(Operation Number 51585)

PROJECT SUPPORT AND REIMBURSEMENT AGREEMENT

(Emergency Gas Purchase Facility)

between

REPUBLIC OF MOLDOVA

and

EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

Dated 11 December 2019

PROJECT SUPPORT AND REIMBURSEMENT AGREEMENT

AGREEMENT dated 11 December 2019 between the **REPUBLIC OF MOLDOVA** (the "**Applicant**") and **EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT** (the "**Bank**").

PREAMBLE

WHEREAS, the Bank has been established to provide financing for specific projects to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in certain countries committed to and applying the principles of multiparty democracy, pluralism and market economics;

WHEREAS, the Applicant intends to implement the Project as described in Schedule 1 (the "**Project**") which is designed to secure back-up financing for deliveries of gas to Moldova during winter 2020;

WHEREAS, the Applicant has requested assistance from the Bank in financing part of the Project;

WHEREAS, JSC Energocom, a 100% state-owned company duly authorised in Moldova to purchase and import gas, will enter into an Agency Agreement with PJSC "National Joint-Stock Company Naftogaz of Ukraine" ("NAK") for the procurement, storage and delivery of gas; and

WHEREAS, the Bank has agreed on the basis of, *inter alia*, the foregoing to provide at the request of the Applicant, a standby letter of credit issuance facility in the amount of up to USD 50 million, subject to the terms and conditions set forth or referred to in this Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I - STANDARD TERMS AND CONDITIONS; DEFINITIONS

Section 1.01. Incorporation of Standard Terms and Conditions

All of the provisions of the Bank's Standard Terms and Conditions dated 1 October 2018 are hereby incorporated into and made applicable to this Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications (such provisions as so modified are hereinafter called the "**Standard Terms and Conditions**"):

(a) Sections 3.01(a), (b) and (c) (*Drawdowns*), Section 3.02 (*Conditional and Unconditional Reimbursement Commitments*), Section 3.03 (*Reallocation*), Section 3.05 (*Commitment Charge and Front-End Commission*), Section 3.08(a) (*Cancellation*), and

Section 9.03(c) (*Legal Opinion*) of the Standard Terms and Conditions shall not apply to this Agreement.

(b) The definition of "Loan Agreement" in Section 2.02. (*Definitions*) of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

""Loan Agreement"	means the project support and reimbursement agreement made between the Republic of Moldova and the European Bank for Reconstruction and Development, to which these Standard Terms and Conditions apply, as such agreement may be amended from time to time; and such term includes these Standard Terms and Conditions as applied thereto, all schedules to the Loan Agreement and all agreements supplemental to the Loan Agreement."

(c) This Agreement shall be a "Loan Agreement" for the purpose of the Standard Terms and Conditions. References to the "Applicant" in this Agreement shall mean the "Borrower" for the purpose of the Standard Terms and Conditions. References to a "Drawdown" in the Standard Terms and Conditions shall mean "Drawdown" as defined in this Agreement.

Section 1.02. Definitions

Wherever used in this Agreement (including the Preamble and Schedules), unless stated otherwise or the context otherwise requires, the terms defined in the Preamble have the respective meanings given to them therein, the terms defined in the Standard Terms and Conditions have the respective meanings given to them therein and the following terms have the following meanings:

"Agency Agreement"	means an agency agreement between the Project Entity as buyer and NAK as agent under which NAK provides (i) procurement and settlement of gas purchases under the Procurement Procedures, (ii) transit and storage services, (iii) related services and (iv) a repayment term of 180 days, in form and substance satisfactory to the Bank.
"Applicant's Authorised Representative"	means the Minister of Finance of the Applicant.
"Available Amount"	means the Facility Amount minus the amount of any (i) Loans made, and (ii) amounts cancelled hereunder from time to time.
"Availability Period"	means the period from the date of this Agreement to (and including) 31 March 2020.

"Authorisation"	means any consent, registration, filing, agreement, notarisation, certificate, license, approval, permit, authority or exemption from, by or with any Governmental Authority, whether given or withheld by express action or deemed given or withheld by failure to act within any specified time period and all corporate, creditors' and shareholders' approvals or consents.
"Beneficiary"	means NAK.
"Capacity Building Action Plan"	means the plan referred to in part 1.1 of the Energy Sector Reform Action Plan, as may be revised from time to time with the consent of the Bank.
"ClientNet"	means the Bank's online portal for the transmission of documents and information between the Bank and its clients, and any replacement website as the Bank may from time to time notify the Applicant.
"Debt"	means, with respect to any person, all obligations of such person, whether incurred as principal or surety and whether present, future, actual or contingent, for the payment or repayment of money, including: (a) any amounts payable by such person under leases or similar arrangements over their respective periods; (b) any credit to such person from a supplier of goods or under any instalment purchase or other similar arrangement; and (c) any liabilities and obligations of third parties to the extent that they are guaranteed by such person or such person has otherwise assumed or become liable for the payment of such liabilities or obligations to the extent that they are secured by any lien upon property owned by such person whether or not such person has assumed or become liable for the payment of such liabilities or obligations.
"Default"	means an Event of Default or any event or circumstance specified in Section 7.01(a) or Section 7.06 (*Events of Acceleration*) of the Standard Terms and Conditions which would (with the expiry of a grace period, the giving of notice, the making of any determination under this Agreement or the Standard Terms and Conditions or any combination of any of the foregoing) be an Event of Default.

"Designated Performance Requirements"	means Performance Requirements 1 through 8 and 10 (or, as the context may require, any one of such Performance Requirements) of the Performance Requirements dated May 2014 and related to the Bank's Environmental and Social Policy dated May 2014.
"Drawdown"	means the use of all or a part of the Available Amount by the deemed drawdown of a Loan in accordance with Section 2.07 (*Claims under the SBLC and conversion to Loans*).
"Drawdown Date"	means the date of a Drawdown, being the date on which the relevant Loan is to be made in accordance with Section 2.07 (*Claims under the SBLC and conversion to Loans*).
"Drawdown Request"	means any deemed Drawdown Request pursuant to Section 2.07(g).
"Effective Date"	means the date on which the Bank notifies the Applicant that the Bank has received the documents and other evidence listed in Section 6.01 (*Conditions Precedent to Effectiveness*) in form and substance satisfactory to the Bank.
"Energy Sector Reform Action Plan"	means the plan in the form attached as Schedule 2, as such plan may be amended from time to time with the prior written consent of the Bank.
"Enforcement Policy and Procedures"	means the Bank's Enforcement Policy and Procedures dated 4 October 2017.
"Environmental and Social Law"	means any applicable law or regulation which relates to: (a) pollution or protection of the environment, including related laws or regulations relating to participation in decision-making; (b) labour and employment conditions; (c) occupational health and safety; (d) public health, safety and security; (e) indigenous peoples; (f) cultural heritage; or

(g) resettlement or economic displacement of persons.

"Environmental and Social Matter" means any matter that is the subject of any Environmental and Social Law or any Designated Performance Requirement.

"Event of Default" means any event or circumstance specified in Section 7.01(a) or Section 7.06 (*Events of Acceleration*) of the Standard Terms and Conditions.

"Expiry Date" means the expiry date of the SBLC, being the date which is 12 months from the date of issue of the SBLC or such other date as the Bank may agree.

"Facility Amount" means an amount of up to fifty million United States dollars (USD 50,000,000).

"Finance Document" means this Agreement, the Standard Terms and Conditions, any SBLC Application and any Drawdown Request.

"Financial Debt" means, with respect to any person, any Debt of such person for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would in accordance with IFRS, be treated as a balance sheet liability [(other than any liability in respect of a lease or hire purchase contract which would, in accordance with IFRS in force prior to 1 January 2019;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"Fiscal Year" means the Applicant's fiscal year commencing on 1 January of each year.

"Governmental Authority" means the government of the Applicant, or of any political subdivision thereof, whether state, regional or local, and any agency, authority, branch, department, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government or any subdivision thereof (including any supra-national bodies), and all officials, agents and representatives of each of the foregoing.

"IFRS" means the International Financial Reporting Standards issued or adopted by the International Accounting Standards Board, as amended from time to time, and consistently applied.

"Loan" means a loan made or to be made under this Agreement or the principal amount outstanding for the time being of that loan.

"Off-take Agreement" means the agreement to be entered into between the Project Entity and JSC Moldovagaz as offtaker, providing for the sale and transfer to Moldovagaz of all gas purchased under the Agency Agreement and payment therefor, which agreement shall be in form and substance satisfactory to the Bank.

"Procurement Procedures" means the process and criteria for the prequalification of natural gas suppliers and the conduct of tenders as

	described in Schedule 3, with such amendments as may be agreed in writing by the Bank from time to time.
"Project Agreements"	means the Agency Agreement and the Off-take Agreement, as such agreement(s) may be amended from time to time; and such term includes all schedules to such Project Agreements and all agreements supplemental to or entered pursuant to such Project Agreements.
"Project Entity"	means JSC Energocom and any permitted legal successor from time to time.
"SBLC"	means a standby letter of credit substantially in the form set out in Exhibit 2 (*Form of SBLC*) or such other form as the Bank may agree in writing.
"SBLC Application"	means a letter from the Applicant requesting the Bank to issue the SBLC, substantially in the form set out in Exhibit 1 or such other form as the Bank may agree in writing.

Section 1.03. Interpretation

(a) Unless a contrary indication appears, a reference in this Agreement to:

(i) a specified Article, Section or Schedule shall, except where stated otherwise in this Agreement, be construed as a reference to that specified Article or Section of, or Schedule to, this Agreement;

(ii) the **Bank,** the **Applicant,** or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;

(iii) a **Finance Document** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

(iv) a **person** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

(v) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;

(vi) a provision of law is a reference to that provision as amended or re-enacted; and

(vii) a time of day is a reference to London time.

(b) Section, Clause and Schedule headings are for ease of reference only. Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(c) A Default is continuing if it has not been remedied or waived and an Event of Default is continuing if it has not been waived.

(d) The Applicant **repaying** or **prepaying** the SBLC means:

(i) the maximum amount payable under the SBLC being reduced or cancelled in accordance with its terms; or

(ii) the Bank being satisfied that it has no further liability under the SBLC,

and the amount by which the SBLC is repaid or prepaid under paragraphs (i) and (ii) above is the amount of the relevant reduction or cancellation.

(e) $, USD and dollars denote the lawful currency of the United States of America.

ARTICLE II - PRINCIPAL TERMS OF THE SBLC AND LOAN

Section 2.01. The Facility

Subject to the terms of this Agreement, the Bank agrees to make available to the Applicant a standby letter of credit issuance facility in an aggregate amount in USD equal to the Facility Amount.

Section 2.02. Initial Conditions Precedent

The Applicant may not request the issuance of the SBLC by the Bank (which it shall do by delivering a duly completed SBLC Application, executed by the Applicant's Authorised Representative), and the Bank need not issue the SBLC, in each case under this Agreement until the Bank has received the documents and other evidence listed in Section 6.02 (*Conditions Precedent to SBLC issue*) in form and substance satisfactory to the Bank. The Bank shall notify the Applicant promptly upon being so satisfied.

Section 2.03 Further Conditions Precedent

The Bank shall not be obliged to issue the SBLC if any of the events listed in Section 7.01(*Suspension*) of the Standard Terms and Conditions shall have occurred and be continuing.

Section 2.04 SBLC Application

The SBLC Application is irrevocable and will not be regarded as having been duly completed unless:

(a) it is sent within the Availability Period

(b) the proposed issue date of the SBLC is not earlier than five London Banking Days following the date of the SBLC Application and is a Business Day within the Availability Period;

(c) the currency and amount of the SBLC comply with Section 2.05 (*Currency and amount*);

(d) the draft SBLC is attached; and

(e) the term of the SBLC is not longer than 12 months from the date of issue.

Section 2.05 Currency and amount

(a) The currency specified in the SBLC Application must be USD.

(b) The amount of the proposed SBLC must not exceed the Facility Amount.

Section 2.06 Issuance of the SBLC

(a) Subject to the terms and conditions of this Agreement, the Bank shall issue the SBLC following receipt of a duly completed SBLC Application in respect of the SBLC.

(b) The Bank may issue the SBLC in the form of a SWIFT message or other form of communication customary in the relevant market but has no obligation to do so.

(c) Only one SBLC may be issued under this Agreement.

Section 2.07. Claims under the SBLC and conversion to Loans

(a) The obligation of the Bank to make a payment under the terms of the SBLC, once issued subject to the terms of this Agreement, shall not be affected by any suspension or cancellation of this Agreement.

(b) Without prejudice to paragraph (g) below, if the SBLC or any amount outstanding under the SBLC is expressed to be immediately payable, the Applicant shall repay or prepay that amount immediately.

(c) The Applicant irrevocably and unconditionally authorises the Bank to pay any claim made or purported to be made under the SBLC and which appears on its face to be in order (in this Section 2.07, a **claim**).

(d) Without prejudice to paragraph (g) below, the Applicant shall immediately on demand pay to the Bank an amount equal to the amount of any claim under the SBLC.

(e) Without prejudice to the rights of the Bank to pay a claim pursuant to paragraph (c) above, the Bank shall promptly issue a notice (a **claim notice**) to the Applicant to notify it of:

(i) any claim made under the SBLC;

(ii) the amount of that claim (in the currency in which it is due to be paid); and

(iii) the date on which it is due to pay that claim.

(f) Any failure by the Bank to provide any claim notice in accordance with this Section 2.07. shall not release the Applicant from its obligations and liabilities under this Agreement.

(g) If a claim notice has been issued then, subject to paragraph (j) below, within one Business Day, the Applicant shall be deemed to have issued a Drawdown Request for a Loan on the later of:

(i) the date on which that claim notice is issued; and

(ii) 11.00 a.m. on the third (3rd) Business Day prior to the date on which the Bank is due to pay the relevant claim,

and the utilisation of such Loan shall be deemed to replace the Applicant's obligation to reimburse the Bank in respect of the relevant claim.

(h) The amount of the Loan proposed in paragraph (g) above shall be equal to the amount of the claim specified in the claim notice.

(i) The deemed Drawdown Date for such Loan shall be the date specified in the claim notice as the date on which the relevant claim is due to be paid.

(j) If on the date of the deemed Drawdown Request determined in accordance with paragraph (g) above), any of the events listed in Section 7.01(*Suspension*) of the Standard Terms and Conditions shall have occurred and be continuing, the Bank in its discretion may, by notice to the Applicant, issue a demand to the Applicant to pay to the Bank an amount equal to the amount of any claim, in which case paragraph (g) above shall not apply.

(k) The Applicant acknowledges that the Bank:

(i) is not obliged to carry out any investigation or seek any confirmation from any other person before paying a claim; and

(ii) deals in documents only and will not be concerned with the legality of a claim or any underlying transaction or any available set-off, counterclaim or other defence of any person.

(l) The obligations of the Applicant under this Section 2 will not be affected by:

(i) the sufficiency, accuracy or genuineness of any claim or any other document; or

(ii) any incapacity of, or limitation on the powers of, any person signing a claim or other document.

(m) Notwithstanding any provision of the Standard Terms and Conditions, the only Loans that shall be made to the Applicant under any Finance Document are Loans made by operation of paragraph (g) above.

Section 2.08. Other Financial Terms of each Loan

(a) No Minimum Drawdown Amount will apply.

(b) The Minimum Prepayment Amount shall be USD 5 million.

(c) No Minimum Cancellation Amount will apply.

(d) Subject to Section 2.08(k), interest shall accrue on each Loan calculated at a Variable Interest Rate determined and payable in accordance with Section 3.04(a) and (b)(*Interest*) of the Standard Terms and Conditions.

(e) The Interest Payment Dates shall be June 15 and December 15 of each year.

(f) (1) The Applicant shall pay accrued interest on each Loan on each Interest Payment Date, commencing with the Interest Payment Date immediately following the Drawdown of the relevant Loan.

(2) The Applicant shall repay each Loan in 2 equal semi-annual instalments on the Interest Payment Dates immediately following the Drawdown of the relevant Loan. Amounts repaid may not be redrawn.

(3) Notwithstanding the foregoing, in the event that the entire SBLC amount is not drawn down in accordance with Section 2.07.(g) prior to the first Interest Payment Date specified in this Section 2.02.(e), the amount of each Drawdown made on or after the first Interest Payment Date shall be allocated for repayment in equal amounts to the following two Interest Payment Dates which fall after the date of such Drawdown (with the Bank adjusting the amounts so allocated as necessary so as to achieve whole numbers in each case). The Bank shall, from time to time, notify the Applicant of such allocations.

(g) The Last Availability Date for any Loan shall be the date which is fifteen Business Days following the Expiry Date, or such later date that the Bank may in its discretion establish and notify to the Applicant. On the Last Availability Date any remaining Available Amount shall be cancelled automatically in accordance with the Standard Terms and Conditions.

(h) The Applicant shall pay to the Bank a front-end commission (the "**Front-end Commission**") equal to one per cent (1%) of the Available Amount. The Applicant has opted not to have the Front-end Commission paid out of the Available Amount and shall instead pay the Front-end Commission out of its own resources. The Front-end Commission shall be due and payable within seven (7) days after the Effective Date.

(i) The Applicant shall pay to the Bank a commitment charge (the "**Pre-Issuance Commitment Charge**") at a rate of 0.5% per annum of the Available Amount in respect of the period from the date which is sixty days following the date of this Agreement until the date on which the SBLC is issued and such Pre-Issue Commitment Charge shall be calculated on the same basis as interest under Section 3.04(b)(ii) (*Interest*) of the Standard Terms and Conditions. The Pre-Issuance Commitment Charge shall be payable on each Interest Payment Date (even though no interest may be payable on such date) commencing on the first Interest Payment Date following the date of this Agreement.

(j) The Applicant shall pay to the Bank a commitment charge (the "**Post-Issuance Commitment Charge**") at a rate of 1% per annum of the Available Amount, from the date on which the SBLC is issued, and such Post-Issuance Commitment Charge shall be calculated on the same basis as interest under Section 3.04(b)(ii) (*Interest*) of the Standard Terms and Conditions. The Post-Issuance Commitment Charge shall be payable on each Interest Payment Date (even though no interest may be payable on such date) commencing on the first Interest Payment Date following the date on which the SBLC is issued.

(k) Upon:

(i) the occurrence of a public statement of information by or on behalf of any regulatory supervisor or the administrator of the London interbank offered rate administered by ICE Benchmark Administration Limited ("LIBOR"), announcing that such administrator has ceased or will cease to provide LIBOR or that LIBOR is no longer representative, or

(ii) EBRD has determined that a new benchmark interest rate to replace LIBOR has been established,

EBRD may, on a date as determined by EBRD in its sole discretion, amend the definition of Relevant Market Interest Rate in the Standard Terms and Conditions as follows:

"Relevant Market Interest Rate" means, for each relevant Interest Period, the sum of (expressed as a rate per annum and not less than zero):

(A) the rate selected by EBRD giving due consideration to (i) any replacement rate for LIBOR, selected or recommended by the Federal Reserve Board, the Federal Reserve Bank of New York and/or any committee officially endorsed by either of such entities (each a "Relevant Governmental Body"); or (ii) any market convention for determining a replacement rate for LIBOR; and

(B) the spread adjustment selected by EBRD giving due consideration to (i) any selection or recommendation by any Relevant Governmental Body; or (ii) any market convention for determining a spread adjustment,

and EBRD may make any such conforming technical, administrative or operational changes to the Standard Terms and Conditions it deems appropriate to give effect to such amendment. Any such amendments will become effective without any further action or consent of the Applicant upon notice from EBRD to the Applicant. Such amendments will be made in EBRD's sole discretion, and shall be conclusive and binding absent manifest error.

Section 2.09. Authorised Representative for Drawdowns

The Minister of Finance of the Applicant is designated as the Applicant's Authorised Representative for the purpose of taking any action required or permitted to be taken under the provisions of this Agreement and the Standard Terms and Conditions.

ARTICLE III - EXECUTION OF THE PROJECT

Section 3.01. Project Support Covenants

In addition to the general undertakings set forth in Article IV of the Standard Terms and Conditions, the Applicant shall, and where applicable, through the responsible public authorities, shall cause the Project Entity to, unless the Bank otherwise agrees:

(a) take or cause to be taken all action necessary to fully implement the obligations under Energy Sector Reform Action Plan, including completing specified actions by the respective deadlines;

(b) ensure that the Project Entity has sufficient funds to meet its obligations under the Agency Agreement and take measures required to make funds available to the Project Entity as may be required for such purposes;

(c) exempt from taxes (including, without limitation, VAT) and duties (including, without limitation, any customs duties) all goods, works and services (including consultancy services), procured for the Project and financed from the proceeds of the SBLC or any technical cooperation funds made available by the Bank, or provide for their reimbursement, or procured by the issuance of the SBLC;

(d) not amend, suspend, abrogate, repeal or waive any legislation so as to affect materially and adversely the ability of the Applicant or the Project Entity to implement the Project or meet any obligations under any Project Agreement; and

(e) permit no decrease of shareholding in or change in control in respect of the Project Entity from the shareholding and control as at the date of this Agreement and

accordingly ensure that the Applicant shall at all times own 100% of all voting capital in the Project Entity.

Section 3.02. Affirmative Covenants relating to the Project Entity

In addition to the general undertakings set forth in Article IV of the Standard Terms and Conditions, the Applicant shall, and where applicable, through the responsible public authorities, shall cause the Project Entity to, unless the Bank otherwise agrees:

(a) provide regular quarterly financial reporting of the Project Entity to the Bank (the first such report to be in respect of the final quarterly period of 2019 and to be submitted before 31 March 2020);

(b) not engage in or permit Prohibited Practices with respect to the Project or any of the transactions contemplated thereunder;

(c) furnish to the Bank as soon as available, but in any case not later than six months after the end of each Fiscal Year starting with 2019 audited financial statements of the Project Entity prepared in accordance with IFRS;

(d) conduct the Project Entity's business and operations in accordance with internationally recognized sound administrative, financial standards and practices;

(e) maintain the Project Entity's legal existence, shareholding structure, ownership and control and operations as they are at the date of this Agreement;

(f) notify the Bank of any proposal to amend, suspend or repeal any provision of the Project Entity's Statutes;

(g) obtain and maintain in force (or, where appropriate, renew) all Authorisations required for the conduct of its business;

(h) comply with all material agreements to which the Project Entity is a party;

(i) pay when due any Taxes;

(j) maintain independent auditors acceptable to the Bank, and authorise them to communicate directly with the Bank;

(k) ensure that the Project Entity enters into transactions only on an arm-length basis; and

(l) ensure that the Project Entity performs procurement activities related to the Project in a transparent manner and on arm's length market terms.

Section 3.03. Negative Covenants relating to the Project Entity

In addition to the general undertakings set forth in Article IV of the Standard Terms and Conditions, the Applicant shall not, and where applicable, through the responsible public authorities, shall cause the Project Entity not to, unless the Bank otherwise agrees:

(a) enter into any partnership, profit-sharing or royalty agreement;

(b) undertake or permit any merger, demerger, consolidation or reorganization;

(c) claim, declare, make, pay, permit, recover, receive or retain (or seek to claim, declare, make, pay, permit, recover, receive or retain) any dividend or make any distribution on share capital or any other form of distribution (including by means of any charge, fee, the repayment of any loan or otherwise and whether in cash or in kind) from the Project Entity;

(d) incur, assume or permit to exist any Financial Debt of the Project Entity;

(e) create or permit to exist any Lien on any property, revenues or other assets of the Project Entity, present or future, except in favour of the Bank in connection with this Agreement or tax related liens arising by operation of law;

(f) enter into derivative transactions;

(g) make changes, or permit changes to be made, to the nature of, or suspect or repeal or permit the suspension or repeal of, in each case, the Project Entity's Charter, or make changes or permit changes to be made to the nature of the Project Entity's business or operations;

(h) enter into management contracts or other profit sharing contracts with respect to the Project Entity;

(i) waive, amend or terminate any term of the Agency Agreement; or

(j) cause or permit the Project Entity to guarantee obligations of third parties.

Section 3.04. Procurement

For purposes of Section 4.03 (*Procurement*) of the Standard Terms and Conditions, the following provisions shall, except as the Bank otherwise agrees, govern procurement of goods, works and services required for the Project:

(a) Goods, works and services (other than consultants' services which are included within Section 3.04(c)) shall be procured through open tendering procurement procedures, except as follows:

(1) if required, a contract for storage and/or transportation of natural gas may be procured through direct contracting;

(2) in the event of an unsuccessful open tender(s) conducted pursuant to the Agency Agreement, and subject to the Bank's prior approval, contracts for natural

gas in an aggregate amount not exceeding the Facility Amount may be procured through direct contracting.

(b) For purposes of Section 3.04(a), the procedures for open tendering and are set out in Section III of the EBRD Procurement Rules and Schedule 3. The procedures for direct contracting are set out in Section III of the EBRD Procurement Rules.

(c) Consultants to be employed by the Applicant to assist in carrying out the Project shall be selected in accordance with the procedures set out in Section V of the EBRD Procurement Rules, save that a contract for procurement agency services may be procured through direct selection

(d) All contracts shall be subject to the review procedures set out in the EBRD Procurement Rules. All contracts awarded under Section 3.04(a)(*Procurement*) (excluding those subject to the exceptions in Sections 3.04(a)(1), 3.04(a)(2)) shall be subject to post review by the Bank. Contracts awarded under Sections 3.04(a)(1), 3.04(a)(2), 3.04 (b) and 3.04(c) shall be subject to prior review by the Bank.

Section 3.05. Environmental and Social Compliance Covenants

Without limiting the generality of Sections 4.02(a) (*Responsibilities Relating to Project Execution*), 4.04(a)(iii) (*Project Records and Reports*), and 5.02(c)(iii) (*Reporting*) of the Standard Terms and Conditions, and unless the Bank otherwise agrees:

(a) The Applicant shall, and shall take such action as may be required to ensure that the Project Entity carries out the Project in accordance with the Designated Performance Requirements, Environmental and Social Laws and all relevant environmental permits, licences, certificates and approvals.

Section 3.06. Consultants

(a) If, in order to assist in the implementation of the Project, the Applicant employs or causes to be employed consultants, it shall, unless otherwise agreed with the Bank, use consultants whose qualifications, experience and terms of reference are satisfactory to the Bank, including:

(1) consultants to assist in the implementation of the Energy Sector Reform Action Plan, including without limitation, the Capacity Building Action Plan;

(2) consultants to assist with or review any procurement related to the Project.

(b) The Applicant shall cause the Project Entity to provide, without charge, to any consultants engaged to assist in matters relating to the Project or the operations of the Project Entity all facilities and support necessary for the carrying out of their functions unless they are covered by specific contracts, including office space, as well as all documents, materials and other information that may be relevant to their work.

Section 3.07. Environmental and Social Reporting Frequency and Submission Requirements

(a) Commencing from the date of this Agreement, the Applicant shall cause the Project Entity to submit to the Bank annual reports on Environmental and Social Matters arising in relation to the Project Entity or the Project within 60 days after the end of the year being reported on. Such reports shall include information on the following specific matters:

(1) information on compliance with the Designated Performance Requirements as described in Section 3.05 (*Environmental and Social Compliance Covenants*);

(2) information on how the Project Entity has monitored the compliance with the Designated Performance Requirements and a summary of any material non-compliance with the Designated Performance Requirements and of any measures taken to remedy such non-compliance;

(3) information on compliance by the Project Entity with Environmental and Social Laws in relation to the Project, including a description of any claim, proceeding, order or investigation commenced or threatened against the Project Entity, the status of any Authorisation required for the Project, the results of any inspection carried out by any regulatory authority, any violation of applicable laws, regulations or standards and any remedial action or fine relating to such violation, a summary of any material notice, report and other communication on Environmental and Social Matters relating to the Project submitted by the Project Entity to any regulatory authority and any other circumstances giving rise to liability of the Project Entity for any Environmental and Social Matter;

(4) information on occupational health and safety management and the occupational health and safety record of the Project, including the rates of accidents, lost time incidents and near-misses, any preventive or mitigating measures taken or planned by the Project Entity, any staff training on occupational health and safety and any other initiatives in relation to occupational health and safety management which have been implemented or planned by the Project Entity;

(5) a summary of any change in Environmental and Social Laws which may have a material effect on the Project; and

(6) copies of any information on Environmental and Social Matters periodically submitted by the Project Entity to its shareholders or the general public.

(b) Immediately upon the occurrence of any incident or accident relating to the Applicant, the Project Entity or the Project which has or is likely to have a significant adverse effect on the environment, or on public or occupational health or safety, the Applicant shall inform the Bank and promptly thereafter give the Bank notice thereof specifying the nature of such incident or accident and any steps the respective party is taking to remedy the same. Without limiting the generality of the foregoing,

(1) an incident or accident relates to the Project if it occurs on any site used for the Project or, if it is caused by facilities, infrastructure, equipment, vehicles or vessels used for or relating to the Project (whether or not being used on any site of the Project and whether or not being used by authorised or unauthorised persons);

(2) an incident or accident is considered to have a significant adverse effect on the environment or on public or occupational health or safety if:

(A) any applicable law requires notification of such incident or accident to any governmental authority,

(B) such incident or accident involves fatality of any person (whether or not such person is employed by the Project Entity),

(C) more than one person (whether or not such persons are employed by the Project Entity) has received serious injury requiring hospitalisation, or

(D) such incident or accident has become, or is likely to become, public knowledge whether through media coverage or otherwise.

(c) The Applicant shall promptly notify the Bank of any significant protest or petition by workers or members of the public directed at or relating to the Applicant, the Project Entity or the Project which might have a material adverse effect on the Project Entity or the Project or which has become, or is likely to become, public knowledge through media coverage or otherwise. Within ten days following any such notification, the Applicant shall submit a report satisfactory to the Bank specifying the outcome of the Applicant's investigation into such protest, and any steps taken, or proposed to be taken, to resolve the issues raised in the protest or petition.

ARTICLE IV - FINANCIAL COVENANTS

Section 4.01. Financial Records and Reports

(a) Without prejudice to the Applicant's obligations under Section 3.02. (*Affirmative Covenants relation to the Project Entity*), the Applicant shall cause the Project Entity to maintain procedures, records and accounts adequate to reflect, in accordance with accounting standards applicable in Moldova and IFRS the operations, resources and expenditures relating to the Project and to monitor and record the progress of the Project.

(b) Without prejudice to the Applicant's obligations under Section 3.02. (*Affirmative Covenants relation to the Project Entity*), the Applicant shall cause the Project Entity to:

(1) have its records, accounts and financial statements audited by auditors acceptable to the Bank in accordance with internationally accepted auditing principles and standards;

(2) furnish to the Bank as soon as available, but in any case not later than six months after the end of each Fiscal Year, the report of such audit by such auditors of such scope and in such detail as the Bank may reasonably request; and

(3) furnish to the Bank such other information concerning such records and accounts, and the audit thereof, as the Bank may from time to time reasonably request.

ARTICLE V - SUSPENSION; ACCELERATION; CANCELLATION

Section 5.01. Suspension

The following are specified for purposes of Section 7.01(a)(xvii) (*Suspension*) of the Standard Terms and Conditions: the legislative and regulatory framework applicable to the Project shall have been amended, suspended, abrogated, repealed or waived in a manner other than as approved by the Bank in writing.

Section 5.02. Cancellation

(a) Prior to the issuance of the SBLC, the Applicant may request the Bank to cancel any amount of the Available Amount that will not be required, in which case the provisions of Section 7.02(a) (*Cancellation by the Bank*) of the Standard Terms and Conditions shall apply.

(b) After the issuance of the SBLC, the Applicant may request the Bank to cancel any amount of the Available Amount that exceeds the amount of the SBLC, in which case the provisions of Section 7.02(a) (*Cancellation by the Bank*) of the Standard Terms and Conditions shall apply to the cancellation of the corresponding amount of the Available Amount.

Section 5.03. Acceleration of Maturity

(a) If an Event of Default occurs and is continuing, and in addition to the Bank's rights under Article VII (*Suspension and Cancellation; Acceleration of Maturity*) of the Standard Terms and Conditions, the Bank may at its option, by notice to the Applicant, declare an amount equal to the aggregate Outstandings of the SBLC and any other sum payable by the Applicant to the Bank under this Agreement to be (and the same shall thereupon become) immediately due and payable by the Applicant without any further notice and without any presentment, demand or protest of any kind, all of which are hereby expressly waived by the Applicant.

(b) The Bank (or any financial institution appointed by the Bank) shall hold any amounts received under paragraph (a) above as cash collateral for the benefit of the Bank in respect of the obligations of the Applicant to the Bank under this Agreement and may, at any time and from time to time, apply all or part of such sums in or towards satisfaction of those obligations when due and in whatever order the Bank may select.

The Bank will repay to the Applicant any surplus cash collateral held by the Bank (or any financial institution appointed by the Bank) after the Applicant has irrevocably satisfied its reimbursement obligations in full to the Bank in respect of the SBLC and has irrevocably paid the Bank all other sums due under this Agreement.

(c) For the purposes of paragraph (a) above, "**Outstandings**" means the stated face value of the SBLC less any amounts received by the Bank from the Applicant and applied by the Bank in or towards reimbursement to the Bank of an amount disbursed by the Bank under the SBLC, being in any event not less than zero.

ARTICLE VI - EFFECTIVENESS

Section 6.01. Conditions Precedent to Effectiveness

The following are specified for the purpose of Section 9.02(c) of the Standard Terms and Conditions as additional conditions to the effectiveness of this Agreement:

(a) this Agreement duly executed by the Applicant;

(b) this Agreement has been ratified by the Moldovan Parliament; and

(c) the Bank shall have received a legal opinion from the Minister of Justice (in form and substance satisfactory to the Bank), showing that this Agreement has been duly authorised or ratified by, and executed and delivered on behalf of, the Applicant and constitutes a valid and legally binding obligation of the Applicant, enforceable in accordance with its terms.

Section 6.02. Conditions Precedent to SBLC Issue

The conditions referred to in Section 2.02. (*Initial Conditions Precedent*) above are as follows:

(a) this Agreement shall have become Effective;

(b) the Bank has received the front-end commission referred to in Section 2.08(h) (*Other Financial Terms of each Loan*);

(c) the Agency Agreement, in form and substance satisfactory to the Bank, has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Project Entity to request services thereunder, except only the issuance of the SBLC, have been fulfilled;

(d) the new Off-take Agreement has been signed, due diligence on such Off-take Agreement has been completed and the outcome, including in relation to sanctions, is satisfactory to the Bank;

(e) the Applicant has caused the Project Entity to arrange for delivery to the Bank by the Beneficiary or (i) its signed but undated declaration under which the Beneficiary

confirms its acceptance of the terms of the SBLC, including without limitation the dispute resolution, and (ii) its confirmation that the Bank may date and release the Beneficiary's declaration immediately upon the Bank issuing the SBLC, including without limitation its agreement to:

(1) irrevocably designate, appoint and empower an authorised agent to receive service of process and any other legal summons in England for purposes of any legal action or proceeding in connection with the SBLC or any related agreement to which the Beneficiary is a party;

(2) consent to the service of process or any other legal summons out of such courts by mailing copies thereof by registered airmail postage prepaid to its address specified therein;

(3) covenant and agree that, so long as it has any obligations under this Agreement, it shall maintain a duly appointed agent to receive service of process and any other legal summons in England for purposes of any legal action or proceeding brought in connection with the SBLC or any related agreement to which the Beneficiary is a party; and

(4) waive any objection it may now or hereafter have on any grounds whatsoever to the laying of venue of any legal action or proceeding and any claim it may now or hereafter have that any such legal action or proceeding in respect of the SBLC or any related agreement to which the Beneficiary is a party has been brought in an inconvenient forum; and

(f) the Bank has received such other legal opinions as it may require, including in relation to sanctions.

Section 6.03. Legal Opinion

For purposes of Section 9.03(a) (*Legal Opinion*) of the Standard Terms and Conditions, the opinion or opinions of counsel shall be given on behalf of the Applicant by the Minister of Justice.

Section 6.04. Termination for Failure to Become Effective

This Agreement shall terminate if the Effective Date does not occur within 60 days following the date of this Agreement.

ARTICLE VII – MISCELLANEOUS

Section 7.01. Notices

(a) The following addresses are specified for purposes of Section 10.01 (*Notices*) of the Standard Terms and Conditions:

For the Applicant:

Republic of Moldova
Ministry of Finance
7, Constantin Tanase street
Chisinau, MD 2005
Moldova

Attention: Minister of Finance

Fax: + 373 22 262893
+ 373 22 262517

For the Bank:

European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

Attention: Operation Administration Department

Fax: +44-20-7338-6100

(b) The Bank may invite the Applicant to register to use ClientNet or another form of electronic communication and, if the Applicant and the Bank agree to use ClientNet or such other form of electronic communication, any notice, application or other communication from the Applicant to the Bank or from the Bank to the Applicant (other than any notice, application or other communication that is required by this Agreement to be in an original, certified or hard copy), may, subject to the terms and conditions of ClientNet or such other form of electronic communication, be given or made by posting such notice, application or other communication on ClientNet or sent in accordance with the terms agreed concerning such other form of electronic communication.

(c) Any notice, application or other communication delivered by hand, airmail or facsimile transmission or via ClientNet or another agreed form of electronic communication will only be effective when actually received (or made available) in readable form, provided that any notice, application or other communication that is received (or made available) after 5:00 p.m. in the place in which the party to whom the relevant notice, application or communication is sent has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

(d) The following are the names, titles and email addresses of the persons designated as the initial contacts of the Applicant for purposes of any invitation the Bank may send to the Applicant regarding ClientNet:

Name	*Title*	*E-mail address*
Elena Matveeva	Head of the Public Debt Department	Elena.matveeva@mf.gov.md
Marcel Olari	Head of External Debt Division	Marcel.olari@mf.gov.md

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed in four copies and delivered at Chisinau, Republic of Moldova as of the day and year first above written.

REPUBLIC OF MOLDOVA

By: _____
Name: Ion Chicu
Title: Prime Minister, Republic of Moldova

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: _____
Name: Matteo Patrone
Title: Managing Director, Eastern Europe & Caucasus

SCHEDULE 1 - DESCRIPTION OF THE PROJECT

1. The purpose of the Project is to support the payment obligations of the Project Entity under the Agency Agreement in procuring natural gas purchases in case of supply disruption during winter 2019/2020. Such natural gas purchases will be made from pre-qualified suppliers under procurement procedures agreed by the Bank.

SCHEDULE 2 – ENERGY SECTOR REFORM ACTION PLAN

	ACTIONS	DEADLINE	RESPONSIBLE ENTITY	COMMENTS
1. Implement Corporate Governance Action Plan at Energocom				
1.1	Implement a Corporate Governance Action Plan that contains – inter alia - some targeted corporate governance actions aimed at improving the corporate governance and transparency at Energocom in line with agreed best international practices.	31 December 2020	Public Property Agency, Energocom	The actions include: • Establishment within Energocom of Procurement, Risk, Independent Compliance and Internal Audit functions, • Adding a qualified, independent member to the Board and Audit Committee; and • Separation of accounts for key business lines; • Independent assessment of implementation of the above mentioned actions.
2. Develop and implement necessary secondary legislation and related measures				
2.1	In cooperation with the Energy Community Secretariat, amend the network codes to allow backhaul with Ukraine and Romania, balancing, capacity booking and allocation, congestion management, nomination process.	31 December 2020	ANRE	• Network codes, approved/adopted by ANRE to request from TSOs to establish an on-line balancing platform and inform the participants about their imbalances on a daily basis. Imbalances charges to be introduced. • Network codes, approved/adopted by ANRE to request from TSOs to establish an on-line capacity booking platform (applied to

				secondary capacity trading as well). Gradually move to a new capacity allocation method based on auctions. • Network codes, approved/adopted by ANRE to request from TSOs to establish an on-line nomination platform. All participants to give at least the day-ahead nominations This should achieve compliance with Regulation (EC) 715/2009 and relevant EU network codes, in line with the ongoing process of EU network codes implementation in the Energy Community The above mentioned on-line platforms could be integrated into one especially at the beginning when the number of participants will be low.
2.2	In cooperation with the Energy Community, adopt the legislation necessary for the introduction of the harmonised gas transmission tariff	31 March 2020 draft law finalised 30 June 2020 The law approved by the Government and submitted to Parliament for approval	The Government of Moldova (Ministry of Economy and Infrastructure in cooperation with and ANRE, EnCS and EBRD)	• The Government to draft and adopt (in consultation with Energy Community Secretariat) the necessary amendment to the Gas Law to introduce harmonised transmission tariffs. • Energy Community Secretariat to assess draft Law before final adoption
2.3	In cooperation with the Energy Community Secretariat, ANRE to introduce entry-exit transmission tariff methodology in line with	30 September 2020	ANRE	• Subject to amendment to the Gas Law, ANRE to introduce the necessary amendments to the transmission tariff methodology

	Directive 2009/73/EC. The methodology to include a harmonized tariff and an Inter-TSO Compensation mechanism (ITC).			that allows setting of tariffs for all entries to and exits from the system on a non-discriminatory basis.
2.4	Introduce the harmonised gas transmission tariff	The earliest 30 September 2020 or the date of Onesti - Iasi- Ungheni-Chisinau pipeline fully operational	ANRE	• The harmonised gas transmission tariff should apply from this date onwards.
3. Strengthen the functional unbundling for the TSOs and main DSO				
3.1	Implementation of unbundling of MoldovaTransGaz under the terms and conditions stipulated in the Law No 108 of 27 May 2016 on Natural Gas	31 March 2020	ANRE	• With the assistance from international partners and in coordination with ANRE and the Energy Community Secretariat, Moldovagaz to prepare an action plan for legal and functional unbundling of the transmission system operator. • Implementation of the action plan with the assistance from international partners and coordinated by the Energy Community Secretariat • ANRE to coordinate with Energy Community Secretariat on how to enforce the Gas Law and send an unbundling implementation plan to EBRD and ENCS in order to facilitate its implementation.

ENERGOCOM

CORPORATE GOVERNANCE ACTION PLAN

#	Action	To be implemented no later than:
Establishing a Procurement Function within the Company		
1.	The Company shall establish an internal procurement function in line with governance standards binding under the Agreement on Government Procurement of the World Trade Organisation. The Company, as a buyer and a seller dominating the market shall commit to competitive selection standards. As regards internal procurement function the Company shall adopt a procurement strategy (for both gas and electricity) and enact other internal templates, bylaws, guidelines and/or manuals aimed at enhancing the transparency and competitiveness of its electricity and gas procurement practices and aligning it with international and industry best practice, for example as promoted by Chartered Institute of Procurement and Supply. The Company shall also train its staff to conduct competitive electricity and gas procurement. **The procurement function shall be established, no later than:** **The procurement strategy shall be approved by the board of the Company, no later than:** **Training sessions shall be held, no later than.**	 ***30 June 2020*** ***30 September 2020*** ***30 September 2020***
Internal control function		
2.	The Company shall ensure that the internal control framework is commensurate to the size and complexity of its operations and allows for monitoring and mitigation of strategic, financial and operational risks. The Board of Directors (via the Audit Committee) shall review the existing internal controls on a regular basis (at least once a year). In particular, the internal control framework shall at minimum include the risk management and internal audit functions, as well as processes and procedures aimed at ensuring compliance with legal requirements and ethical rules. It shall also include a code of ethics aimed at building a strong corporate culture and reputation for integrity. The Company shall establish a **function responsible for risk management** which shall, inter alia, be responsible for: • developing a risk matrix so to identify and monitor exposures to risk and identifying mitigating measures; • preparing reports on material breaches of risk limits and proposing adequate action; • if relevant, testing the adequacy of the Company's insurance protection and annually reviewing their insurance coverage; • developing risk response processes, including contingency and business continuity programs; • reviewing strategic transactions and significant new business initiatives to assess risk exposure;	

#	Action	To be implemente no later than:
	• conducting a periodic risk assessment and report results to the risk and audit committee; • developing and monitoring key risk measures/indicators; • preparing regular reports on risk for the Audit Committee/Board; and • promoting risk awareness and culture within the Company, by organising various trainings. The Company shall also establish an **independent internal audit function,** in line with best practices (e.g., International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors or other standards satisfactory to the EBRD). The Company shall ensure that the head of the internal audit function and its staff are independent, are not restricted in accessing information, are reporting directly to the Board of Directors (via the Audit Committee) and perform their activities on the basis of a comprehensive audit plan, approved by the Audit Committee, whose implementation is reported to the Audit Committee and the Board of Directors on a quarterly basis. The Audit Committee/Board of Directors shall review whether additional human resources and expertise are required for the effective fulfilment of the internal audit function's tasks. The Audit Committee shall be in charge for the selection, appointment and dismissal of the internal auditor. The remuneration of the head of the internal audit shall be reviewed by the Audit Committee according to criteria that do not undermine his/her independence and objectivity and set at a level that reflect the level at which he/she is required to operate in the organisation. **The duties and responsibilities of the risk management function shall be defined and the function shall be established no later than:**	***30 June 2020***
	An internal audit function shall be in place no later than:	***30 June 2020***
Establishing an independent compliance function and adopting a compliance programme		
3.	The Company shall adopt a **Compliance Programme** in line with best practices, which inter alia details how conflicts of interests and related party transactions shall be dealt upon by staff, management and the Board, as well as the management of internal and external bribery and corruption risks. The Compliance Programme shall include policies and procedures to help ensure the Company complies with relevant laws and regulations. In this respect, the Company shall introduce/strengthen its **code of ethics** to be based on best international practices. The code shall articulate the company's mission and values, and clearly state what behaviour is expected from all employees, including the Board of Directors and management, and what behaviour is unacceptable. The code shall include statements aimed at building a strong reputation for integrity in line with best practice; fostering employee loyalty and retention; building strong relations with suppliers and other business partners; and strengthening trust and respect of stakeholders. The code shall include rules on: prohibition of bribery; prevention of legal, regulatory and ethical violations; responsibility to comply with all local	

#	Action	To be implemente no later than:
	laws; conflicts of interest and related party transactions; gifts and hospitality; use of company information; responsibility to report wrongdoing (which must be supported by whistle-blower protection mechanism). The Company shall take all necessary steps to ensure that the code's provisions are implemented in practice by, among other things, requiring all senior managers and directors to submit an annual declaration of compliance with the code. The Board of Directors shall monitor the code's implementation and receive reports thereon at least annually. The code shall be published on the Company website. A summary note on the code's implementation shall be included on the Group's website/annual report. The Company shall also ensure that there is an independent **Compliance Officer** in charge of monitoring the Compliance Programme and code of ethics and reporting on its implementation to the Board. The Compliance Officer can be an externally appointed person or an existing employee (e.g. head of the legal department) as long as he/she has the seniority, capability and reliability required herein. The Compliance Officer shall have a seniority to be able to propose changes required directly to the Management and the Board and ensure that these changes are duly implemented. In particular, the Compliance Officer shall: - develop, initiate, maintain, and revise policies and procedures for the general operation of the compliance program and its related activities to prevent illegal, unethical, or improper conduct; - develop and periodically review and update the Company's standards of conduct to ensure continuing currency and relevance in providing guidance to management and employees; collaborate with other departments (e.g., procurement, risk management, internal audit, human resources department, etc.) to direct compliance issues to appropriate existing channels for investigation and resolution; consult with the head of the legal department as needed to resolve difficult legal compliance issues; - develop, initiate, maintain, and revise whistleblowing policies and procedures; - respond to alleged violations of rules, regulations, policies, procedures, and standards of conduct by evaluating or recommending the initiation of investigative procedures; develop and oversee a system for uniform handling of such violations; - act as an independent review and evaluation body to ensure that compliance issues/concerns within the Company are being appropriately evaluated, investigated and resolved; monitor, and as necessary, - coordinate compliance activities of other departments to remain abreast of the status of all compliance activities and to identify trends; - develop/implement corrective action plans for resolution of problematic issues, and provide general guidance on how to avoid or deal with similar situations in the future; provide reports on a regular basis (i.e., yearly), and as directed or requested, to keep the board and senior management informed of the operation and progress of compliance efforts; develop anti-corruption compliance policies including procedures to prevent bribery by agents, intermediaries, joint ventures or syndicates; work with the human resources department and others as appropriate to develop an effective compliance training program,	

#	Action	To be implemente no later than:
	including appropriate introductory training for new employees as well as ongoing training for all employees and managers; and monitor the performance of the compliance program and relates activities on a continuing basis, taking appropriate steps to improve its effectiveness.	
	a. The Compliance Officer shall be appointed no later than:	***30 June 2020***
	b. The Compliance Programme (including the code of ethics) shall be approved no later than:	***30 June 2020***
Strengthening the qualification and independence of the board		
4.	The Company shall ensure that at least one additional independent and duly qualified non-executive director shall be appointed to the Company's Board and (if applicable) the Audit Committee. Such independent director shall have experience and qualifications appropriate for the functions and responsibilities of the Board of Directors and, if applicable, the Audit Committee, taking into consideration the Company's strategy and key challenges and risks it faces in its implementation. Ideally, the independent director, shall have experience in internal audit of energy trading companies. The director's profile shall be shared with, and approved by, the EBRD before appointment. The independence of non-executive directors/supervisory board members shall be grounded upon the definition included in Annex II of the EC Commission Recommendation dated 15 February 2005, complemented by criteria which address the objectivity and independence of judgement that independent directors should have in practice (i.e., independent board members should demonstrate their independence in practice and positive terms and not only in non-affiliation terms). For the avoidance of doubt, officials that cover or have covered in the past executive positions in the Company or in any company controlled by or controlling the Company, cannot be considered independent. For this purpose, the board shall conduct an evaluation to assess the board dynamics and effectiveness and the extent to which the mix of skills present at the board and committee(s) is fit for purpose, considering the Company's strategy, risks and the board's and the committee(s)' functions and responsibilities. The findings of the evaluation shall be used to improve the work of the board and committee(s) and to prepare specific job descriptions for the second independent properly qualified director to be hired. **The evaluation of the Board and the committee(s) is finalised by:** **The independent director shall be appointed no later than:**	**30 June 2020** **30 September 202**
Separate accounts for key business lines		
5.	The Company's key business lines shall be organised in separate organisational units according to its licensed functions (i.e. gas and	

#	Action	To be implemented no later than:
	electricity trading), in order to increase accountability and provide clarity on the drivers of financial performance of the Company. The Company shall prepare separate, and publish IFRS-compliant financial accounts for each of its key business lines. This will allow senior management, the Board and other stakeholders to better understand the drivers of the Company's losses and revenues, to tailor KPIs for individual business lines and to hold relevant managers accountable for individual business line performance.	
	a. The full accounting separation of the key business lines shall begin no later than:	*30 June 2020*
	b. The first separated IFRS-compliant account shall be published no later than:	*30 September 2020*
CGAP implementation and reporting		
6.	The Company shall identify an officer who will be primarily responsible for ensuring implementation of this CGAP, and who will report on implementation progress to the EBRD on due dates for each individual action from this CGAP at the latest. Once the implementation deadlines for all actions under this CGAP have lapse, the Company shall engage a qualified and reputable external party (e.g. consultant) acceptable to the EBRD for a review of the measures that have been undertaken and their adequacy in light of commitments from this CGAP. The results of this review shall be communicated to the EBRD.	
	a. The officer responsible for CGAP implementation and reporting shall be communicated to EBRD no later than:	*31 December 2019*
	b. The external party review of the CGAP implementation shall be conducted no later than:	*31 December 2020*

SCHEDULE 3 – PROCUREMENT PROCEDURES

In this Schedule 3 references to the "Stakeholder" refer to NAK in its capacity as agent; and references to EBRD refer to the Bank.

General: The procurement by the Stakeholder of natural gas to be financed from the proceeds of the EBRD's investment shall be undertaken in accordance with the EBRD's Procurement Policies and Rules (PP&R) dated 1 November 2017 (see - https://www.ebrd.com/work-with-us/procurement/policies-and-rules.html) - including, without limitation, paras 2.6 & 2.7 Eligibility, para 2.9 Prohibited Practices, paras 2.10 & 2.11 Procurement related Complaints, para 2.12 - Misprocurement, para 3.12 – Commodities, paras 3.23 & 3.24 - Tender Participation, and paras 3.30 & 3.31 - Contract Administration. With specific reference to para 3.12 – Commodities, the procurement procedures contained in this Schedule, which have been determined as acceptable to the EBRD, will be applicable. Any change to the procurement procedures contained in this Schedule will require the prior written consent of the EBRD. All procurement documentation shall be issued in the English language.

(A) General Procurement Notice (GPN)

(1) The procurement process will commence with the publication of a GPN which shall be published in: a) EBRD's website, b) the Official Journal of the EU (OJEU), c) United Nations Development Business (UNDP) and, d) the Stakeholder's own website.

(2) The GPN shall include details of the prequalification process and the procedure to be followed by all potential tenderers.

(3) The GPN shall be updated and re-published, in the same media as above, on an annual basis.

(4) The Stakeholder shall maintain a register of all companies which, in response to the GPN, express an interest in the project.

(B) Prequalification

(1) All potential tenderers shall be subject to prequalification.

(2) The prequalification process shall be undertaken on a continuous basis and remain open throughout the duration of the project. Only applicants which have been prequalified, and no-objected by the EBRD, shall be permitted to participate in any tendering exercise.

(3) Given that the project will finance the procurement of a freely traded commodity (natural gas) the purpose of the prequalification process will be to determine each applicant's ability to supply natural gas at the requested points of delivery, appropriate payment arrangements based on each applicant's creditworthiness, any legal or regulatory limitations to

conducting business with the applicant by the Stakeholder, establishing an appropriate legal framework for contractual relationships (in cases when the Stakeholder does not have an established contract relationship with the applicant) and eligibility to participate in subsequent tenders;

(4) The applicant shall be determined as prequalified provided that the following conditions have been met:

a. The applicant has provided evidence satisfactory to the Stakeholder confirming that it has the ability to deliver natural gas to the relevant delivery points where the Stakeholder has the ability to off-take the gas (being either Ukrainian border points or Slovak VTP);

b. The applicant has provided evidence satisfactory to the Stakeholder concerning its creditworthiness and the Stakeholder is able to determine an appropriate payment method (prepayment, prepayment against bank/parent company guarantee or payment after delivery period) based on such evidence. Based on the evidence provided the applicant can be qualified as either:

I. Eligible for unsecured prepayment – an applicant must present evidence that it has a long-term "investment grade" rating from at least one reputable credit rating agency (e.g., Fitch, Moody's Standard and Poor's or similar).

Such applicant will be eligible to receive full prepayment of the entire contract amount without any additional requirements or conditions.

II. Eligible for secured prepayment – an applicant must present evidence that either:

a. The applicant's parent company has a long-term "investment grade" rating from at least one reputable credit rating agency (e.g., Fitch, Moody's Standard and Poor's or similar) and such parent company is willing to provide a parent company guarantee (in a format acceptable to the Stakeholder and the EBRD) for securing the applicant's obligations under any contract for the supply of natural gas, that will be valid from the date of issuance until at least 1 month following the month of delivery;

b. The applicant can provide an unconditional irrevocable bank guarantee (in a format acceptable to the Stakeholder and the EBRD) from a reputable international bank having a long-term "investment grade" rating from at least one reputable credit rating agency (e.g., Fitch, Moody's Standard and Poor's or similar) for securing the applicant's obligations under any contract for the supply

of natural gas, that will be valid from the date of issuance till at least 1 month following the month of delivery;

Such applicant shall be eligible to receive prepayments until the exposure reaches the maximum exposure amount stated in the parent company guarantee / bank guarantee. The maximum exposure amount shall be equal to the value of the relevant parent company / bank guarantee provided. The exposure shall be calculated on each prepayment date as the difference between the sums already prepaid and value of natural gas already delivered.

III. Eligible for post payment – all applicants that have failed to present satisfactory evidence to qualify as per the above.

c. An appropriate legal framework in the form of an EFET General Agreement concerning the delivery and acceptance of natural gas (template to be attached to prequalification documentation) already exists or has been signed between the Stakeholder and applicant. The terms and conditions of the EFET General Agreements shall not contain any material modifications to the template attached to the prequalification documentation.

d. The applicant has provided written consent to comply with the obligations and undertakings in relation to any further tendering procedures as determined by the Stakeholder and EBRD in a form satisfactory to Stakeholder and EBRD.

(5) All current counterparties of the Stakeholder shall be prequalified provided that the Stakeholder has declared that such counterparties comply with points "a", "b", "c" and "d" above.

(6) The Stakeholder, EBRD and other parties to the loan agreement shall agree on the list and form of documents required in order to determine that applicant meets conditions stated in point "(4)" above;

(7) All applicants shall be provided with the list of documents required to satisfy prequalification requirements following an expression of interest in the project;

(8) Following publication of the GPN an initial period (Initiation period) of 14 calendar days will be provided for applicants to receive the required documents and submit their application to prequalify. During such period no tenders will be conducted;

(9) Following the end of the Initiation period any new applicant can request the required documents and submit their prequalification application without any restrictions;

(10) The list of prequalified tenderers (and subsequently any new counterparties added following the continuous, on-going prequalification process) will be subject to no-objection by the EBRD prior to the commencement of the tendering exercise. The list of prequalified tenderers (and any subsequent new counterparties) shall be published on the EBRD's website.

(11) Following the evaluation of an applicant the Stakeholder shall promptly inform the applicant concerning its prequalification status and payment method determined to be appropriate for such applicant;

(C) Tender Procedures

(1) All prequalified tenderers shall be invited to participate in all tendering exercises related to the project. No other tenderers shall be permitted to participate in any tender.

(2) The Stakeholder shall prepare a suitable tender/invitation document for use under the project which shall have a form of electronic mail;

(3) The tender/invitation document shall clearly specify that the submitted tender price shall be the only factor for the purpose of determining the lowest evaluated tenderer(s);

(4) The tender/invitation document shall include, inter alia, details of the required delivery point(s), quantity of product required, the maximum volumes which can be accepted at each delivery point, the nature of price required (i.e. fixed or indexed), and the required tender currency;

(5) The proposed tender/invitation document shall be subject to EBRD's no-objection;

(6) Multiple payment terms may be stated in the tender/invitation document and the Stakeholder shall have the right to select payment terms based on the tenderer's creditworthiness evaluation status during the prequalification process:

a. The tenderers determined by the Stakeholder to be eligible to receive prepayment shall have the right to select such option;

b. The tenderers determined by the Stakeholder to be ineligible for full prepayment shall have the right to select following options:

i. Pre-payment in an amount not exceeding:

1. The amount of an irrevocable bank guarantee issued by a reputable international bank with an investment grade credit rating valid from the date of issuance of the guarantee until at least the 20th calendar day of the month

after the delivery period, less the value of already delivered gas;

2. The amount of the parent company guarantee issued by a parent company with an investment grade credit rating valid from the date of issuance of the guarantee until at least the 20th calendar day of the month after delivery period, less the value of already delivered gas;

ii. Post-payment:

1. Within the delivery month for volumes of natural gas already supplied;

2. Post-payment following the end of delivery period;

(7) All prequalified tenderers shall be simultaneously invited to submit tenders (in an electronic format) which shall be received by a specified date and time (in an electronic format). Any tenders submitted after the specified date and time shall not be considered.

(8) In accordance with industry standard practice, it is envisaged that tenderers will be provided with a 30 minute period within which to prepare and submit their tenders [*note: the EBRD's acceptance of the 30 minute period is subject to confirmation from the market that this period represents industry standard practice*].

(9) In accordance with industry standard practice, there will be no public opening of tenders.

(10) In accordance with industry standard practice, it is envisaged that tender prices shall remain valid for acceptance for a period of 15-30 minutes.

(11) The proposed tender/invitation document shall state that tenderers are required to submit their best and final price and clarify that no subsequent negotiation of price will be undertaken by the Stakeholder.

(12) The proposed tender/invitation document shall state that a tenderer may submit only one tender or participate as a joint venture or consortium member in only one tender for each contract.

(13) All tenders may only be evaluated based on the specific evaluation criteria contained in the tender/invitation documents. For each tendering exercise the Stakeholder shall prepare a brief Tender Evaluation Report (TER) containing the results of the tender evaluation and the basis for the recommendation for award of contract, in a format to be agreed between the EBRD and the Stakeholder.

(14) In the event that the submitted tender price(s) is/are equal or higher than the Stakeholder's pre-determined cut-off price (which shall not be disclosed to

the tenderers) for the specific tender in question, the Stakeholder has the right to reject all tenders (note: this right shall be communicated to tenderers in the tender/invitation document and the pre-determined cut-off-price shall be communicated to the EBRD prior to the commencement of the tendering exercise).

(15) Following award of the contract(s) under each tender exercise, the Stakeholder will publish details of the volumes of gas procured and the average accepted price or clearing price at the end of the delivery period.

(D) Procurement Monitoring and EBRD Review

(1) All contracts awarded under the above procedures shall be subject to the EBRD's post-review in accordance with the procedures contained in para 3.36 of the EBRD's PP&R.

(E) Procurement Complaints

(1) Any procurement related complaints will be processed in accordance with paras 2.10 and 2.11 of the EBRD's PP&R.

EXHIBIT 1 - FORM OF SBLC APPLICATION

From: REPUBLIC OF MOLDOVA

To: THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "**Bank**")

Dated: [ ]

Dear Sirs

USD [ ][1] Project Support and Reimbursement Agreement dated [•] (the Agreement) (Op. ID 51585)

1 We refer to the Agreement. This is an SBLC Application. Terms defined in the Agreement have the same meaning in this SBLC Application unless given a different meaning in this SBLC Application.

2 We wish to arrange for the SBLC to be issued by the Bank on the following terms:

(a)	Applicant:	the Republic of Moldova
(b)	Proposed date of issue:	** (or, if that is not a Business Day, the next Business Day)
(c)	Currency:	Dollars
(d)	Amount:	USD [ ][2]
(e)	Beneficiary:	PJSC "National Joint-Stock Company Naftogaz of Ukraine"
(f)	Term:	12 months from the date of issue

3 We confirm that each condition specified in Section 6.02 (*Conditions Precedent to SBLC Issue*) of the Agreement is satisfied on the date of this SBLC Application.

4 We confirm that all notifications, Authorisations, registrations, translations and notarisations necessary or desirable under Moldovan law have been or will be completed promptly following the date of this SBLC Application.

5 We attach a copy of the proposed SBLC.

6 The purpose of this proposed the SBLC is to support the payment obligations of JSC Energocom towards the Beneficiary under the Agency Agreement.

7 This SBLC Application is irrevocable.

8 [Specify delivery instructions].

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[1] Maximum amount: USD 50,000,000. See definition of "Facility Amount".

[2] Maximum amount: USD 50,000,000.

Yours faithfully

.....

authorised signatory for

The Republic of Moldova

EXHIBIT 2 – FORM OF SBLC

To: PJSC "National Joint-Stock Company Naftogaz of Ukraine" (the **Beneficiary**)

Date: [ ]

Irrevocable Standby Letter of Credit- (Op. ID 51585)

At the request of the Republic of Moldova, the European Bank for Reconstruction and Development (the Issuing Bank) issues this irrevocable standby Letter of Credit (Letter of Credit) in your favour on the following terms and conditions:

1. Definitions

Wherever used in this Letter of Credit, the following terms have the following meanings:

Demand means a demand for a payment under this Letter of Credit in the form set out in the Annex to this Letter of Credit and transmited to EBRD via SWIFT in accordance with paragraph 5 (*Delivery of Demand*) below.

Expiry Date means [ ] 202[ ].[3]

Total L/C Amount means USD [ ][4].

2. Issuing Bank's agreement

The Beneficiary may request a drawing or drawings under this Letter of Credit by giving to the Issuing Bank a duly completed Demand. A Demand must be received by the Issuing Bank by no later than 5 p.m. (London time) on the Expiry Date.

Subject to the terms of this Letter of Credit, the Issuing Bank unconditionally and irrevocably undertakes to the Beneficiary that, within fifteen Business Days of receipt by it of a Demand, it must pay to the Beneficiary the amount demanded in that Demand.

The Issuing Bank will not be obliged to make a payment under this Letter of Credit if as a result the aggregate of all payments made by it under this Letter of Credit would exceed the Total L/C Amount.

3. Expiry

The Issuing Bank will be released from its obligations under this Letter of Credit on the date (if any) notified by the Beneficiary to the Issuing Bank as the date upon which the obligations of the Issuing Bank under this Letter of Credit are released.

Unless previously released under paragraph (a) above, at 5 p.m.(London time) on the Expiry Date the obligations of the Issuing Bank under this Letter of Credit will cease with no further liability on the part of the Issuing Bank except for any Demand validly presented under the Letter of Credit that remains unpaid.

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[3] Note: to insert the date which is 12 months after the date of the SBLC.

[4] Maximum amount: USD 50,000,000.

When the Issuing Bank is no longer under any further obligations under this Letter of Credit, the Beneficiary must return the original of this Letter of Credit to the Issuing Bank.

4. Payments

All payments under this Letter of Credit shall be made in US dollars and for value on the due date to the account of the Beneficiary specified in the Demand.

5. Delivery of Demand

Each Demand shall be in writing, and, unless otherwise agreed by EBRD, shall be transmitted via SWIFT message from the Beneficiary's correspondent bank. The SWIFT message must contain the text of the Beneficiary's written Demand and must certify that the correspondent bank has been provided with the Beneficiary's demand in the form set out in the Annex to this Letter of Credit. The SWIFT message must be received in legible form by the Issuing Bank at its SWIFT address and by the particular department or office (if any), as follows:

European Bank for Reconstruction and Development

Attention: Operation Administration Department

SWIFT: EBRD GB 2L

6. Assignment

The Beneficiary's rights under this Letter of Credit may not be assigned or transferred.

7. ISP 98

Except to the extent it is inconsistent with the express terms of this Letter of Credit, this Letter of Credit is subject to the International Standby Practices (ISP 98), International Chamber of Commerce Publication No. 590.

8. Privileges and Immunities of EBRD

Nothing in this Letter of Credit shall be construed as a waiver, renunciation or other modification of any immunities, privileges or exemptions of EBRD accorded under the Agreement Establishing the European Bank for Reconstruction and Development, international convention or any applicable law. Notwithstanding the foregoing, EBRD has made an express submission to arbitration under 10(a) (*Dispute Resolution*) below and accordingly, and without prejudice to its other privileges and immunities (including the inviolability of its archives), it acknowledges that it does not have immunity from suit and legal process under Article 5(2) of Statutory Instrument 1991, No. 757 (The European Bank for Reconstruction and Development (Immunities and Privileges) Order 1991), or any similar provision under English law, in respect of the enforcement of an arbitration award duly made against it as a result of its express submission to arbitration pursuant to paragraph 10(a) (*Dispute Resolution*) below.

9. Governing Law

This Letter of Credit and any non-contractual obligations arising out of or in connection with it are governed by English law.

10. Dispute Resolution

(a) Any dispute, controversy or claim arising out of or relating to (1) this Letter of Credit or (2) the breach, termination or invalidity hereof shall be settled by arbitration in accordance with the UNCITRAL Rules. There shall be one arbitrator and the appointing authority shall be LCIA (London Court of International Arbitration). The seat and place of arbitration shall be London, England and the English language shall be used throughout the arbitral proceedings. The Beneficiary, in consideration for the Bank issuing the SBLC, hereby waives any rights under the Arbitration Act 1996 or otherwise to appeal any arbitration award to, or to seek determination of a preliminary point of law by, the courts of England. The arbitral tribunal shall not be authorised to grant, and Beneficiary agrees that it shall not seek from any judicial authority, any interim measures or pre-award relief against the Issuing Bank, any provisions of the UNCITRAL Rules notwithstanding. The arbitral tribunal shall have authority to consider and include in any proceeding, decision or award any further dispute properly brought before it by the Issuing Bank (but no other party), but, subject to the foregoing, no other parties or other disputes shall be included in, or consolidated with, the arbitral proceedings. In any arbitral proceeding, the certificate of the Issuing Bank as to any amount due to it under this Letter of Credit shall be prima facie evidence of such amount.

(b) Notwithstanding paragraph 10(a) above, this Letter of Credit, and any rights of the Issuing Bank arising out of or relating to this Letter of Credit, may, at the option of the Issuing Bank, be enforced by the Issuing Bank in the courts of England or in any other courts having jurisdiction. For the benefit of the Issuing Bank, the Beneficiary irrevocably submits to the non-exclusive jurisdiction of the courts of England with respect to any dispute, controversy or claim arising out of or relating to this Letter of Credit, or the breach, termination or invalidity hereof or thereof.

Yours faithfully

The European Bank for Reconstruction and Development

By:

ANNEX TO SCHEDULE 2 – FORM OF DEMAND

To: The European Bank for Reconstruction and Development

Swift no.: [ ]

[Date]

Dear Sirs

Standby Letter of Credit issued in favour of PJSC "National Joint-Stock Company Naftogaz of Ukraine" (the Letter of Credit)(Op. ID 51585)

We refer to the Letter of Credit. Terms defined in the Letter of Credit have the same meaning when used in this Demand.

We certify that the sum of USD [ ] is due and has remained unpaid for at least [ ] days under the agency agreement dated [_] 2019 between JSC Energocom as buyer and PJSC National Joint-Stock Company "Naftogaz of Ukraine" as agent (the "**Agency Agreement**"). We hereby certify that: (i) JSC Energocom has failed to make the payment of such sum when due under the Agency Agreement, and (ii) we are entitled in accordance with the Agency Agreement to make this demand in respect thereof. We therefore demand payment of the sum of USD [ ].

1. Payment should be made to the following account:

   Name: National Joint Stock Company «Naftogaz of Ukraine»
   01601, Ukraine, Kyiv, Khmelnitskogo st., 6 registration number 20077720

   Account number: 26002301921

   IBAN: UA943004650000000026002301921

   Bank: Joint Stock Company "STATE SAVINGS BANK OF UKRAINE" (JSC "Oschadbank") 12-G Hospitalna Str., Kyiv, 01001, Ukraine

   SWIFT: COSBUAUK

2. The date of this Demand is not later than the Expiry Date.

Yours faithfully

(Authorised Signatory) (Authorised Signatory)

For

PJSC National Joint-Stock Company "Naftogaz of Ukraine"