AGREEMENT

BETWEEN
THE REPUBLIC OF AZERBAIJAN AND THE SLOVAK REPUBLIC
FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

The Slovak Republic and the Republic of Azerbaijan (hereinafter referred to as the "Contracting Parties");

PREAMBLE

INTENDING to create and maintain favorable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

RECOGNIZING the need to promote and protect investments and to support cooperation between investors and the Host State with the aim of fostering the economic prosperity and sustainable development of both Contracting Parties,

AIMING to ensure the balance between the interests of investors and the Host State,

AFFIRMING the mutual supportiveness of investment, environment, and labor policies in this respect,

REAFFIRMING their commitment to democratic principles and human rights enshrined in international documents and recognizing the significance of the rule of law for the development of international trade and economic cooperation,

DETERMINED to prevent and combat corruption, including bribery, in investments and to encourage investors to respect internationally recognized standards and principles of corporate social responsibility, such as the OECD Guidelines for Multinational Enterprises,

Have agreed as follows:

SECTION A — DEFINITIONS AND SCOPE

Article 1 - Definitions

For the purposes of this Agreement:

1. The term “enterprise” means any for profit entity constituted or organized under applicable legislation of the Contracting Parties, whether privately or governmentally owned or controlled, including a corporation, partnership, sole proprietorship, association, or similar organization.
2. The term “investment” means any kind of asset owned or controlled, directly or indirectly, by an investor of one Contracting Party in the territory of the other Contracting Party made in accordance with the national legislation of the latter Contracting Party, regardless of its adopted legal form or legal system under which it is constituted. For the purposes of this Agreement, an investment has the characteristics of an investment, such as, certain duration, contribution to the economic development of the Host State, commitment of capital or other resources, and the expectation of gain or profit or the assumption of risk. An investment may include:
    a. an enterprise;
    b. shares, stocks and other forms of equity participation in an enterprise;
    c. bonds, debentures, loans and other forms of debt;

d. an interest arising from:
    i. a concession conferred pursuant to the legislation of a Contracting Party or under a contract, including to search for, cultivate, extract or exploit natural resources;
    ii. a turnkey, construction, production or revenue-sharing contract; or
    iii. other similar contracts;
e. intellectual property rights;
f. any other tangible and intangible, movable and immovable property, and any related property rights, such as leases, mortgages, liens and pledges on real property;
g. claims to money or claims to performance under a contract having financial value.

For greater certainty:

a. returns that are invested shall be treated as investment;

b. any alteration of the form in which assets are invested or reinvested shall not affect their qualification as investments, provided that the form taken by the investment or reinvestment maintains its compliance with the definition of investment;

c. the investment does not include:

    i. claims to money that arise solely from commercial contracts for the sale of goods or services by a natural person or enterprise in the territory of a Contracting Party to a natural person or enterprise in the territory of the other Contracting Party;

    ii. the domestic financing of such contracts;

    iii. any order, judgment, or arbitral award related to subparagraph (i) or (ii);

    iv. futures, swaps, forwards, options, and other derivatives; or

    v. public debt operations.

3. The term "investor" means:
    a. a natural person who is a national of the Home State; a natural person who is a dual national shall be deemed to be exclusively a national of the State of his or her dominant and effective nationality; a natural person who is a citizen of one Contracting Party and a permanent resident of the other Contracting Party shall be deemed to be exclusively a national of the Contracting Party of his or her citizenship;
    b. an enterprise, other than a branch or a representative office, that is constituted or organized under the legislation of the Home State and has its seat, together with substantial business activities, in the territory of the Home State.
4. The term “territory” means:
    a. With respect to the Slovak Republic, the land, territory, internal waters and the airspace above them, over which it exercises its sovereignty, sovereign rights and jurisdiction in accordance with international law;

b. With respect to the Republic of Azerbaijan, the territory of the Republic of Azerbaijan and the waters, seabed and subsoil of the Caspian Sea and the airspace above them over which the Republic of Azerbaijan exercises its sovereignty, sovereign and exclusive rights, or jurisdiction in accordance with its national law and international law.

5. The term "Host State" means the Contracting Party in which the investment is located.
6. The term "Home State" means the Contracting Party that is the state of origin of the investor.
7. The term "returns" means all amounts yielded by, or derived from, an investment or reinvestment, including profits, dividends, capital gains, royalties, interest, payments in connection with intellectual property rights, payments in kind, and all other lawful income.
8. The term "ICSID Additional Facility Rules" means the Rules Governing the Additional Facility for the Administration of Proceedings by the Secretariat of the International Centre for Settlement of Investment Disputes.
9. The term "ICSID Convention" means the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, done at Washington, D.C., on March 18, 1965.
10. The term "disputing parties" means the claimant and the respondent.
11. The term "claimant" means an investor or alleged investor seeking a remedy for the alleged breach of the Agreement by the Host State under Section C.
12. The term "respondent" means the Contracting Party that is a party to proceedings under Section C.
13. The term "freely convertible currency" means a currency that can be freely exchanged against currencies that are widely traded in international foreign exchange markets and widely used in international transactions.

Article 2 - Scope

1. This Agreement applies to measures adopted or maintained by a Host State relating to investors and their investments.
2. This Agreement shall apply to investments in the territory of a Host State that have been made in accordance with its legislation by investors, whether such investments were made before or after entry into force of this Agreement.
3. This Agreement shall not apply to claims or disputes arising from events that occurred prior to its entry into force.
4. Nothing in this Agreement shall prevent a Contracting Party from exercising its rights and fulfilling its obligations deriving from its membership or participation in any existing or future free trade area, customs unions, economic union, regional economic integration agreement, or similar international agreement such as the European Union, or as to oblige a Contracting Party to extend to the investors of the other Contracting Party and to their investments, benefits of any treatment, preference or privilege by virtue of its membership or participation in such economic integration agreement. Consequently, the provisions of this Agreement may not be invoked or interpreted, neither in whole nor in part, in such a way as to invalidate, amend, or otherwise affect the obligations of the Slovak Republic arising from the Treaties on which the European Union is founded, as well as from the primary and secondary law of the European Union.
5. For greater certainty, a Contracting Party's decision not to issue, renew, or maintain a

subsidy

a. in the absence of any specific commitment under a law or contract to issue, renew, or maintain that subsidy; or

b. in accordance with any terms or conditions attached to the issuance, renewal or maintenance of the subsidy,

shall not constitute a breach of the provisions of this Agreement.

6. For greater certainty, the provisions of this Agreement shall not be construed as preventing a Contracting Party from discontinuing the granting of a subsidy or requesting its reimbursement, where such action has been ordered by a competent court, administrative tribunal or other competent authority, or as requiring that Contracting Party to compensate the investor therefor.

SECTION B - PROMOTION AND PROTECTION OF INVESTMENTS

Article 3 - Promotion of investments

1. Each Contracting Party shall in its territory promote, as far as possible, investments by investors of the other Contracting Party and admit such investments in accordance with its legislation.
2. The Contracting Parties recognize that it is inappropriate to weaken or reduce the level of protection provided by domestic health and safety regulations or standards with the sole intention of encouraging investment. Accordingly, a Contracting Party shall not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such laws, regulations, or standards in order to encourage investment of an investor from the other Contracting Party.

Article 4 - Transparency

1. Each Contracting Party shall promptly publish, or otherwise make publicly available, its laws, regulations, administrative procedures, administrative rulings and judicial decisions of general application, as well as international agreements that pertain to or affect the implementation and operation of this Agreement.
2. Each Contracting Party shall, upon request by the other Contracting Party, promptly respond to specific questions and provide the other Contracting Party with information on the matters set out in paragraph 1.
3. Paragraphs 1 and 2 shall not be construed as to oblige either Contracting Party to disclose any confidential information, the disclosure of which would impede law enforcement or otherwise be contrary to the public interest, or which would prejudice privacy or legitimate commercial interests.

Article 5 - Right to Regulate

1. The Contracting Parties reaffirm their right to regulate within their territories to achieve legitimate policy objectives, such as the protection of public health, social services, public education, safety, the environment, public morals, social or consumer protection, privacy and data protection, or the promotion and protection of cultural diversity.
2. For greater certainty, the mere fact that a Host State regulates, including through a

modification to its legislation, in a manner which negatively affects an investment or interferes with an investor's expectations, including its expectations of profits, does not amount to a breach of an obligation under this Section.

Article 6 - Standard of Treatment

1. Each Contracting Party shall accord to investments, and to investors with respect to their investments, fair and equitable treatment and full protection and security in accordance with paragraphs 2 to 5.
2. A breach of the obligation of fair and equitable treatment referenced in paragraph 1 may be found only where a measure or series of measures constitutes:
   a. denial of justice in criminal, civil or administrative proceedings;
   b. fundamental breach of due process, including a fundamental breach of transparency, in judicial and administrative proceedings;
   c. manifest arbitrariness;
   d. targeted discrimination on manifestly wrongful grounds, such as gender, race or religious belief; or
   e. abusive treatment of investors, such as coercion, duress and harassment.
3. When determining a breach of paragraph 2, a tribunal may take into account whether a Contracting Party made a specific representation, such as an official document adopted by or agreed with official authorities of the Host State to an investor to induce an investment that created legitimate expectations, upon which the investor relied in deciding to make or maintain the investment, but that the Contracting Party subsequently frustrated.
4. For greater certainty, “full protection and security” refers to the Contracting Party’s obligations relating to physical security of investors and investments.
5. For greater certainty, a breach of another provision of this Agreement, or of a separate international agreement, does not establish a breach of this Article.

Article 7 - National Treatment and Most Favored Nation Treatment

1. Each Contracting Party shall accord to investors of the other Contracting Party, and their investments, treatment no less favorable than that it accords, in like situations, to its own investors and their investments with respect to the management, conduct, operation, maintenance, use, enjoyment, expansion, and sale or other disposition of investments in its territory.

2. Each Contracting Party shall accord to investors of the other Contracting Party, and their investments, treatment no less favorable than that it accords, in like situations, to investors of any third state or to their investments with respect to the management, conduct, operation, maintenance, use, enjoyment, expansion, and sale or other disposition of investments in its territory.

3. For greater certainty, whether the treatment of an investment or an investor is accorded in “like situations” for the purposes of paragraphs 1 and 2 shall require a case-by-case, fact-based analysis and depends on the totality of the situations.

4. Paragraph 2 shall not be construed as obliging that Contracting Party to extend to investors

of the other Contracting Party or to their investments the benefit of any treatment resulting from that international agreement providing for recognition, including of the standards or criteria for the authorization, licensing, or certification of a natural person or enterprise to carry out an economic activity, or of prudential measures.

5. For greater certainty, the "treatment" referred to in paragraph 2 does not include procedures for the resolution of investment disputes between investors and states provided for in other international investment treaties. Substantive obligations in other international investment treaties and other trade agreements do not, in themselves, constitute "treatment" and thus cannot give rise to a breach of this Article, absent measures adopted or maintained by a Contracting Party pursuant to those obligations.

6. The provisions of paragraphs 1 and 2 of this Article shall not apply to:

   a. government procurement; or

   b. subsidies or grants provided by a Host State, including government-supported loans, guarantees and insurance.

7. For greater certainty, the “expansion” referred to in paragraphs 1 and 2 refers to existing investments and the increase of their current operations in the territory of the Host State.

Article 8 - Expropriation

1. A Contracting Party shall not nationalize or expropriate an investment, either directly or indirectly through measures having an effect equivalent to nationalization or expropriation ("expropriation"), except:
   a. for a public purpose;
   b. under due process of law;
   c. in a non-discriminatory manner; and
   d. on payment of prompt, adequate, and effective compensation.
2. The compensation referred to in paragraph 1 shall amount to the fair market value of the investment at the time immediately before the expropriation, or before the impending expropriation became publicly known or when the expropriation took place, whichever is earlier. Valuation criteria shall include going concern value, asset value including the declared tax value of tangible property, and other criteria as appropriate.
3. The compensation shall also include interest at a normal commercial rate established on market basis from the date of expropriation until the date of payment and shall, in order to be effective for the investor, be paid and made transferable, without delay, to the country designated by the investor and in the currency of the country of which the investor is a national, or in any freely convertible currency accepted by the investor.
4. The investor affected shall have a right, under the law of the expropriating Contracting Party, to prompt review of its claim and of the valuation of its investment, by a judicial or other independent authority of that Contracting Party, in accordance with the principles set out in this Article.
5. Expropriation may be direct or indirect:
   a. direct expropriation occurs when an investment is nationalized or otherwise directly expropriated through formal transfer of title or outright seizure; and

b. indirect expropriation occurs if a measure or series of measures of a Contracting Party has an effect equivalent to direct expropriation, in that it substantially deprives the investor of the fundamental attributes of property in its investment, including the right to use, enjoy and dispose of its investment, without formal transfer of title or outright seizure.

6. The determination of whether a measure or series of measures of a Contracting Party, in a specific fact situation, constitutes an indirect expropriation requires a case-by-case, fact-based inquiry that takes into consideration, among other factors:
   a. the economic impact of the measure or series of measures, although the sole fact that a measure or series of measures of a Contracting Party has an adverse effect on the economic value of an investment does not establish that an indirect expropriation has occurred;
   b. the duration of the measure or series of measures of a Contracting Party;
   c. the extent to which the measure or series of measures interferes with distinct, reasonable investment-backed expectations; and
   d. the character of the measure or series of measures, notably their object, context and intent.
7. For greater certainty, except in the rare circumstance when the impact of a measure or series of measures is so severe in light of its purpose that it appears manifestly excessive, non-discriminatory measures of a Contracting Party that are designed and applied to protect legitimate policy objectives, such as health, safety and the environment, do not constitute indirect expropriation.
8. This Article does not apply to the issuance of compulsory licenses granted in relation to intellectual property rights, to the extent that such issuance, as well as limitation, revocation, and creation, is consistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights in Annex 1C to the WTO Agreements ("TRIPS Agreement").
9. For greater certainty, the revocation, limitation, or creation of intellectual property rights, to the extent that these measures are consistent with the TRIPS Agreement, do not constitute expropriation.

Article 9 - Compensation for Losses

1. Investors of a Contracting Party whose investments suffer losses owing to war or other armed conflict, revolution, a state of national emergency, revolt, insurrection, riot, or any other similar event in the territory of the other Contracting Party shall be accorded by the latter Contracting Party, with respect to restitution, indemnification, compensation or other form of settlement, treatment no less favorable than that accorded by the latter Contracting Party to its own investors or to the investors of any third state, whichever is more favorable to the investor.
2. Without prejudice to paragraph 1 of this Article, investors of a Contracting Party who, in any of the situations referred to in that paragraph, suffer losses in the territory of the other Contracting Party resulting from:
   a. requisitioning of their investment or a part thereof by the latter's armed forces or authorities; or
   b. destruction of their investment or a part thereof by the latter's armed forces or authorities, which was not required by the necessity of the situation

shall be accorded prompt, adequate, and effective restitution or compensation by the other Contracting Party. The amount of such compensation shall be determined in accordance with the provisions of paragraph 2 of Article 8 (Expropriation), from the date of requisitioning or destruction until the date of actual payment.

Article 10 — Transfers

1. Each Contracting Party shall permit all transfers relating to an investment to be made without restriction or delay in a freely convertible currency and at the market rate of exchange applicable on the date of transfer. Such transfers include:

   a. contributions to capital, to maintain, develop, or increase the investment;

   b. profits, dividends, interest, capital gains, royalty payments, management fees, technical assistance and other fees, or other forms of returns or amounts derived from the investment;

   c. proceeds from the sale or liquidation of the whole or a part of the investment;

   d. payments made under a contract entered into by the investor or the investment, including payments made pursuant to a loan agreement;

   e. payments made pursuant to Articles 8 (Expropriation) and 9 (Compensation for Losses);

   f. earnings and other remuneration of foreign personnel working in connection with an investment; and

   g. payments of damages pursuant to an award issued under Section C.

2. Unless otherwise agreed with the investor, each Contracting Party shall ensure that the investor can make such transfers at the market rate of exchange applicable on the date of transfer pursuant to the exchange legislation in force of the Contracting Party in whose territory the investment was made.

3. Neither Contracting Party may require its investors to transfer, or penalize its investors for failing to transfer, the income, earnings, profits or other amounts derived from, or attributable to, their investments in the territory of the other Contracting Party.

4. Nothing in this Article shall be construed to prevent a Contracting Party from applying, in an equitable and non-discriminatory manner and not in a way that would constitute a disguised restriction on transfers, its legislation relating to:

   a. bankruptcy, insolvency, bank recovery and resolution, or the protection of the rights of creditors;

   b. issuing, trading, or dealing in financial instruments;

   c. criminal or penal offences, deceptive, or fraudulent practices;

   d. financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities;

e. ensuring compliance with orders or judgments in administrative or judicial proceedings;

f. compulsory contributions to social security, public retirement, and compulsory savings programs;

g. compliance with taxation legislation; or

h. ensuring combat against the legalization of criminally obtained funds or other property and the financing of terrorism.

Article 11 - Temporary Safeguard Measures

1. In exceptional circumstances of serious difficulties for the operation of the European Union´s economic and Monetary union, or threat thereof, the European Union may adopt or maintain safeguard measures with regard to transfers for a period not exceeding six months. Those measures shall be limited to the extent that is strictly necessary.

2. Where a Contracting Party experiences serious balance of payments difficulty or external financial difficulties, or threat thereof, it may adopt or maintain restrictive measures with regard to transfers.

3. The measures referred to in paragraph 2 shall:

   a. be consistent with the Articles of the Agreement of the International Monetary Fund, as applicable;

   b. not exceed those necessary to deal with difficulties addressed under the paragraph 2;

   c. be temporary and shall be phased out progressively as the situation specified in paragraph 2 improves;

   d. avoid unnecessary damage to the commercial, economic, and financial interests of the other Contracting Party;

   e. be non-discriminatory compared to third countries in like situations.

4. A Contracting Party maintaining or having adopted measures referred to in paragraph 3 of this Article shall promptly notify them to the other Contracting Party.

Article 12 - Denial of Benefits

1. A Contracting Party may deny the benefits of this Agreement to an investor of the other Contracting Party or to its investment:

   a. if such investor is controlled, directly or indirectly, by a natural person or enterprise of a non-Contracting Party, with which or as to which the denying Contracting Party does not maintain diplomatic relations; or

   b. if the denying Contracting Party adopts, implements, maintains, or enforces measures related to the maintenance of international peace and security, including the protection of human rights, which:

i. prohibit transactions with that investor or its investment; or

ii. would be violated or circumvented if the benefits of this Agreement were accorded to that investor or to its investment, including where the measures prohibit transactions with a natural person or enterprise who owns or controls either of them.

2. For greater certainty, 'owned' means that an investor directly or indirectly holds an ownership interest in an investment or in a company owning the investment, through shares, participations, debt instruments, or other rights that confer an economic interest in the investment.

3. For greater certainty, 'controlled' means that an investor has the authority or actual ability, directly or indirectly, to determine or influence decision-making regarding the investment or the company owning the investment. Control may arise from contractual rights, majority voting rights, the right to appoint management, or other legal or factual means that enable the investor to determine fundamental decisions relating to the investment.

4. For greater certainty, a Contracting Party may deny such benefits pursuant to this Article without any prior publicity or other additional formality related to its intention to exercise the right conferred by this Article.

Article 13 - Subrogation

1. If a Contracting Party, or an agency thereof, makes a payment under an indemnity, guarantee, or contract of insurance it has entered into in respect of an investment made by one of its investors in the territory of the other Contracting Party, the other Contracting Party shall recognize that the Contracting Party or its agency shall be entitled, in all circumstances, to the same rights as those of the investor in respect of the investment. Such rights may be exercised by the Contracting Party or an agency thereof, or by the investor if the Contracting Party or an agency thereof so authorizes.

2. The subrogated right or claim shall not be greater than the original right or claim of the said investor.

Article 14 - Prudential Measures

1. Nothing in this Agreement shall prevent a Contracting Party from adopting or maintaining measures for prudential reasons, including for:
   a. the protection of investors, depositors, policyholders, as well as persons to whom a fiduciary duty is owed by a financial service supplier;
   b. ensuring the integrity and stability of a Contracting Party's financial system.
2. Where such measures do not conform with this Agreement, they shall not be used as a means of avoiding the Contracting Party's obligations under this Agreement.
3. Nothing in this Agreement shall be construed as requiring a Contracting Party to disclose information relating to the affairs and accounts of individual customers or any confidential or proprietary information in the possession of public entities.

Article 15 - Taxation measures

1. Nothing in this Agreement shall affect the rights and obligations of either Contracting Party under any tax treaty. In the event of any inconsistency between this Agreement and any such treaty, that treaty shall prevail to the extent of the inconsistency. In the case of a tax treaty between the Contracting Parties, the competent authorities under that tax treaty shall have sole responsibility for determining whether any inconsistency exists between this Agreement and that tax treaty.
2. Article 7 (National Treatment and Most Favored Nation Treatment) and Article 10 (Transfers) shall not apply to an advantage accorded by a Contracting Party pursuant to a tax convention.

Article 16 - General Exceptions

1. Subject to the requirement that such measures are not applied in a manner that would constitute arbitrary or unjustifiable discrimination between investments or between investors, Articles 7 and 10 shall not be construed to prevent a Contracting Party from adopting or enforcing measures necessary:

   a. to protect public security or public morals or to maintain public order;

   b. to protect human, animal, or plant life or health;

   c. to ensure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, including those relating to:

      i. the prevention of deceptive and fraudulent practices or to deal with the effects of a default on contracts;

      ii. the protection of the privacy of individuals in relation to the processing and dissemination of personal data and the protection of confidentiality of individual records and accounts;

      iii. safety.

Article 17 - Essential Security

1. Nothing in this Agreement shall be construed:

   a. to require a Contracting Party to furnish or allow access to information if that Contracting Party determines that the disclosure of such information would be contrary to its essential security interests; or

   b. to prevent a Contracting Party from taking an action that it considers necessary to protect its essential security interests:

      i. connected to the production of or traffic in arms, ammunition and implements of war and to such traffic and transactions in other goods and materials, services and technology, and to economic activities, carried out directly or indirectly for the purpose of supplying a military or other security establishment;

      ii. taken in time of war or other emergency in international relations; or

iii. relating to fissionable and fusionable materials or the materials from which they are derived; or

c. to prevent a Contracting Party from taking any action in order to carry out its obligations under the Charter of the United Nations for the purpose of maintaining international peace and security.

Article 18 - Corporate Social Responsibility

1. The Contracting Parties recognize the important contribution of corporate social responsibility to strengthening the positive role of investment in sustainable growth, and in this way contributing to the objectives of this Agreement.

2. The Contracting Parties shall endeavor to encourage the uptake of responsible business conduct by companies and investors in line with internationally recognized principles and guidelines of corporate social responsibility, such as the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises.

3. The Contracting Parties agree to exchange information as well as best practices on issues covered by this Article, including possible ways to facilitate the uptake by enterprises and investors of corporate social responsibility or responsible business conduct.

Article 19 - Investment and Environment

1. The Contracting Parties recognise the right of each Contracting Party to determine its sustainable development policies and priorities, to establish its own standards of environmental protection, and to accordingly adopt or modify its environmental legislation, regulations or policies, which shall be consistent with each Contracting Party's commitments to internationally recognized standards and agreements on environmental protection.

2. A Contracting Party shall not weaken or reduce the level of protection afforded in its environmental legislation in order to encourage investment.

3. A Contracting Party shall not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such legislation in order to encourage investment in its territory.

4. Each Contracting Party is committed to effectively implementing the multilateral environmental agreements to which it is a party.

Article 20 - Investment and Climate Change

1. The Contracting Parties recognize the importance of taking urgent action to combat climate change and its impacts, and the role of investment in pursuing this objective, consistent with the United Nations Framework Convention on Climate Change ("UNFCCC"), the purpose and goals of the Paris Agreement adopted by the Conference of the Parties to the UNFCCC at its twenty-first session ("the Paris Agreement"), and with other Multilateral Environmental Agreements and multilateral instruments in the area of climate change.

2. Recognizing the importance of pursuing the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC) and the purpose and goals of the Paris Agreement in order to combat climate change and its impacts and committed to enhance the contribution of investment to climate change mitigation and adaptation, each Contracting Party shall:
   a. effectively implement the UNFCCC and the Paris Agreement adopted thereunder, including its commitments with regard to its Nationally Determined Contributions;
   b. promote investment relevant for climate change mitigation and adaptation, including investment concerning climate friendly goods and services, such as renewable energy, low-carbon technologies and energy efficient products and services, and by adopting policy frameworks conducive to deployment of climate-friendly technologies.
3. The Contracting Parties shall work together to strengthen their cooperation on investment-related aspects of climate change policies and measures bilaterally, regionally and in international fora, as appropriate.

Article 21 – Investment and Labor

1. The Contracting Parties recognize the right of each Contracting Party to determine its sustainable development policies and priorities, to establish its own labor standards, and to adopt or modify its labor legislation and regulations and/or policies, which shall be consistent with each Contracting Party's commitments to internationally recognized labor standards and agreements.
2. A Contracting Party shall not weaken or reduce the level of protection afforded in its labor legislation in order to encourage investment.
3. A Contracting Party shall not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such legislation in order to encourage investment in its territory.
4. Each Contracting Party, in accordance with its obligations assumed as a member of the International Labor Organization ("ILO"), and its commitments under the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, shall respect, promote and realize, in good faith and in accordance with the ILO Constitution, the principles concerning the fundamental rights which are the subject of the fundamental ILO Conventions.
5. Each Contracting Party shall effectively implement the ILO Conventions to which it is a party and to make sustained efforts towards ratifying, to the extent that it has not yet done so, the fundamental ILO Conventions and relevant Protocol.
6. Each Contracting Party is committed to promote investment policies that further the objectives of the Decent Work Agenda, in accordance with the 2008 ILO Declaration on Social Justice for a Fair Globalisation and the 2019 ILO Centenary Declaration for the Future of Work, including a human-centred approach to the future of work, adequate minimum wages, social protection and safety and health at work.

SECTION C — INVESTOR-STATE DISPUTE SETTLEMENT

Article 22 - Scope and general provisions

1. Under conditions set out in this Section the claimant may submit to the arbitration a claim that the respondent has breached an obligation under Section B of this Agreement where the claimant claims to have suffered damage as a result of the alleged breach.

2. The respondent consents to the settlement of the dispute with the claimant in the proceedings set out in this Section.

3. Claims may be submitted only to the extent the measure relates to the existing business operations of an investment and the investor has, as a result, incurred damage with respect to that investment.

4. For greater certainty, with respect to the damage alleged by the claimant and without prejudice to the alleged breach of this Agreement, the respondent may submit a counterclaim related to the investment that the claimant has contributed to the damage by its conduct or negligence or that it has not taken all reasonable steps to mitigate possible damages.

5. For greater certainty, the claimant may not submit a claim under this Section if the investment has been made through fraudulent misrepresentation, concealment, corruption, or conduct amounting to an abuse of process.

Article 23 - Consultations

1. A dispute should as far as possible be settled amicably through consultation which may include the use of non-binding, third-party procedures. Such a settlement may be agreed at any time, including after the claim has been submitted to arbitration pursuant to Article 25 (Submission of a Claim to Arbitration).

2. Disputing parties may settle amicably their disputes at any stage of the proceedings by mutual consent under this Section C, including the case when the arbitration has already been commenced.

3. With a view to settling the claim derived from its investment, the investor shall deliver to the Host State a written notice of its intention to submit a claim for arbitration (hereinafter referred to as the "request for consultations") at least 6 months before the claim is submitted.

4. A request for consultations must contain:

   a. the following information:

      i. the name and the seat of the claimant;

      ii. evidence establishing that the claimant is an investor of the other Contracting Party and that it owns or controls the investment;

      iii. shareholder structure of the claimant, identification of the ultimate beneficial owner of the investment in question;

iv. the provisions of this Agreement alleged to have been breached;

v. the legal and the factual basis for the claim, including the measures or treatment atissue; and

vi. the relief sought and the estimated amount of damages claimed;

b. evidence establishing that the claimant is an investor of the Home State pursuant to paragraph 6 of Article 1 (Definitions) of this Agreement which made an investment pursuant to paragraph 2 of Article 1 (Definitions) of this Agreement.

Article 24 - Consent of Each Contracting Party to Arbitration

1. In case that the disputing parties are not able to reach a settlement within the 6 months pursuant to Article 23 (Consultations) of this Agreement, each Contracting Party consents to the submission of a claim of breach of the obligations under Section B of this Agreement to arbitration in accordance with this Section C of this Agreement. A failure to meet preconditions set down in this Agreement nullifies this consent.

Article 25 - Submission of a Claim to Arbitration

1. If a dispute has not been resolved in 6 months after submission of request for consultations the claimant may submit the claim to arbitration:

a. under the ICSID Convention and the ICSID Rules of Procedure for Arbitration Proceedings, provided that both the Host State and Home State are parties to the ICSID Convention;

b. under the ICSID Additional Facility Rules, provided that either the Host State or the Home State is a party to the ICSID Convention;

c. under the UNCITRAL Arbitration Rules; or

d. if the claimant and the Host State agree, to any other arbitration institution or under any other arbitration rules.

In case of any conflict between the provisions of this Agreement and the provisions of applicable arbitration rules, the provisions of this Agreement shall prevail.

2. The claimant may only submit the claim to arbitration if, cumulatively

a. delivers to the respondent, with the submission of a claim;

i. its consent to the settlement of the dispute in the arbitration under conditions set out in this Section; for greater certainty the consent includes the counterclaim pursuant to paragraph 4 of Article 22 (Scope and general provisions);

ii. the name of the arbitrator that the claimant appoints; and

iii. any changes to the information provided by claimant in its request for consultations;

b. no more than 18 months elapsed from submission of request for consultations, unless the disputing parties agreed on longer period;

c. withdraws or discontinues any existing proceeding before a tribunal under domestic or international law with respect to a measure alleged to constitute a breach referred to in its claim; and

d. waives its right to initiate any claim or proceeding before a tribunal under domestic or international law with respect to a measure alleged to constitute a breach referred to in its claim.

Letters (c) and (d) above do not apply for injunctive, declaratory or other non-pecuniary legal remedy provided that the action is brought for the sole purpose of preserving the claimant's or the enterprise's rights and interests during the pendency of the arbitration.

Article 26 – Constitution of Arbitral Tribunal

1. Unless the claimant and respondent otherwise agree, the tribunal shall comprise three arbitrators, one arbitrator appointed by the claimant and another by the Host State and the third, who shall be the presiding arbitrator, shall be a national of a third country appointed by agreement of the claimant and the respondent.

2. If a tribunal has not been constituted within 90 days from the date that a claim is submitted to arbitration under this Section, the appointing authority, on the request of the claimant or the Host State, shall appoint, in his or her discretion, the arbitrator or arbitrators not yet appointed. The claimant and the Host State do not lose their right to appoint arbitrators according to paragraph 1 until the appointing authority does so.

3. Arbitrators appointed pursuant to this Article shall have demonstrated expertise in public international law. It is desirable that they have expertise in particular, in international investment law, in international trade law and the resolution of disputes arising under international investment or international trade agreements.

4. The Arbitrators shall be independent. They shall not be affiliated with any government or a disputing party. They shall not take instructions from any organization, government or disputing party with regard to matters related to the dispute. They shall not participate in the consideration of any disputes that would create a direct or indirect conflict of interest. They shall comply with the UNCITRAL Code of Conduct for Arbitrators in International Investment Dispute Resolution, as adopted by the United Nations Commission on International Trade Law on 7 July 2023. In addition, upon appointment, they shall refrain from acting as counsel or as party-appointed expert or witness in any pending or new investment dispute under this or any other international agreement.

Article 27 – Applicable law

1. When rendering its decision, the tribunal established under this Section shall apply this Agreement as interpreted in accordance with the Vienna Convention on the Law of Treaties, and other rules and principles of international law applicable between the Contracting Parties. For greater certainty, the domestic law of the Contracting Parties shall not constitute part of the applicable law. In case of the Slovak Republic, “domestic law” includes the law of the European Union.

2. The tribunal shall not have jurisdiction to determine the legality of a measure, alleged to constitute a breach of this Agreement, under the domestic law of a Contracting Party. For greater certainty, in determining the consistency of a measure with this Agreement, the tribunal may consider, as appropriate, the domestic law of a Contracting Party as a matter of fact. In doing so, the tribunal shall follow the prevailing interpretation given to the domestic law by the courts or authorities of that Contracting Party and any meaning given to domestic law by the tribunal shall not be binding upon the courts or the authorities of that Contracting Party.
3. Where serious concerns arise as regards matters of interpretation of a provision of the Agreement relevant for the dispute, the Contracting Parties may submit to the tribunal a joint interpretation of the respective provision which shall be binding on a tribunal. For greater certainty, the joint interpretation shall only interpret existing provision of the Agreement to be applied in a given dispute instead of creating a new rule.

Article 28 – Anti-circumvention

1. For greater certainty, the tribunal shall decline jurisdiction where the dispute had arisen, or was foreseeable on the basis of a high degree of probability, at the time when the claimant acquired ownership or control of the investment subject to the dispute and the tribunal determines, on the basis of the facts of the case, that the claimant has acquired ownership or control of the investment for the main purpose of submitting the claim under this Section. The possibility to decline jurisdiction in such circumstances is without prejudice to other jurisdictional objections which could be entertained by the tribunal.

Article 29 – Third-party funding

1. Where there is third-party funding, the disputing party benefiting from it shall disclose to the other disputing party and to the tribunal the name and address of the third-party funder.

2. The disclosure shall be made at the time of the submission of a claim, or, if the financing agreement is concluded or the donation or grant is made after the submission of a claim, without delay as soon as the agreement is concluded or the donation or grant is made.

3. A tribunal shall order security for costs if it considers that there is a reasonable doubt that the claimant funded by the third-party funder would not be capable of satisfying a costs award. If the security for costs is not posted in full within 60 days after the tribunal's order or within any other time period set by the tribunal, the tribunal shall discontinue the proceedings.

Article 30 - Place of Arbitration

1. The disputing parties may agree on the place of any arbitration under the arbitral rules applicable under paragraph 1 subparagraphs a), b), c), and d) of Article 25 (Submission of a Claim to Arbitration). If the disputing parties fail to reach agreement, the tribunal shall determine the place, which shall be in the territory of a state that is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, provided both Contracting Parties are signatories of this Convention.

Article 31 - Preliminary Objections

1. Any objection that the dispute or any ancillary claim is not within the jurisdiction or competence of the tribunal shall be made as early as possible. A disputing party shall file the objection with the tribunal before expiration of the time limit fixed for the filing of the counter-memorial, or, if the objection relates to an ancillary claim, for the filing of the rejoinder, unless the facts on which the objection is based are unknown to the disputing party at that time.

2. The tribunal may, on its own initiative consider, at any stage of the proceeding, whether the dispute or any ancillary claim before it is within the jurisdiction and its own competence.

3. Upon the formal raising of an objection relating to the dispute, the tribunal shall decide to suspend the proceeding on the merits. The presiding arbitrator of the tribunal, after consultation with its other members, shall fix a time limit within which the disputing parties may file observations on the objection.

4. Unless the disputing parties have agreed to another expedited procedure for making preliminary objections, a disputing party may, no later than 30 days after constitution of the tribunal, and in any event before the first session of the tribunal, file an objection that a claim is manifestly without legal merit. The disputing party shall specify as precisely as possible the basis for the objection. The tribunal, after giving the disputing parties the opportunity to present their observations on the objection, shall, at its first session or promptly thereafter, notify the disputing parties of its decision on the objection. The decision of the tribunal shall be without prejudice to the right of a disputing party to file an objection pursuant to paragraph 1 of this Article or to object, in the course of the proceeding, that a claim lacks legal merit.

5. For avoidance of any doubt the tribunal shall dismiss the claimant's claim upon an objection under this Article submitted by the Host State in the following events, if:

    a. the claimant has challenged in its claim a measure of a Host State which has not yet been adopted;

    b. the claimant has challenged the legislative procedure of a measure of Host State;

    c. the claim of a claimant relating to the measure underlying the claim under this Agreement has been already resolved via other legal remedies;

    d. the claimant has failed to fulfill the condition pursuant to paragraph 2, subparagraph c) and d) of Article 25 (Submission of a Claim to Arbitration).

6. If the tribunal decides that the dispute is not within its jurisdiction or its own competence, or that all claims are manifestly without legal merit, it shall render an award to that effect, and dismiss the claim.

Article 32 - Claims unfounded as a matter of law

1. Without prejudice to the tribunal's authority to address other objections as a preliminary question or to a respondent's right to raise any such objections at an appropriate time, the tribunal shall address and decide as a preliminary question any objection by the respondent that, as a matter of law, a claim, or any part thereof, submitted pursuant to Article 25

(Submission of a Claim to Arbitration). is not a claim for which an award in favour of the claimant may be made under this Section, even if the facts alleged were assumed to be true.

2. An objection under paragraph 1 shall be submitted to the tribunal no later than the date the tribunal fixes for the respondent to submit its counter-memorial.

3. On receipt of an objection under paragraph 1, the tribunal shall suspend any proceedings on the merits, establish a schedule for considering the objection consistent with any schedule it has established for considering any other preliminary question, and issue a decision or award on the objection stating the grounds therefor.

Article 33 - Discontinuance

1. If, following the submission of a claim to arbitration under Article 25 (Submission of a Claim to Arbitration), the claimant fails to take any steps in the proceeding during 180 consecutive days or such period as the disputing parties may agree, the investor is deemed to have withdrawn its claim and to have discontinued the proceeding. The tribunal shall, at the request of the respondent, and after notice to the disputing parties, by order take note of the discontinuance. After the order has been rendered, the authority of the tribunal shall lapse.

Article 34 - Awards

1. An award rendered by the tribunal shall be binding only between the disputing parties in respect of the particular case.

2. An award rendered by the tribunal shall be made public upon the mutual consent of both disputing parties.

3. In case of submitting a claim under the paragraph 1, subparagraphs a) and b) of Article 25 (Submission of a Claim to Arbitration). of this Agreement, any award shall be rendered under articles 48 to 55 of the ICSID Convention.

4. Monetary damages shall not be greater than the loss suffered by the claimant by the breach of the Agreement by the respondent reduced by any prior damages or compensation already provided. For the calculation of monetary damages, the tribunal shall also reduce the damages to take into account any restitution of property or repeal or modification of the measure

5. Where a tribunal makes a final award against respondent or against claimant in the light of a defence, counterclaim, right of set off or other similar claim pursuant to Section C of this Agreement, the tribunal may award, separately or in combination, only:

   a. monetary damages and any applicable interest or, if possible restitution of property; and

   b. any costs of the arbitration proceedings and attorneys' fees in accordance with this Agreement and the applicable arbitration rules.

   For greater certainty, the tribunal shall not award punitive damages.

6. In case of an award concerning expropriation or nationalization, any delay of compensation shall be subject to interest as per paragraph 3 of Article 8 (Expropriation) of this

Agreement.

7. The tribunal shall order that the costs of the proceedings and other reasonable costs, including costs of legal representation and assistance, be borne by the unsuccessful disputing party. In exceptional circumstances, the tribunal may apportion costs between the disputing parties if it determines that apportionment is appropriate in the circumstances of the claim. If only parts of the claims have been successful the costs shall be adjusted, proportionately, to the number or extent of the successful parts of the claims.

8. The tribunal may order security for costs if it considers that there is a reasonable doubt that claimant would be not capable of satisfying a costs award or consider it necessary from other reasons.

Article 35 - Enforcement of Awards

1. Subject to paragraph 2, a disputing party shall recognize and comply with an award without delay.

2. A disputing party shall not seek enforcement of a final award until:

   a. in the case of a final award issued under the ICSID Convention:

      i. 120 days have elapsed from the date the award was rendered and no disputing party has requested revision or annulment of the award; or

      ii. enforcement of the award has been stayed and revision or annulment proceedings have been completed;

   b. in the case of a final award under the ICSID Additional Facility Rules, the UNCITRAL Arbitration Rules, or any other rules applicable pursuant to paragraph 1 d) of Article 25 (Submission of a Claim to Arbitration):

      i. 90 days have elapsed from the date the award was rendered and no disputing party has commenced a proceeding to revise, set aside or annul the award; or

      ii. enforcement of the award has been stayed and a court has dismissed or allowed an application to revise, set aside or annul the award and there is no further appeal.

3. Execution of the award shall be governed by the laws and regulations concerning the execution of judgments or awards in force where the execution is sought.

4. A final award issued pursuant to this Section is an arbitral award that is deemed to relate to claims arising out of a commercial relationship or transaction for the purposes of Article I of the New York Convention.

Article 36 - Transparency Rules

1. The UNCITRAL Rules on Transparency in Treaty-based investor-State Arbitration, as adopted by the United Nations Commission on International Trade Law on 11 July 2013 shall apply to international arbitration proceedings initiated pursuant to this Agreement.

2. Nothing in this Agreement or the applicable arbitration rules shall prevent the exchange of information relating to a dispute between the European Union and the Slovak Republic or vice versa.

3. Delivery of any notice and other documents under this Section C to the respondent shall be made to the place named for the respondent below:

   a. for the Slovak Republic to the Ministry of Finance of the Slovak Republic;

   b. for the Republic of Azerbaijan to the Ministry of Economy of the Republic of Azerbaijan.

Article 37 - Multilateral Dispute Settlement Mechanism

1. The Contracting Parties shall pursue with each other and other interested trading partners the establishment of a permanent multilateral investment court which includes an appellate mechanism.
2. Upon the entry into force between Contracting Parties of an international agreement providing for such a multilateral investment court, the relevant parts of this Agreement shall cease to apply.

SECTION D
SETTLEMENTS OF DISPUTES BETWEEN THE CONTRACTING PARTIES

Article 38 - Settlements of Disputes between the Contracting Parties

1. Any dispute between the Contracting Parties concerning interpretation or application of this Agreement, that is not resolved through consultations or other diplomatic channels within 210 days shall be submitted on the request of either Contracting Party to arbitration for a binding decision or award by the tribunal in accordance with applicable rules of international law. Unless the Contracting Parties agree otherwise, the tribunal shall determine its own procedure.
2. Unless the Contracting Parties otherwise agree, the tribunal shall comprise three arbitrators, one arbitrator appointed by each Contracting Party and the third, who shall be the presiding arbitrator, appointed by agreement of the Contracting Parties. If the tribunal has not been constituted within 75 days from the date that a claim is submitted to arbitration under this Section, a request may be made by either Contracting Party to the President of the International Court of Justice to make the appointments. If the President is a national of either Contracting Party, or if he is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the appointments. If the Vice-President also happens to be a national of either Contracting Party or is prevented from discharging the said function, the member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the appointments.
3. Expenses incurred by the arbitrators, and other costs of the proceedings, shall be paid for equally by the Contracting Parties. However, the tribunal may, in its discretion, direct that a higher proportion of the costs be paid by one of the Contracting Parties.
4. Article 23 (Consultations) shall apply mutatis mutandis to arbitrations under this Article.

SECTION E — FINAL PROVISIONS

Article 39 - Entry into Force, Duration and Termination

1. This Agreement shall enter into force on the sixtieth (60) day following the date of receipt by the Contracting Parties of the last written notification through diplomatic channels confirming the completion of their respective internal procedures required for the entry into force of this Agreement.

2. This Agreement shall remain in force for a period of 10 years. Thereafter it shall continue in force until expiration of 12 months from the date on which either Contracting Party shall have given notice of termination through diplomatic channels to the other Contracting Party.

3. In respect of investments made prior to the date of the termination of this Agreement the provisions of Articles 1 to 39 shall continue to be effective for a period of 10 years from thedate of its termination, unless the Contracting Parties agree otherwise.

The Annex to this Agreement shall form an integral part of this Agreement and shall have the same binding effect as the Agreement.

IN WITNESS WHEREOF, the undersigned duly authorized thereto, have signed this Agreement.

DONE in duplicate at____on the day of _____ in the Slovak, Azerbaijani, and English languages, all texts being equally authentic. In the case of any divergence of interpretation, the English text shall prevail.

For the Slovak Republic **For the Republic of Azerbaijan**