

Loan and Project Agreement

dated

between

KfW, Frankfurt am Main
(**"KfW"**)

and

Mongolia
(the **"Borrower"**)

represented by the Ministry of Finance

and

National Power Transmission Grid
State Owned Joint Stock Company
(the **"Project-Executing Agency"**)

for

EUR 17,000,000.00

- Energy Efficiency in the Central Transmission and Distribution Network III -

BMZ-No. 2022.652.05

Article

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On the basis of the verbale note no. 87/2022 of the Embassy of the Federal Republic of Germany, Ulaanbaatar, to the Ministry of Foreign Affairs of Mongolia dated 13 December 2022, whereas the agreement between the Government of the Federal Republic of Germany and the Government of Mongolia on Technical Cooperation, dated 29 January 1992, and the agreement under international law in the form of an exchange of notes on Technical Cooperation dated 17 December 2020 ("**Agreements on Technical Cooperation**") shall apply to this agreement, and the verbale note of the Ministry of Foreign Affairs of Mongolia dated _____ the Borrower, the Project-Executing Agency and KfW hereby enter into the following Loan and Project Agreement (the "**Agreement**"):

1. Amount and Purpose of the Loan

1.1 KfW shall extend to the Borrower a loan not exceeding

EUR 17,000,000.00 (in words: seventeen million)

(the "**Loan**").

1.2 The Borrower shall channel the Loan in full to the Project-Executing Agency in accordance with the conditions set forth in Article 2. The Project-Executing Agency shall use the Loan exclusively to finance the construction, modernisation and rehabilitation of transmission substations and transmission lines in Mongolia's Central Transmission and Distribution Network, specifically equipment, erection/installation and civil works in a district of the capital city of Ulaanbaatar, as well as related international consulting services (the "**Project**"), and primarily to pay the foreign exchange costs. The Project-Executing Agency and KfW shall determine the details of the Project as well as the goods and services to be financed from the Loan by a separate agreement (the "**Separate Agreement**").

1.3 Taxes and other public charges to be borne by the Borrower or the Project-Executing Agency and import duties shall not be financed from the Loan.

2. Channelling of the Loan to the Project-Executing Agency

2.1 The Borrower shall channel the Loan to the Project-Executing Agency under a separate loan agreement at the terms and conditions set forth in Articles 4.2 and 4.4 hereof.

2.2 Prior to the first disbursement from the Loan, the Borrower shall send KfW a copy and a certified translation of the loan agreement specified in Article 2.1.

2.3 The channelling of the Loan shall not constitute any liability of the Project-Executing Agency to KfW for payment obligations under this Agreement.

3. Disbursement

3.1 KfW shall disburse the Loan in accordance with the progress of the Project and upon request of the Project-Executing Agency. By the Separate Agreement, the Project-Executing Agency and KfW shall agree on the disbursement procedure, in particular on the evidence to be furnished by the Project-Executing Agency proving that the requested Loan amounts are used for the purpose stipulated in this Agreement.

3.2 KfW shall have the right to refuse to make disbursements after 29 December 2029.

4. Commitment Fee, Interest, and Repayment

4.1 The Borrower shall pay a commitment fee of 0.25% p. a. on undisbursed Loan amounts. The commitment fee shall be computed for a period beginning three months after the signing of this Agreement and ending at the date at which disbursements are debited.

4.2 The Borrower shall pay interest on the Loan at a rate of 2.00 % p. a. Interest shall be charged from the dates at which disbursements are debited to the dates at which repayments are credited to KfW's account specified in Article 4.10.

4.3 The Borrower shall pay the commitment fee, interest, and any charges on arrears pursuant to Article 4.6 semi-annually on 15 May and on 15 November for the half-year then ending. The first commitment fee shall be due together with the first interest payment.

4.4 The Borrower shall repay the Loan as follows:

Installment	Date	Amount	Currency
1	November 15, 2036	425.000,00	EUR
2	May 15, 2037	425.000,00	EUR
3	November 15, 2037	425.000,00	EUR
4	May 15, 2038	425.000,00	EUR
5	November 15, 2038	425.000,00	EUR
6	May 15, 2039	425.000,00	EUR
7	November 15, 2039	425.000,00	EUR
8	May 15, 2040	425.000,00	EUR
9	November 15, 2040	425.000,00	EUR
10	May 15, 2041	425.000,00	EUR
11	November 15, 2041	425.000,00	EUR
12	May 15, 2042	425.000,00	EUR
13	November 15, 2042	425.000,00	EUR
14	May 15, 2043	425.000,00	EUR
15	November 15, 2043	425.000,00	EUR
16	May 15, 2044	425.000,00	EUR
17	November 15, 2044	425.000,00	EUR
18	May 15, 2045	425.000,00	EUR
19	November 15, 2045	425.000,00	EUR
20	May 15, 2046	425.000,00	EUR
21	November 15, 2046	425.000,00	EUR
22	May 15, 2047	425.000,00	EUR
23	November 15, 2047	425.000,00	EUR
24	May 15, 2048	425.000,00	EUR
25	November 15, 2048	425.000,00	EUR
26	May 15, 2049	425.000,00	EUR
27	November 15, 2049	425.000,00	EUR
28	May 15, 2050	425.000,00	EUR
29	November 15, 2050	425.000,00	EUR
30	May 15, 2051	425.000,00	EUR
31	November 15, 2051	425.000,00	EUR
32	May 15, 2052	425.000,00	EUR
33	November 15, 2052	425.000,00	EUR
34	May 15, 2053	425.000,00	EUR
35	November 15, 2053	425.000,00	EUR
36	May 15, 2054	425.000,00	EUR
37	November 15, 2054	425.000,00	EUR
38	May 15, 2055	425.000,00	EUR
39	November 15, 2055	425.000,00	EUR
40	May 15, 2056	425.000,00	EUR

4.5 If a payment to be made in connection with this Agreement falls due on a date that is not a Banking Day, the Borrower must make such payment on the following Banking Day. If the following Banking Day falls within the next calendar month, such payment must be made on the last Banking Day of the current calendar month. A "**Banking Day**" means a day other than a Saturday or Sunday on which commercial banks in Frankfurt am Main, Federal Republic of Germany are open for general business.

4.6 If any repayment instalments are not at the disposal of KfW when due, KfW may increase the rate of interest on arrears to the base rate plus 3 % p.a. for the period beginning with the due date and ending at the date at which such repayments are credited to the account of KfW specified in Article 4.10. The "Base Rate" is the interest rate disclosed by the Deutsche Bundesbank as base rate at the rate applicable on the relevant due date. In the case of interest arrears, KfW may claim damages. Such damages shall not exceed the amount arrived at if interest were charged on such interest arrears at the base rate prevailing at the due date plus 3 % p.a.

4.7 Commitment fee, interest, and any charges on arrears pursuant to Article 4.6 shall be computed on the basis of a 360-day year and 30-day months.

4.8 Undisbursed or prematurely repaid Loan amounts shall be credited in equal proportions against all outstanding repayment instalments unless KfW at its own discretion determines a different offsetting mode in a particular case, especially in the case of amounts of lesser volume.

4.9 KfW shall be entitled to credit, at its discretion, payments received against payments due under this Agreement or under other loan agreements concluded between KfW and the Borrower.

4.10 The Borrower shall, under exclusion of any set-off of counterclaims against such payments, remit all payments under this Agreement in Euro to the following account:

Recipient:	KfW
SWIFT-BIC:	KFWIDEFF
IBAN:	DE94 5002 0400 3139 4059 82

5. Suspension of Disbursement and Early Repayment

5.1 Subject to the fulfilment of its obligations under Article 8, the Borrower may at any time

- a) cancel any Loan amounts not yet disbursed, and
- b) repay the Loan in whole or in part in advance of maturity.

5.2 KfW may not suspend disbursements unless

- a) the Borrower has failed to perform its obligations to KfW to make payments when due,
- b) obligations under this Agreement or under separate agreements pertaining to this Agreement have been violated,
- c) the Project-Executing Agency is unable to prove that the Loan amounts have been used for the stipulated purpose,
- d) the fulfilment of KfW's obligations under this Agreement violates applicable law, or
- e) extraordinary circumstances arise that preclude or seriously jeopardize the implementation, the operation, or the purpose of the Project, or the performance of the payment obligations assumed by the Borrower under this Agreement.

5.3 If any of the situations specified in Article 5.2 a), b), c) or d) has occurred and has not been eliminated within a period determined by KfW, which shall, however, be at least 30 days, KfW may,

- a) in the cases specified in Article 5.2 a), 5.2 b) or 5.2 d), demand the immediate repayment of all outstanding Loan amounts as well as the payment of all interest accrued and all other incidental charges;
- b) in the case specified in Article 5.2 c), demand the immediate repayment of such Loan amounts as the Project-Executing Agency is unable to prove to have been used for the stipulated purpose.

6. Costs and Public Charges

6.1 The Borrower shall make all payments to be effected under this Agreement without any deduction for taxes, other public charges or other costs. In the event that the Borrower is obligated by law or for other reasons to make any such deductions or withholdings on payments, the Borrower will increase its payments by such amount as necessary for KfW to receive in full the amounts due under this Agreement after deduction of taxes and charges.

6.2 The Borrower shall pay the transfer and conversion costs accruing in connection with the disbursement and repayment of the Loan.

6.3 The Borrower shall bear all taxes and other public charges accruing outside the Federal Republic of Germany in connection with the conclusion and execution of this Agreement.

7. Validity of this Agreement and Representation

7.1 KfW is obligated to make disbursements under this Agreement only if the following conditions precedent have been fulfilled in a manner satisfactory to KfW in form and substance:

- a) The Borrower will have demonstrated to the satisfaction of KfW, by presenting a legal opinion the content of which is essentially in conformity with the specimen in Annex 2 (*Form of Legal Opinion of the Legal Adviser to the Borrower*) hereof and by presenting certified copies (each with an official translation into the language of this Agreement) of all documents to which such legal opinion refers, that this Agreement is legally effective and enforceable, in particular, that the Borrower has met all requirements under its constitutional law and other applicable legal provisions for the valid assumption of all its obligations under this Agreement;
- b) KfW is in possession of an original of this Agreement and the Separate Agreement, each signed with legally binding force. The Minister of Finance and such persons as designated by him or her to KfW and authorized by specimen signatures authenticated by him or her shall represent the Borrower in the execution of this Agreement. The Chief Executive Officer and such persons as designated by him or her to KfW and authorized by specimen signatures authenticated by him or her shall represent the Project-Executing Agency in the execution of this Agreement. The powers of representation shall not expire until

their express revocation by the representative authorised at the time has been received by KfW.

7.3 Amendments or addenda to this Agreement and any notices and statements delivered by the contracting parties under this Agreement shall be in writing. Any such notice or statement shall have been received once it has arrived at the following address of the corresponding contracting party or at such other address of the corresponding contracting party as notified to the other contracting party:

For KfW:	KfW Postfach 11 11 41 60046 Frankfurt am Main Federal Republic of Germany Fax: +49 69 7431-2944
For the Borrower:	Ministry of Finance Government Building 2 S.Danzan Street 5/1 Ulaanbaatar, 15160 Mongolia
For the Project-Executing Agency:	National Power Transmission Grid State Owned Joint Stock company (NPTG) 17033 Chinggis avenue 45, Khan-Uul district Ulaanbaatar Mongolia

7.4 Amendments to this Agreement affecting only the legal relationship between KfW and the Borrower shall not require the approval of the Project-Executing Agency.

8. The Project

8.1 The Project-Executing Agency

- a) shall prepare, implement, operate and maintain the Project in conformity with sound financial and engineering practices, in compliance with environmental and social standards and substantially in accordance with the Project conception agreed upon between the Project-Executing Agency and KfW;

- b) shall assign the preparation and supervision of construction of the Project to independent, qualified consultants, and the implementation of the Project to qualified firms;
- c) shall at all times comply with the procurement provisions stipulated in the Separate Agreement including the respective procurement plan;
- d) shall maintain, or cause to be maintained, books and records unequivocally showing all costs of goods and services required for the Project and clearly identifying the goods and services financed;
- e) shall enable the representatives of KfW at any time to inspect said books and records and any and all other documentation relevant to the implementation and operation of the Project, and to visit the Project and all the installations related thereto;
- f) shall furnish to KfW any and all such information and reports on the Project and its further progress as KfW may request
- g) shall without delay forward to KfW any queries received by the Borrower from the OECD or its members under the so-called "**Agreement for Untied ODA Credits Transparency**" following the award of the contracts for the supplies and services to be financed from the Loan and shall coordinate the reply to any such query with KfW.

8.2 The Project-Executing Agency and KfW shall determine the details of Article 8.1 by the Separate Agreement.

8.3 The Borrower and the Project-Executing Agency

- a) shall ensure the full financing of the Project and, upon request, furnish to KfW evidence proving that the costs not paid from this Loan are covered and;
- b) shall of their own accord promptly inform KfW of any and all circumstances precluding or seriously jeopardizing the implementation, the operation or the purpose of the Project.

8.4 The Borrower shall assist the Project-Executing Agency in conformity with sound engineering and financial practices in the implementation of the Project and in the performance of the Project-Executing Agency's obligations under this Agreement and, in particular, grant the Project-Executing Agency any and all permissions necessary for the implementation of the Project.

8.5 For the transport of the goods to be financed from the Loan the provisions of the Agreements on Technical Cooperation, which are known to the Borrower, shall apply

9. Publication and Transfer of Project-related Information

9.1 To comply with internationally accepted principles of utmost transparency and efficiency in the development cooperation, KfW publishes selected information (including results of environmental and social categorization and assessment as well as ex post evaluation reports) about the Project and its financing during pre-contractual negotiations, while the Project-related agreement(s) is (are) being implemented and in the post-contractual stage (hereinafter referred to as the "**Entire Period**").

The information is published regularly on KfW's website for its business area "KfW Development Bank" (<http://transparenz.kfw-entwicklungsbank.de/>).

The publication of information (either by KfW or third parties in accordance with Article 9.3 below) about the Project and its financing does not include any contractual documentation or any sensitive financial or business-related detailed information about the parties involved in the Project or its financing, such as

- a) information about internal financial data;
- b) business strategies;
- c) internal corporate guidelines and reports;
- d) personal data of natural persons;
- e) KfW's internal rating of the parties' financial position.

9.2 KfW shares selected information about the Project and its financing during the Entire Period with the entities mentioned below, particularly to ensure transparency and efficiency:

- a) subsidiaries of KfW;
- b) the Federal Republic of Germany and its competent bodies, authorities, institutions, agencies or entities;
- c) other implementing organisations involved in German bilateral development cooperation, particularly the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH;
- d) international organisations involved in collecting statistical data and their members, especially the Organisation for Economic Cooperation and Development (OECD), the Paris Club and their respective members

(including, for the avoidance of doubt, the participants and observers of the Paris Club).

9.3 Furthermore, the Federal Republic of Germany has requested, KfW to share selected information about the Project and its financing throughout the Entire Period with the following entities, which publish the sections relevant to the purpose:

- a) Federal Republic of Germany for the purposes of the International Aid Transparency Initiative (<https://www.bmz.de/en/ministry/facts-figures/project-and-organisation-data>);
- b) Germany Trade & Invest (GTAI) for the purposes of market information (<https://www.gtai.de/gtai-de/trade>);
- c) OECD for the purpose of reporting financial flows in the framework of development cooperation (<https://data-explorer.oecd.org/>);
- d) German Institute for Development Evaluation (DEval) for the purposes of evaluating the overall German development cooperation to ensure transparency and efficiency (<http://www.deval.org/de/>).

9.4 KfW further reserves the right to transfer (including for the purposes of publication) information about the Project and its financing during the Entire Period to other third parties so as to safeguard legitimate interests.

The information is not transferred by KfW to other third parties if the legitimate interests of the Borrower and/or the Project-Executing Agency in the information not being transferred outweigh KfW's interests in it being transferred. The legitimate interests of the Borrower and/or the Project-Executing Agency particularly include the confidentiality of the sensitive information mentioned in Article 9.1, which is excluded from publication.

Furthermore, KfW is entitled to transfer information to third parties if this is necessary due to statutory or regulatory requirements or to assert or defend claims or other legal rights in court or administrative proceedings.

10. Miscellaneous Provisions

10.1 The Borrower undertakes to comply at all times with the obligations set out in Annex 1a (Compliance Covenants Borrower). The Project-Executing Agency undertakes to comply at all times with the obligations set out in Annex 1b (Compliance Covenants Project-Executing Agency).

10.2 If any of the provisions of this Agreement is invalid, all other provisions shall remain unaffected thereby. Any gap resulting therefrom shall be filled by a provision consistent with the purpose of this Agreement.

10.3 The Borrower and the Project-Executing Agency may not assign or transfer, pledge or mortgage any claims from this Agreement.

10.4 All claims of KfW under this Agreement expire after five years from the end of the year in which any such claim has accrued and in which KfW has become aware of the circumstances constituting such claim or could have become aware of them without gross negligence.

10.5 This Agreement shall be governed by the law of the Federal Republic of Germany. The place of performance shall be Frankfurt am Main.

10.6 All disputes arising out of or in connection with the present Agreement shall be settled exclusively and finally by an arbitration tribunal. In this regard, the following will apply:

- a) The arbitration tribunal will consist of one or three arbitrators who will be appointed and will act in accordance with the Arbitration Rules of the International Chamber of Commerce (ICC) applicable from time to time.
- b) The arbitration proceedings will be conducted in Frankfurt am Main. The proceedings will be held in the English language.

Done in 3 originals in the English language.

Frankfurt am Main,

Ulaanbaatar,

this

this

KfW

Mongolia

represented by the Ministry of Finance

National Power Transmission Grid State
Owned Stock Company

Annexes

Annex 1a: Compliance Covenants Borrower

Annex 1b: Compliance Covenants Project-Executing Agency

Annex 2: Form of Legal Opinion of the Legal Adviser to the Borrower

Annex 1a: Compliance Covenants Borrower**1. DEFINITIONS**

Coercive Practice: the impairing or harming, or threatening to impair or harm, directly or indirectly, any person or the property of the person with a view to influence improperly the actions of a person.

Collusive Practice: an arrangement between two or more persons designed to achieve an improper purpose, including to influence improperly the actions of another person.

Corrupt Practice: the promising, offering, giving, making, insisting on, receiving, accepting or soliciting, directly or indirectly, of any illegal payment or undue advantage of any nature, to or by any person, with the intention of influencing the actions of any person or causing any person to refrain from any action.

Fraudulent Practice: any action or omission, including misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a person to obtain a financial benefit or to avoid an obligation.

EU List: EU list of non-cooperative tax jurisdictions as defined and updated from time to time by the EU Commission including the associated Annex I and Annex II (for further details please see <https://www.consilium.europa.eu/de/policies/eu-list-of-non-cooperative-jurisdictions>). Annex I includes jurisdictions that are classified as non-cooperative and Annex II includes further jurisdictions ('Annex II Jurisdictions' or 'Committed Jurisdictions') that have taken sufficient commitments to address their identified deficiencies and as such have not been considered as non-cooperative for the time being.

Obstructive Practice: (i) deliberately destroying, falsifying, altering or concealing evidence material to the investigation or the making of false statements to investigators, in order to materially impede an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice, or threatening, harassing or intimidating any person to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) any act intended to materially impede the exercise of KfW's access to contractually required information in connection with an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice.

Person: any natural person, legal entity, partnership or unincorporated association.

Sanctionable Practice: any Coercive Practice, Collusive Practice, Corrupt Practice, Fraudulent Practice or Obstructive Practice (as such terms are defined herein), which (i) is unlawful under German or other applicable law, and (ii) which has, or potentially could have,

a material legal or reputational effect on this Agreement between the Borrower and KfW or its implementation.

Sanctions: the economic, financial or trade (including goods, technologies or services and financial assistance in connection therewith) sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctioning Body

Sanctioning Body: any of the United Nations Security Council, the European Union and the Federal Republic of Germany.

Sanctions List: any list of specially designated persons, groups or entities which are subject to Sanctions, as issued by any Sanctioning Body.

Tax Avoidance Practice: any act of taking advantage of the technicalities of a tax system and/or jurisdiction or of mismatches between two or more tax systems and/or jurisdictions without any sound business reasons except for the sole purpose of reducing tax liability.

2. INFORMATION UNDERTAKING

The Borrower shall

- a) promptly make available to KfW on demand all relevant "know your customer" or similar information about the Borrower as KfW may request;
- b) promptly furnish to KfW on demand all Project-related information and documents of the Borrower and its (sub)contracting and other related parties which KfW requires to fulfil its obligations to prevent any Sanctionable Practice, money laundering and/or terrorism financing as well as for the continuous monitoring of the business relationship with the Borrower which is necessary for this purpose;
- c) inform KfW, promptly and of its own accord, as soon as it becomes aware of or suspects any Sanctionable Practice, act of money laundering and/or terrorism financing related to the Project;
- d) furnish to KfW any and all such information and reports on the Project and its further progress as KfW may request for the purposes of this Annex;
- e) enable KfW and its agents at any time to inspect all other Project-related documentation of the Borrower and its (sub)contracting and other related parties, and to visit the Project and all installations related thereto for the purposes of this Annex;
- f) inform KfW, promptly and of its own accord, in case the Borrower intends to allocate funds provided by KfW to (sub)contracting and / or other related parties, which are located and/or registered in any country listed in non-cooperative jurisdictions as of EU List Annex I; and
- g) inform KfW, promptly and of its own accord, as soon as it becomes aware of or suspects any Tax Avoidance Practice related to the Project.

3. REPRESENTATION AND WARRANTY

- 3.1 With regard to German law or the law of the country of the Borrower, the Borrower represents and warrants that none of the Persons acting in relation to the Project on the Borrower's behalf has committed or is engaged in any Sanctionable Practice, money laundering, financing of terrorism or any Tax Avoidance Practice.
- 3.2 The representation and warranty set forth in this Article is made for the first time by execution of this Agreement. It will be deemed to be repeated upon each drawing of the Loan and on each interest payment date, in each case by reference to the circumstances prevailing at that date.

4. POSITIVE UNDERTAKINGS

The Borrower undertakes, as soon as the Borrower or KfW becomes aware of or suspects any Sanctionable Practice, act of money laundering, financing of terrorism or any Tax Avoidance Practice, to fully cooperate with KfW and its agents, in determining whether such compliance incident has occurred. In particular, the Borrower shall respond promptly and in reasonable detail to any notice from KfW and shall furnish documentary support for such response upon KfW's request.

5. NEGATIVE UNDERTAKINGS

The Borrower undertakes

- a) to ensure that in relation to the Project its activities will not give rise to any Sanctionable Practice, money laundering or financing of terrorism;
- b) not to enter into any transactions or engage directly or indirectly in any other activities in relation to the Project that would constitute a breach of Sanctions; and
- c) not to allocate funds provided by KfW to any Person located and/or registered in any jurisdiction maintained in Annex I of the EU List without prior consent of KfW and will not engage in any other activity that would constitute a Tax Avoidance Practice.

Annex 1b: Compliance Covenants Project-Executing Agency**1. DEFINITIONS**

Coercive Practice: the impairing or harming, or threatening to impair or harm, directly or indirectly, any person or the property of the person with a view to influence improperly the actions of a person.

Collusive Practice: an arrangement between two or more persons designed to achieve an improper purpose, including to influence improperly the actions of another person.

Corrupt Practice: the promising, offering, giving, making, insisting on, receiving, accepting or soliciting, directly or indirectly, of any illegal payment or undue advantage of any nature, to or by any person, with the intention of influencing the actions of any person or causing any person to refrain from any action.

Designated Categories of Offences: the following categories of offences as defined by the FATF Recommendations and the respective interpretative note: participation in an organised criminal group and racketeering; terrorism, including financing of terrorism; trafficking in human beings and migrant smuggling; sexual exploitation, including sexual exploitation of children; illicit trafficking in narcotic drugs and psychotropic substances; illicit arms trafficking; illicit trafficking in stolen and other goods; corruption and bribery; fraud; counterfeiting currency; counterfeiting and piracy of products; environmental crime; murder, grievous bodily injury; kidnapping, illegal restraint and hostage-taking; robbery or theft; smuggling (including in relation to customs and excise duties and taxes); tax crimes (related to direct taxes and indirect taxes); extortion; forgery; piracy; insider trading and market manipulation.

EU List: EU list of non-cooperative tax jurisdictions as defined and updated from time to time by the EU Commission including the associated Annex I and Annex II (for further details please see <https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions>). Annex I includes jurisdictions that are classified as non-cooperative and Annex II includes further jurisdictions ('Annex II Jurisdictions' or 'Committed Jurisdictions') that have taken sufficient commitments to address their identified deficiencies and as such have not been considered as non-cooperative for the time being.

FATF Recommendations: such recommendations as defined from time to time by the Financial Action Task Force (FATF). FATF is the inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and the financing of terrorism.

Fraudulent Practice: any action or omission, including misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a person to obtain a financial benefit or to avoid an obligation.

Illicit Origin: the origin of funds obtained through

- a) any offence listed in the Designated Categories of Offences;
- b) any Corrupt Practice;
- c) any Fraudulent Practice; or
- d) money laundering.

Obstructive Practice: (i) deliberately destroying, falsifying, altering or concealing evidence material to the investigation or the making of false statements to investigators, in order to materially impede an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice, or threatening, harassing or intimidating any person to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) any act intended to materially impede the exercise of KfW's access to contractually required information in connection with an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice.

Person: any natural person, legal entity, partnership or unincorporated association.

Sanctionable Practice: any Coercive Practice, Collusive Practice, Corrupt Practice, Fraudulent Practice or Obstructive Practice (as such terms are defined herein), which (i) is unlawful under German or other applicable law, and (ii) which has, or potentially could have, a material legal or reputational effect on this Agreement between the Project-Executing Agency and KfW or its implementation.

Sanctions: the economic, financial or trade (including goods, technologies or services and financial assistance in connection therewith) sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctioning Body

Sanctioning Body: any of the United Nations Security Council, the European Union and the Federal Republic of Germany.

Sanctions List: any list of specially designated persons, groups or entities which are subject to Sanctions, as issued by any Sanctioning Body.

Tax Avoidance Practice: any act of taking advantage of the technicalities of a tax system and/or jurisdiction or of mismatches between two or more tax systems and/or jurisdictions without any sound business reasons except for the sole purpose of reducing tax liability.

2. INFORMATION UNDERTAKING

The Project-Executing Agency shall

- a) promptly make available to KfW on demand all relevant "know your customer" or similar information about the Project-Executing Agency and any of its (direct and/or indirect shareholders, subsidiaries and or any other affiliates (if any), as KfW may request;
- b) promptly furnish to KfW on demand all Project-related information and documents of the Project-Executing Agency and its (sub)contracting and other related parties which KfW requires to fulfil its obligations to prevent any Sanctionable Practice, money laundering and/or terrorism financing as well as for the continuous monitoring of the business relationship with the Project-Executing Agency which is necessary for this purpose;
- c) inform KfW, promptly and of its own accord, as soon as it becomes aware of or suspects, any Sanctionable Practice, act of money laundering and/or terrorism financing by the Project-Executing Agency, any member of its management bodies or other governing bodies or any of its shareholders;
- d) furnish to KfW any and all such information and reports on the Project and its further progress as KfW may request for the purposes of this Annex;
- e) enable KfW and its agents at any time to inspect all other Project related documentation of the Project-Executing Agency and its (sub)contracting and other related parties, and to visit the Project and all installations related thereto for the purposes of this Annex.
- f) inform KfW, promptly and of its own accord, of any event which results in any of the Project-Executing Agency, any member of its management bodies or other governing bodies or any of its shareholders, being or becoming a specially designated national, blocked person or entity maintained on any Sanctions List.
- g) inform KfW, promptly and of its own accord, in case the Project-Executing Agency intends to allocate funds provided by KfW to (sub)contracting and / or other related parties, which are located and/or registered in any country listed in non cooperative jurisdictions as of EU List Annex I; and
- h) inform KfW, promptly and of its own accord, as soon as it becomes aware of or suspects, any Tax Avoidance Practice by the Project-Executing Agency, any member of its management bodies or other governing bodies or any of its shareholders.

3. REPRESENTATIONS AND WARRANTIES

- 3.1 With regard to German law or the law of the country of incorporation of the Project-Executing Agency, the Project-Executing Agency represents and warrants that the following is true and correct:
- a) In entering into and implementing this Agreement the Project-Executing Agency acts in its own name and for its own account.
 - b) To the best of its knowledge and only in relation to the shareholders known to the Project-Executing Agency pursuant to applicable stock market regulations, neither the Project-Executing Agency's equity nor the funds invested in the Project are of Illicit Origin.
 - c) None of the Project-Executing Agency, its affiliates, subsidiaries or any other Person acting on its or their behalf has committed or is engaged in any Sanctionable Practice, money laundering or financing of terrorism.
 - d) The Project-Executing Agency has not (i) entered into any business relationship with specially designated nationals, blocked persons or entities maintained on any Sanctions List; or (ii) engaged in any other activity that would constitute a breach of Sanctions.
 - e) The Project-Executing Agency is and has not been engaged in any activity that would constitute a Tax Avoidance Practice.
- 3.2 The representations and warranties set forth in this Article are made for the first time by execution of this Agreement. They will be deemed to be repeated upon each drawing of the Loan and on each interest payment date by reference to the circumstances prevailing at that date.

4. POSITIVE UNDERTAKINGS

The Project-Executing Agency undertakes

- a) to fully comply with anti-money laundering and terrorism financing standards in accordance with the FATF Recommendations, and implement, maintain and, if necessary, improve its internal standards and guidelines (including without limitation in relation to customer due diligence) appropriate to avoid any Sanctionable Practice, act of money laundering, financing of terrorism or any Tax Avoidance Practice; and
- b) as soon as the Project-Executing Agency or KfW becomes aware of or suspects any Sanctionable Practice, act of money laundering, financing of terrorism or any Tax Avoidance Practice, to fully cooperate with KfW and its agents, in determining whether such compliance incident has occurred. In particular, the Project-Executing Agency shall respond promptly and in reasonable detail to any notice from KfW and shall furnish documentary support for such response upon KfW's request.

5. NEGATIVE UNDERTAKINGS

The Project-Executing Agency undertakes

- a) to ensure that its equity and other funds it invests will not be of Illicit Origin;
- b) to ensure that its business will not give rise to any Sanctionable Practice, money laundering or financing of terrorism;
- c) not to enter into or continue any business relationship with specially designated nationals, blocked persons or entities maintained on any Sanctions List and not to engage directly or indirectly in any other activity that would constitute a breach of Sanctions; and
- d) not to allocate funds provided by KfW to any Person located and/or registered in any jurisdiction maintained in Annex I of the EU List without a prior consent of KfW and not to engage in any other activity that would constitute a Tax Avoidance Practice.

Annex 2: Form of Legal Opinion of the Legal Adviser to the Borrower

Note: Please amend "Republic of COUNTRY"/"COUNTRY" appropriately.

[Letterhead of Legal Adviser]

KfW
 Department [_____] _____
 Attn: [_____] (date)
 Palmengartenstrasse 5 - 9
 Postfach 11 11 41
 60325 Frankfurt am Main/Germany

Federal Republic of Germany

**Loan Agreement dated _____ and made between KfW and
 [_____] ("Borrower") for an amount not exceeding in aggregate
 EUR ___.000.000,--.**

Dear Sir or Madam,

I am [Minister of Justice of] [legal adviser to] [head of the legal department of the
 _____ (please specify ministry or other authority) of] the Republic of
 COUNTRY. I have acted in that capacity in connection with a loan agreement, dated _____
 (the "Loan Agreement"), and made between the Borrower and yourselves with respect to a
 loan to be granted by yourselves to the Borrower in an amount not exceeding in aggregate
 EUR ___.000.000,--.

1. Documents examined

I have examined:

- 1.1 an authentic signed original of the Loan Agreement;
- 1.2 the constitutional documents of the Borrower, in particular:
 - (a) the Constitution of the Republic of COUNTRY, dated _____, duly published in _____, No _____, page _____, as amended;
 - (b) Law(s) No _____ dated _____, duly published in _____, No _____, page _____, as amended [please insert here, if existing, laws (e.g. budget laws) concerning the borrowing of money by the Republic of COUNTRY];

- (c) _____ [please refer here to other documents, e.g. decrees or resolutions by governmental or administrative bodies of COUNTRY relating to the conclusion of loan agreements by COUNTRY in general or with regard to the conclusion of the Loan Agreement]; and
- (d) the Financial Cooperation Agreement (if applicable) between the Government of the Republic of COUNTRY and the Government of the Federal Republic of Germany dated _____ (the "Government Agreement")

and such other laws, regulations, certificates, records, registrations and documents as I have deemed necessary or desirable to examine. In addition, I have made such investigations as I have deemed necessary or desirable for the purpose of giving this opinion.

2. Opinion

For the purposes of Article _____ of the Loan Agreement, I am of the opinion that under the laws of the Republic of COUNTRY at the date hereof:

2.1 According to Article _____ of the Constitution / Article _____ of the law on _____ [please specify as appropriate] the Borrower is entitled to enter into the Loan Agreement and has taken all necessary action to authorise the execution, delivery and performance of the Loan Agreement, in particular by virtue of:

- (a) Law(s) No(s) _____ dated _____ of the parliament of the Republic of COUNTRY, ratifying the Loan Agreement / approving the execution, delivery and performance of the Loan Agreement by the Borrower / _____ [please insert as appropriate];
- (b) Resolution(s) No(s) _____ dated _____ of the Cabinet of Ministers / of the state loan committee / _____ [please insert governmental or administrative bodies of COUNTRY as appropriate];
- (c) _____ [please refer to other resolutions, decisions etc.].

2.2 Ms./Mr. _____ (and Ms./Mr. _____) is (are) duly authorised by _____ [e.g. by law due to her / his position (as Minister of _____ / as _____), by government resolution _____, by power of attorney of _____ dated _____, etc.] to sign solely / jointly the Loan Agreement on behalf of the Borrower. The Loan Agreement as signed by Ms./Mr. _____ (and Ms./Mr. _____) has been duly executed on behalf of the Borrower and constitutes legally binding obligations of the Borrower enforceable against it at law in accordance with its terms.

[Alternative 1 for Section 2.3, to be used if in addition to the documents specified in Section 2.1 and 2.2 certain official authorisations etc. must be obtained under the laws of the Republic of COUNTRY:]

2.3 For the execution and performance of the Loan Agreement by the Borrower (including without limitation the obtaining and transfer to KfW of all amounts due thereunder in the currencies specified therein), the following official approvals, authorisations, licenses, registrations and / or consents have been obtained and are in full force and effect:

- (a) Approval of the _____ [Central Bank / National Bank / _____], dated _____, No _____;
- (b) Consent of the _____ [Minister / Ministry of _____], dated _____, No _____; and
- (c) _____ [please list any other official authorisations, licenses and / or consents].

No other official authorisations, consents, licenses, registrations and / or approvals of any governmental authority or agency (including the Central / National Bank of the Republic of COUNTRY) or court are required or advisable in connection with the execution and performance of the Loan Agreement by the Borrower (including without limitation the obtaining and transfer to KfW of all amounts due thereunder in the currencies specified therein) and the validity and enforceability of the Borrower's obligations under the Loan Agreement.

[Alternative 2 for Section 2.3, to be used only if in addition to the documents specified in Section 2.1 and 2.2 no official authorisations etc. must be obtained under the laws of the Republic of COUNTRY:]

- 2.4 No official authorisations, consents, licenses, registrations and / or approvals of any governmental authority or agency (including the Central / National Bank of the Republic of COUNTRY) or court are required or advisable in connection with the execution and performance of the Loan Agreement by the Borrower (including without limitation the obtaining and transfer to KfW of all amounts due thereunder in the currencies specified therein) and the validity and enforceability of the Borrower's obligations under the Loan Agreement.
- 2.5 No stamp tax or similar tax or duty has to be paid in connection with the validity or enforceability of the Loan Agreement.
- 2.6 The choice of German law to govern the Loan Agreement and the submission to arbitration in accordance with Article _____ of the Loan Agreement are valid and binding. Arbitration awards against the Borrower will be recognised and enforceable in the Republic of COUNTRY according to the following rules: _____ [please insert applicable treaty (if any), e.g. the 1958 New York Convention, and / or the basic principles regarding recognition and enforcement of arbitration awards in COUNTRY].
- 2.7 The courts of the Republic of COUNTRY are at liberty to give judgment de-nominated in the currency or currencies specified in the Loan Agreement.
- 2.8 The borrowing by the Borrower under the Loan Agreement and the execution and performance by the Borrower of the Loan Agreement constitute private and commercial acts and not governmental or public acts. Neither the Borrower nor any of its property has any right of immunity from arbitration, suit, execution, attachment or other legal process.
- 2.9 The Government Agreement is in full force and effect under the constitution and laws of the Republic of COUNTRY. [Pursuant to Article 3. of the Government Agreement]

[If the Government Agreement has not entered into force or no Government Agreement is foreseen but a double-taxation agreement does exist] Pursuant to the _____ [please specify treaty or applicable laws and regulations] / the Borrower will not be required to make any deduction or withholding from any payment the Borrower has to make under the Loan Agreement and should any such deduction or withholding be subsequently imposed, the provisions of Article _____ of the Loan Agreement shall operate so as to require the Borrower to indemnify KfW accordingly.

- 2.10 KfW is not and will not be deemed to be resident, domiciled, carrying on business or be subject to taxation in the Republic of *COUNTRY* by reason only of the execution, performance or enforcement of the Loan Agreement. It is not necessary or advisable that KfW be licensed, qualified or otherwise entitled to carry on business or that KfW appoints agents or representatives in the Republic of *COUNTRY*.

Consequently, the obligations of the Borrower under the Loan Agreement constitute direct and unconditional, legal, valid and binding obligations of the Borrower which are enforceable against the Borrower in accordance with their respective terms.

This legal opinion is limited to the laws of the Republic of *COUNTRY*.

_____, _____
(Place) (Date)

[Signature]

Name: _____

Enclosures:

Note: Please attach certified photocopies of the documents and legal provisions referred to above (with respect to lengthy laws or the Constitution of the Republic of *COUNTRY*, a copy of the relevant provisions would be sufficient) and also provide KfW with an official English or German translation of each of the above documents unless such document is issued in English or German as an official language or unless KfW has indicated that another language is satisfactory.