estimated Cost EURO	Financed by	Number of Lots	Procurement Method	Domestic Preference (yes/no) %	Review by the Bank (PRIOR/POST)	Expected Date of Bid Launching	Expected Date of Bid Opening	Expected Date of Bid Evaluation	Expected Date of Contract Signature

### 2. Goods

1	2	3	4	5	6	7	8	9	10	11	12	13
Ref. No.	Contract Description	Estimated Cost CZK	Estimated Cost EURO	Financed by	Number of Lots	Procurement Method	Domestic Preference (yes/no) %	Review by the Bank (PRIOR/POST)	Expected Date of Bid Launching	Expected Date of Bid Opening	Expected Date of Bid Evaluation	Expected Date of Contract Signature

### 3. Services

1	2	3	4	5	6	7	8	9	10	11	12	13
Ref. No.	Description of Assignment	Estimated Cost CZK	Estimated Cost EURO	Financed by	Number of Lots	Selection Method	Domestic Preference (yes/no) %	Review by the Bank (PRIOR/POST)	Expected Date of Bid Launching	Expected Date of Bid Opening	Expected Date of Bid Evaluation	Expected Date of Contract Signature

NB: In column 5 please specify the financing sources expected to be used, e.g.: CEB, own funds, EIB, etc.

NB: The column 8 "Domestic Preference" must be filled in only in the case of ICB Procurement Method. In the case of other Procurement Methods, please insert "N/A".

NB: The column 9 "Review by the Bank" will be filled in by CEB.

TABLE 2 - LIST OF AWARDED CONTRACTS (VAT excluded)

Country: Czech Republic

Borrower: Brno Waterworks and Sewerage (BVK)

Project: FIP 20878 (2023)

Project title: Brno Waste Water Treatment Plant

Reporting cut-off date: \_\_\_\_\_

Contract Description			Supplier / Contractor		Contract amount		Category of contracts <sup>[2]</sup>	Period of implementation			Contract amount paid		Financed by (CEB, EIB, EU, BVK, others - pls specify)	Take over date (works/ equipment)	Modification (Comments)
Ref. number	Title	Scope of the contract	Name	Country	in CZK	in EUR <sup>[1]</sup>		Date of contract signature/ Start date	Duration (in months)	End date	in CZK	in EUR <sup>[3]</sup>			
				<b>TOTAL</b>											

<sup>[1]</sup> Countervalue in EUR at the middle exchange rate of the National bank at the date of contract signature.<sup>[2]</sup> Acronyms to be used: **W** for Works, **G** for Goods and **S** for Services.<sup>[3]</sup> Countervalue in EUR at the middle exchange rate of the National bank at the date of invoice payment.

TABLE 3 - PROJECT COSTS and FINANCING SOURCES (VAT excluded\*)

Borrower: Brno Waterworks and Sewerage (BVK)  
Project: FIP 20878 (2023)

Reporting cut-off date: \_\_\_\_\_

Note: column "D": exchange rate CZK/EUR 23,42 (4. 4. 2023), including costs spent before 2023, column "E": exchange rate CZK/EUR 25,36 (6. 3. 2024), including costs spent before 2024, column "G, I, K": exchange rate CZK/EUR - the last day of the year

COSTS	Contract ref. number (if applicable)	Estimated costs (baseline- at the time of loan approval)	Revised costs (Date of revision: 07/03/2024)	Incurred costs per year																% Incurred (out of revised costs)	Forecasted costs	
				previous years up to 2021		2022		2023		2024		2025		2026		2027		Total incurred			Up to the Completion	of which in the next 12 months
				in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]			
				(a)	(b)													(c)	(d) = (c) / (b)			
1. Design/studies		3 370 410	3 097 761	9 935 000	399 638	31 853 600	1 320 904	31 524 538	1 275 007													
2. Construction			111 194 068																			
2.1 Technology		62 541 864	50 365 775																			
Surplus sludge mechanical thickening		3 962 405	4 503 226																			
Mixed sludge pumping station		340 521	565 714																			
Digesters		2 533 884	6 028 436																			
Residual gas burner +gasholder + desulphurisation		908 441	1 261 792																			
Digested sludge storage tanks		295 725	560 349																			
Digested sludge mechanical dewatering (see below)		4 659 724	0																			
Line A sludge drying incl. sludge dewatering and dried sludge storage		22 295 753	14 269 340																			
Line B sludge drying incl. sludge dewatering		21 094 857	13 696 321																			
Biofilters for treatment of exhaust air		51 759	1 769 620																			
Connecting pipelines, installation collectors, landscaping, site lighting, access roads and paved areas, disinfection,....		6 398 795	7 710 978																			
2.2 Buildings		55 461 653	60 828 293																			
Surplus sludge mechanical thickening		1 697 667	1 838 259																			
Mixed sludge pumping station		471 772	665 346																			
Digesters		6 314 625	17 859 695																			
Residual gas burner		687 962	29 284																			
Desulphurisation		736 542	60 177																			
Gas holder		1 215 150	631 662																			
Digested sludge storage tanks		895 822	1 613 402																			
Line A sludge drying		4 801 936	4 826 421																			
Line B sludge drying		4 512 101	4 747 760																			
Sludge drying boiler room		4 157 308	6 298 262																			
Dried sludge container stands		1 301 933	884 691																			
Boiler room and heat plant		1 555 618	848 012																			
Biofilters for treatment of exhaust air		1 523 478	1 593 406																			
Connecting pipelines, installation collectors, landscaping, site lighting, access roads and paved areas,transform. Stations, foundation, ....		25 589 751	18 931 916																			
3. Construction supervision		3 650 299	3 133 202	0		7 560 000	313 498	8 505 000	343 984													
4. Project management costs		1 620 395	1 543 180	16 699 656	671 748	3 695 277	153 236	3 978 208	160 898													
5. Other project-related services		2 155 678	2 738 321	35 085 975	1 411 343	2 414 904	100 141	15 892 365	642 765													
5.1 Legal services		697 313	619 966	6 531 076	262 714	1 652 500	68 526	1 147 500	46 411													
5.2 Economic and legal consultancy related to financing		197 860	362 454	1 633 888	65 724	168 000	6 967	1 389 943	56 216													
5.3 Professional consultancy and other work		1 175 107	1 203 851	26 921 011	1 082 905	594 404	24 649	541 813	21 914													
5.4 Construction insurance		85 397	552 050					12 813 109	518 225													
6. Contingencies		25 239 885	20 000 000																			
TOTAL		154 040 185	141 706 532	61 720 631	2 482 729	45 523 781	1 887 779	59 900 110	2 422 654													

\* Only non-deductible and non-refundable VAT and other tax-related costs non-deductible and non-refundable can be considered as eligible costs.

\*\*Please adjust the cost items according to the project.

[1] Exchange rate at the date of payment

% of incurred  
costs already  
financed

		Estimated	Revised	Funds received																% per financing source (actual)	Forecasted	
		Baseline - at the time of loan approval	Date of revision: 07/03/2024	previous years up to 2021		2022		2023		2024		2025		2026		2027		Total funds received			Up to the Completion	of which in the next 12 months
		in EUR	in EUR	in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]	in CZK	in EUR [1]	%	in EUR	in EUR
FINANCING SOURCES*	CEB loan	64 000 000	58 700 000																			
	EIB loan	64 000 000	53 000 000																			
	EU grant (OP Environment)	3 700 000	3 470 000																			
	Loan(s) from commercial bank(s)	22 340 185	26 536 532																			
TOTAL		154 040 185	141 706 532																			



**TABLE 4 - INDICATORS OF ACHIEVEMENT**

<b>Country: Czech Republic</b>				
<b>Borrower: Brno Waterworks and Sewerage (BVK)</b>				
<b>Project: FIP 20878 (2023)</b>				
<b>Project title: Brno Waste Water Treatment Plant</b>			<b>Reporting cut-off date: _____</b>	
INDICATOR	Unit	Baseline (2022) if applicable	Project Target	Achieved at completion
Dried sludge	%	43%	100%	% of total DS
Dried sludge produced	tons/year	3 329	9 600	
Dried sludge disposed-off in the cement factory for incineration	tons	3 174	9 600	% of total DS
	%	42%		
Dried sludge disposed-off landfill	tons	0		
	%			
Dehydrated sludge sent for composting	tons	19 296		
Electricity produced with biogas	MWh/year	7 013	12 500	
Biogas production	m3/year	5 082 560	5 541 065	
Natural gas consumption	m3/year	1 014 382	1 738 318	
Reduction of natural gas consumption per tonne of sludge (%)	%		34%	
Proportion of biogas reused for energy production (%)	%	64%	83%	
% of biogas flared	%	19%	0%	
Heat production from biogas (CHP + boilers)	GJ/year	56 645	70 345	
Energy balance (share of overall energy need covered by energy production from biogas) in the plant		53%	54%	

## **APPENDIX 6**

### **Loan Regulations**

# Council of Europe Development Bank

## ***Loan regulations***

(Adopted by the Administrative Council by  
Resolution 1587, on 17 November 2016)

## **CHAPTER 1**

### **Object of the Loan Regulations**

#### **ARTICLE 1.1**

##### ***Object of the Loan Regulations***

The present Loan Regulations lay down the general conditions governing loans granted by the Bank and guarantees thereof.

#### **ARTICLE 1.2**

##### ***Conflict between the Loan Regulations and provisions of loan and guarantee agreements***

The Bank may provide for exceptions to the conditions laid down in these regulations. In the event of conflict between the provisions of these regulations and one or more provisions of loan agreements or guarantee agreements, the latter provisions shall prevail.

## **CHAPTER 2**

### **Conditions governing loans granted by the Bank and guarantees thereof**

#### **ARTICLE 2.1**

##### ***Purpose of the loan***

Loans granted by the Bank shall finance projects approved by the Administrative Council, eligible under the Bank's Applicable Rules.

#### **ARTICLE 2.2**

##### ***Loans and guarantees***

Loans granted by the Bank in accordance with Article VII, 1 of the Articles of Agreement shall be covered by adequate guarantees as provided for in Article VII, 2 of the Articles of Agreement.

A guarantor shall be released from his obligations by execution thereof, but only in so far as he has fulfilled them.

Such obligations shall not be subject to any demands upon or action against the guarantor; they shall, however, be subject to a notice from the Bank to the guarantor informing the latter of the failure of the borrower to fulfil his obligations vis-à-vis the Bank.

The obligations of the guarantor shall not be affected by any extension of time, forbearance or concession granted to the borrower, nor by any assertion of, or failure to assert any right or remedy against the borrower or in respect of any security for the loan, nor by any failure of the borrower to comply with any requirements of any law, decree or regulations of the guarantor or of any political or administrative authority under the guarantor.

### **ARTICLE 2.3**

#### ***State Guarantees***

The State Guarantee may be given by special contract between the Bank and the guarantor or by the endorsement of the loan agreement by the guarantor.

### **ARTICLE 2.4**

#### ***Loan Agreement***

For each project approved by the Administrative Council the Bank shall enter into a framework loan agreement. Each disbursement shall be separately documented and requires the conditions set out in the framework loan agreement to be met.

## **CHAPTER 3**

### **Suspension and cancellation of undisbursed loans; early reimbursement of loans; voluntary early reimbursement of loans**

#### **ARTICLE 3.1**

##### ***Suspension or cancellation by the borrower of undisbursed loans following the signature of a loan agreement***

Following the entering into a loan agreement between the Bank and the borrower, were this latter to cancel or suspend all or part of a loan before it has been fully or partly disbursed, the borrower shall be required to compensate the Bank for the loss sustained as a result of such cancellation or suspension by paying a single commission at a rate to be fixed by the Bank in relation to the proportion of the loan cancelled or suspended. This provision shall also apply to the guarantor.

#### **ARTICLE 3.2**

##### ***Voluntary early reimbursement of disbursed loans at the request of the borrower***

A borrower may be authorised by decision of the Bank to reimburse a loan in advance of maturity. The conditions of such reimbursement shall be decided by the Bank.

#### **ARTICLE 3.3**

##### ***Early reimbursement of disbursed loans***

The Bank may demand early reimbursement of disbursed loans in the following cases:

- (a) where the borrower or guarantor fails to repay the principal or pay the interest or any other sum due under a loan agreement or guarantee agreement between the Bank and the borrower or under a loan agreement or guarantee agreement between the Bank and the guarantor, whether their default relates to the agreement in question or to any other agreement between the Bank and the same borrower or guarantor;
- (b) where the borrower or guarantor fails to fulfil an obligation arising out of any other stipulation or clause in these regulations or in a loan agreement or a guarantee agreement, whether the default relates to the agreement in question or to any other agreement between the Bank and the same borrower or guarantor and where the interests and objectives of the Bank are prejudiced thereby;

- (c) where an exceptional situation arises which makes the fulfilment of the borrower's or guarantor's obligations uncertain;
- (d) where the borrower or guarantor takes or authorises any measure or institutes or allows to be instituted any proceedings whereby any property belonging to him is or may be assigned, transferred, or delivered in any way whatsoever to an official receiver, assignee, liquidator or other person, whether that person be appointed by the borrower, a court, or the guarantor, or be acting in pursuance of any law, and where the said measure or proceedings result in, or provide for, the distribution of such property among the creditors of the borrower or guarantor;
- (e) where the guarantor or any competent governmental authority takes any action to dissolve or to put an end to the activities of the borrower or to suspend its operations;
- (f) in the case of loans granted to a member of the Bank, where the borrower or the guarantor ceases to be a member of the Bank;
- (g) (i) in the case of misprocurement, corruption, fraud, or money laundering, where the borrower has not taken timely and appropriate actions to prevent or remedy the situation arising from such misprocurement, corruption, fraud, or money laundering;  
  
(ii) where the implementation of the project financed by the Bank leads to a violation of the Bank's Environmental and Social Safeguards Policy;  
  
(iii) where the implementation of the project financed by the Bank leads to a violation of the European Convention on Human Rights and the European Social Charter;
- (h) where any other event specified in the loan agreement or the guarantee agreement occurs, giving rise to the application of this article.

#### **ARTICLE 3.4**

##### ***Time Allowed***

In case of loans to one of the members of the Bank, early reimbursement pursuant to article 3.3 above is conditional upon

- (a) any of the contingencies set forth in Article 3.3 (a) having prevailed for more than thirty calendar days;
- (b) one of the contingencies set forth in Article 3.3(b) of the same article has prevailed for more than sixty calendar days.

#### **ARTICLE 3.5**

##### ***Suspension by the Bank of undisbursed loans***

If any of the contingencies described in Article 3.3 should arise, the Bank may at any time suspend all or part of the disbursement of further tranches of the loan by giving notice to the borrower and to the guarantor.

Suspension shall end on the date on which the Bank notifies the borrower and the guarantor that the cause of suspension is no longer operative.

#### **ARTICLE 3.6**

##### ***Cancellation by the Bank of undisbursed loans***

If any of the contingencies described in Article 3.3 arises, the Bank may also, by notifying the borrower and the guarantor, cancel permanently all or part of the undisbursed loan. Such a decision to cancel a loan may also be taken after a suspension.

#### **ARTICLE 3.7**

##### ***Commission applicable to cases set out in Article 3.1***

Should the Bank sustain a loss as a result of suspension, cancellation or early reimbursement, as provided above, the single commission specified in Article 3.1 shall also be payable.

### **CHAPTER 4**

#### **Settlement of disputes in respect of loans from the Bank or guarantees pertaining thereto**

##### **ARTICLE 4.1**

##### ***Arbitration***

Any dispute between the parties to the loan agreement and, where applicable, the guarantee agreement in respect of the interpretation or execution of such agreements or in respect of a claim by one of the said parties against another arising out of the loan agreement the guarantee agreement, or these regulations, which has not been settled by agreement between the parties shall be submitted for arbitration in the manner prescribed below.

##### **ARTICLE 4.2**

##### ***Commencement of arbitration proceedings***

Arbitration proceedings may be instituted by any one of the parties specified in the preceding section by means of a request notified to all the other parties; the request shall state the nature and subject of the dispute and set forth the claims to be submitted for arbitration.

##### **ARTICLE 4.3**

##### ***Appointment of the arbitral tribunal***

In any arbitration proceedings instituted in pursuance of this article, the borrower or the guarantor (if any) may be a party alongside the guarantor or the borrower as the case may be.

For any dispute submitted for arbitration in pursuance of this article, an arbitral tribunal shall be set up. It shall consist of three arbitrators appointed as follows:

- (a) one arbitrator shall be appointed by the Bank;
- (b) a second arbitrator shall be appointed by the borrower or, where applicable, by agreement between the borrower and the guarantor or, failing such agreement, by the guarantor;

- (c) a third arbitrator, called the umpire, who shall act as President of the arbitral tribunal, shall be appointed by common consent between the parties or, failing such consent, by the President of the European Court of Human Rights or, should the latter have the nationality of the guarantor or be of the same nationality as the borrower, by the Vice-President of the Court or, if the latter is in the same situation, by the senior of those Judges of the Court who neither have the nationality of the guarantor nor are of the same nationality of the borrower;
- (d) the procedure described in the preceding paragraph shall take place, at the instance of one of the parties to the dispute, if, within one month after notice has been given of the request for arbitration, no agreement has been reached regarding the appointment of an umpire;
- (e) where one of the parties appoints no arbitrator, the umpire shall appoint the said arbitrator.

#### **ARTICLE 4.4**

##### ***Place of arbitration***

The arbitral tribunal shall hold its first sitting on such date and at such place as shall be appointed by the umpire. Thereafter, the tribunal shall decide itself where and when it shall sit

#### **ARTICLE 4.5**

##### ***Law applicable to arbitration proceedings***

The arbitral tribunal shall decide all questions relating to its competence. It shall lay down its own rules of procedure and shall choose the law which shall be applicable, unless that law is specified in the contracts or in the arbitration agreement, bearing in mind the provisions of Article 1 (3) of the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe. All decisions of the tribunal shall be by majority vote.

Domestic law may apply in a particular case provided that it does not derogate from the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe and from the Articles of Agreement.

#### **ARTICLE 4.6**

##### ***Award of the arbitral tribunal***

All awards of the arbitral tribunal shall set out the grounds for the decision. They shall be final and binding upon all the parties referred to in Article 4.3. They may be rendered in default of submissions.

#### **ARTICLE 4.7**

##### ***Cost of arbitration***

The party against whom the award is made shall bear the costs of the arbitration proceedings unless the arbitral tribunal decides otherwise or the parties have agreed otherwise by a clause in the loan contract or the guarantee contract. The arbitral tribunal shall give a final ruling on any dispute in respect of costs.



## **ARTICLE 4.8**

### ***Enforcement of arbitral awards***

The loan agreement and the guarantee agreement shall contain whatever provisions are required to ensure, in respect of the Bank and in respect of the borrower and the guarantor, compliance with any awards made in pursuance of this chapter.

If, within one month after the originals of the award have been delivered to the parties, the award has not been complied with, any of the parties specified in Article 4.3 may institute proceedings for the enforcement of the award. The court which shall have jurisdiction for such proceedings shall be that designated by the rules of civil procedure of the State concerned.

## **CHAPTER 5**

### **Miscellaneous provisions**

## **ARTICLE 5.1**

### ***Entry into force***

The date of entry into force of a loan agreement or a guarantee agreement shall be specified therein. It may be specified subject to a condition, in which case the contract shall not come into force until that condition has been fulfilled and the Bank has been duly notified by the Borrower and/or the Guarantor.

Should the condition governing the entry into force of a loan agreement or a guarantee agreement not be fulfilled, the borrower or the guarantor shall, if the Bank has sustained a loss, be required to pay to the Bank a single commission at a rate to be fixed by the Bank in relation to the amount specified in the loan contract.

## **ARTICLE 5.2**

### ***Discharge of obligations***

The loan agreement and the guarantee agreement and the obligations of the parties thereunder, save for those regarding the ex-post evaluation of the project as provided for in the loan agreement shall cease as soon as the whole of the loan principal as well as interest and any other charges in respect of the loan or the loan guarantee have been paid.

## **ARTICLE 5.3**

### ***Notices***

Any notice or request which must or may be given or made under the terms of these regulations or loan agreements or guarantee agreements shall be given or made in writing.

## **ARTICLE 5.4**

### ***Copies***

Loan agreements and guarantee agreements may be drawn up in more than one copy, each of which shall be regarded as an original.

## **ARTICLE 5.5**

### ***Language of Loan Regulations***

These regulations have been drawn up in English and in French, both versions being equally authentic.

## **CHAPTER 6**

### **Definitions**

***Applicable Rules*** means the Third Protocol to the General Agreement on the Privileges and Immunities of the Council of Europe, the Articles of Agreement of the Bank, the Loan Regulations, the Loan and Project Financing Policy, the Environmental and Social Safeguards Policy, the Guidelines for Procurement of Supplies, Works and Services and the Anti-corruption Charter.

***Bank*** means the Council of Europe Development Bank

***European Convention on Human Rights*** means the Convention for the Protection of Human Rights and Fundamental Freedoms, 4 November 1950, CETS n° 5

***European Social Charter*** means the European Social Charter, 3 May 1996, CETS n°163, as amended from time to time.

***State Guarantees*** means guarantees given by a member state of the Bank to the benefit of the Bank with respect to loans granted by the Bank to any legal person in a member state.