



### 1. Philosophy of the program

The gas sector is one of the main components of the energy industry in the Czech Republic. No other source of energy offers as broad a range of applications and as solid guarantees as natural gas. Not only is natural gas the most environmentally friendly of all non-renewable resources, but the Czech Republic has created excellent conditions that guarantee a high degree of security and reliability of supply. In this regard, an essential role is played by the diversification of transport routes.

NET4GAS, s.r.o. ("N4G") is the holder of an exclusive license for the transmission of natural gas in the Czech Republic. N4G operates pipelines with a total length of more than 3,800 km.

As a leading energy corporation, N4G strives to maintain good neighborly relations in regions where it conducts its business. One form of providing support and establishing partnerships is the **grant program**. The program mainly targets nonprofit organizations and municipalities in regions impacted by N4G's business operations, where consideration is given to the degree of impact. The grant program is one of the activities carried out as part of N4G's focus on corporate social responsibility (CSR) and neighborliness.

The decision to establish the grant program was made at a meeting of the Executive Directors held on February 6, 2008.

These grant program rules ("Grant Rules") lay down the conditions and procedures that N4G follows in awarding grants aimed at supporting the execution of specific projects in the targeted areas ("grants"). This version of the Grant Rules entered into effect on August 3, 2017.

### 2. Purpose of Grants

N4G disburses grants to support projects in the following areas:

- a) Nature Conservation and Environmental Protection = NET4GAS Closer to Nature
- b) Education, Training, Research = NET4GAS Closer to Knowledge
- c) Community Development = NET4GAS Closer to Regions

### 3. Grant Applicants

A grant application may be filed by nonprofit organizations or municipalities related to localities impacted by N4G's business operations (any applicant for a grant based on these Grant Rules is referred to as an "applicant"). Natural persons, political parties and business corporations are not eligible to apply for a grant under the N4G grant program.

### 4. Announcement of Grant Program and Requirements for Awarding of Grant

4.1 N4G issues invitations for proposals under the grant program on its website at [www.net4gas.cz](http://www.net4gas.cz).

An invitation for proposals under the grant program does not constitute the issuance of a public call for tenders as per Sections 1772 through 1779 of the Civil Code, a public offer as per Sections 1780 through 1784 of the Civil Code, nor a public commitment as per Sections 2884 through 2889 of the Civil Code.

4.2 To be eligible to receive a grant from N4G, an applicant must demonstrate a sufficient amount of own funds for the execution of the relevant project, where the applicant's contribution must



amount to no less than 50% of the total value of the project. N4G may request documents demonstrating the applicant's eligibility. Assessing the adequacy of the applicant's funds is fully at N4G's discretion.

- 4.3 In any given year, an applicant may apply for a grant for one project only. In the event that a grant application is rejected as per Paragraph 6.1, the application is disregarded for the purposes of this Paragraph 4.3, and the applicant may file another grant application in the given year.
- 4.4 Recipients of a grant must allow N4G to carry out effective checks regarding the use of the grant for the applicable project and purpose.
- 4.5 N4G reserves the right to disregard the conditions laid down in Paragraphs 4.2 and 4.3 of this article in cases meriting special attention.

## **5. Grant Application**

- 5.1 A grant application must be made using the form "Application for Grant under NET4GAS Grant Program", which is available on the [www.net4gas.cz](http://www.net4gas.cz) website. With the exception of the "Affirmation" section, where a scan of the statutory person's signature is required, the form must be sent in the MS Word .doc /.docx format. N4G will not take into account applications filed using any other means.
- 5.2 An applicant must send a filled-out application form by electronic mail to [grant@net4gas.cz](mailto:grant@net4gas.cz) or by regular mail to N4G's mailing address at any time during the year. An assigned N4G employee has been assigned for receipt of grant applications.
- 5.3 Together with a grant application, the applicant must submit a copy of a document substantiating the applicant's existence (articles of association, extract from the applicable registry – this requirement does not apply if the applicant is a municipality), a statement issued by the applicant's bank certifying the maintenance of the applicant's bank account, the name of the person or persons signing the form (and the grant agreement, if applicable), and a document showing the person's or persons' appointment to office.

## **6. Evaluation of Grant Applications**

- 6.1 An assigned N4G employee verifies the completeness of grant applications. Incomplete applications are rejected without further examination.
- 6.2 The assigned employee subsequently evaluates the extent to which grant applications meet the objectives of the program, mainly in terms of the following five criteria: locality, purpose of the grant, details of the project, persons affected by the project, and ratio of costs vs. benefits. Grant applications that fail to correspond to the announced purpose of the program are rejected without further consideration.
- 6.3 N4G notifies applicants whose applications are rejected in writing, usually no later than 30 days after rejection. The notice specifies whether the application has been rejected from further assessment due to formal (incompleteness) or factual reasons (absence of correlation to the purpose of the program), and states that no grant will be awarded. The aforementioned notice is final. No other information is provided to applicants, and documents submitted by applicants are not returned.



6.4 Applications that are formally complete and conform to the announced purpose of the program are submitted by the assigned employee to the Grant Committee, together with an assessment of the degree to which they meet the criteria of the program.

## **7. Grant Award Decision**

7.1 There is no legal entitlement to receive a grant.

7.2 The awarding of a grant is decided by the N4G Grant Committee, usually twice a year or on extraordinary occasions.

7.3 The Grant Committee evaluates every grant application received in accordance with Paragraph 6.4, where particular attention is paid to the content, and makes a decision to award a grant or to reject the application. A decision to award a grant also includes the exact specification of the amount of the grant and the purpose for which it is to be used.

7.4 The Grant Committee may demand that the applicant secure funding using its own or third-party resources to an extent greater than specified in Paragraph 4.2. In such a case, the decision on the awarding or non-awarding of a grant is deferred until the applicant complies with the request; if the applicant fails to do so by the deadline set by the Grant Committee, the Grant Committee makes a discretionary decision regarding the application.

7.5 A decision made by the Grant Committee is final and may not be appealed.

7.6 Documents submitted for the grant assessment procedure are not returned to applicants.

7.7 A decision to award a grant is an internal act of N4G only, and does not establish a right or obligation on the part of any party whatsoever. The applicant's right to receive a grant only originates under the grant agreement, and can be exercised in accordance with the terms and conditions laid down thereunder.

## **8. Grant Agreement**

8.1 N4G enters into a grant agreement with applicants whose projects have been approved, based on which a grant is disbursed. Grants are disbursed by the transfer of funds to the applicant's bank account.

8.2 The grant agreement lays down the following, in particular:

- a) the purpose for which the grant is awarded,
- b) the amount of the grant,
- c) the applicant's duty to demonstrate the drawdown of the grant by the prescribed deadline,
- d) the deadline by which grant drawdown must be demonstrated,
- e) the applicant's duty to allow N4G to verify the use of the grant by examining the applicant's documents or using another appropriate method, and
- f) the applicant's duty to return the grant if it is not used in accordance with the purpose for which it was awarded, or if the applicant refuses to demonstrate the use of the grant in a provable manner, or if the applicant fails to allow N4G to examine the use of the grant.

8.3 A grant is awarded strictly for a specific purpose, and the drawdown thereof is reserved for the financing of the project for which the grant is disbursed.



8.4 If an applicant refuses to sign a grant agreement by the deadline set by N4G, which amounts to a minimum of one month, the decision on the awarding of the grant expires with no further consideration, and N4G will use the allocated funds in another manner.

## **9. Evidence of Use of Grant**

9.1 The applicant must demonstrate to N4G that the grant has been used at the time specified in the agreement. The use of the grant must be demonstrated using the form "Final Report on Evidence of Use of Grant", which is available on the [www.net4gas.cz](http://www.net4gas.cz) website. In particular, the applicant must demonstrate that all disbursed funds have been used for the relevant project by providing an overview and copies of accounting documents (invoices + bank account statements, receipts for cash payments, etc.) and, where applicable, other documents demonstrating the use of the grant, as may be requested by N4G.

9.2 The dates of documents enclosed with the Final Report on Evidence of Use of Grant must not be older than the date on which the project was approved by the N4G Grant Committee or, if applicable, the year in which the grant was disbursed, unless otherwise decided by the Grant Committee in approving the grant application.

## **10. Monitoring of Use of Grant**

10.1 N4G has the right to carry out ongoing checks of the use of the grant, and the applicant must allow the conduct of such checks.

10.2 An applicant who fails to allow the conduct of ongoing checks must return the grant at N4G's request.

10.3 An applicant who fails to meet the objectives of the project, i.e. fails to fulfill the purpose for which the grant was awarded, must return the grant to N4G.

## **11. Miscellaneous Provisions**

11.1 Amendments to the Grant Rules are approved by the Executive Directors of N4G based on a proposal of the assigned N4G employee.

11.2 By filing a grant application, the applicant accepts these Grant Rules.

11.3 N4G may suspend or revoke these Grant Rules at any time. In such a case, N4G will inform the public exclusively through its website at [www.net4gas.cz](http://www.net4gas.cz).

11.4 These Grant Rules are published in Czech and English versions. The Czech version is to take precedence; the English version is an informal translation only.