AGREEMENT

BETWEEN THE GOVERNMENT OF THE KINGDOM OF BAHRAIN

AND THE GOVERNMENT OF HUNGARY

FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

The Government of the Kingdom of Bahrain and the Government of Hungary (hereinafter individually referred to as "Contracting Party" and together as "Contracting Parties"),

Desiring to intensify economic cooperation to the mutual benefit of both Contracting Parties,

Intending to create and maintain favourable conditions for investments of investors of one Contracting Party in the territory of the other Contracting Party, and

Seeking to ensure that investments are consistent with the protection of health, safety and the environment, labour rights, and corporate social responsibility;

Desiring to promote investments that contribute to the sustainable development of the Contracting Parties;

Aiming to secure an overall balance of rights and obligations between investors and the host state;

Being conscious that the promotion and reciprocal protection of investments, according to the present Agreement, stimulates the business environment of the Contracting Parties,

Have agreed as follows:

Article 1
Definitions

For the purposes of this Agreement:

1. The term "investment" means every kind of asset owned or controlled, directly or indirectly, by an investor of a Contracting Party, that is made in the territory of the other Contracting Party in accordance with the applicable laws and regulations of the other Contracting Party, and that has the characteristics of an investment including such characteristics as a certain duration, the commitment of capital or other resources, the assumption of risk or the expectation of gain or profit. Forms that an investment may take include:

   a. an enterprise;

   b. shares, stocks and other forms of equity participation in an enterprise;

   c. bonds, debentures, loans and other financial instruments of an enterprise;

   d. claims to money or to any performance under contract having an economic value associated with an investment;

   e. rights under contracts, including turnkey, construction, management, production or revenue-sharing contracts;

   f. intellectual property rights, as referred to in the Agreement on Trade-Related Aspects of Intellectual Property Rights in Annex 1C to the Marrakesh Agreement establishing the World Trade Organisation ("TRIPS Agreement") and similar international agreements to which both Contracting Parties are parties, as well as intellectual and industrial property rights, including copyrights, trademarks, patents, designs, rights of breeders, technical processes, know-how, trade secrets, geographical indications, trade names and goodwill associated with an investment;

   g. any right conferred by law or under contract and any licenses and permits pursuant to law, including the concessions to search for, extract, cultivate or exploit natural resources;

   h. reinvested returns;

   i. any other movable and immovable, tangible or intangible property, as well as any other rights in rem such as mortgages, liens, pledges and similar rights.

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.

2. For greater certainty:

   a. "claims to money" does not include claims to money that arise solely from commercial transactions for the sale of goods or services by a natural person or an enterprise in the territory of a Contracting Party to a natural person or an enterprise in the territory of the other Contracting Party, or the extension of credit in relation to such transactions; and

b. an order or judgment entered in a judicial or administrative action or an arbitral award shall not in itself constitute an investment.

3. The term "enterprise" shall include a branch of an enterprise, which is a branch located in the territory of either Contracting Party and carrying out business activities therein. A branch of an enterprise of a non-Contracting Party, which is located in the territory of either Contracting Party, shall not be deemed an investment of that Contracting Party.

4. The term "investor" shall mean any natural or legal person of a Contracting Party that has made an investment in the territory of the other Contracting Party.

a. The term "natural person" shall mean any individual having the citizenship of either Contracting Party in accordance with its laws.

b. The term "legal person" shall mean with respect to either Contracting Party, any legal entity incorporated or constituted in accordance with its laws, having its central administration or principal place of business in the territory of a Contracting Party, that has made an investment in the territory of the other Contracting Party.

5. The term "returns" shall mean any amounts yielded by or derived from an investment or reinvestment, including profits, dividends, capital gains, royalties, income from debt claims. revenues from intellectual property rights, returns in kind and other lawful income.

6. The term "territory" shall mean:

a. in the case of Bahrain, the territory, as well as the maritime areas, seabed, subsoil and airspace over which the Kingdom of Bahrain exercises, in conformity with international law, sovereign rights and jurisdiction;

b. in the case of Hungary, the territory over which Hungary exercises, in conformity with international law, sovereignty, sovereign rights or jurisdiction.

7. 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
Treatment of Investors and Investments

1. Each Contracting Party shall accord in its territory to investments and to investors of the other Contracting Party with respect to their investments fair and equitable treatment and full protection and security in accordance with paragraphs 2 to 6.

2. A Contracting Party breaches the obligation of fair and equitable treatment referenced in paragraph 1 through a measure or a series of measures which constitute:

a. denial of justice in criminal, civil or administrative proceedings; or

b. fundamental breach of due process, including a fundamental breach of transparency in judicial and administrative proceedings; or

c. manifest arbitrariness; or

d. targeted discrimination on manifestly wrongful grounds, such as gender, race or religious belief; or

e. harassment, coercion, abuse of power or similar bad faith conduct.

3. When determining a breach of paragraph 2 of this Article, a tribunal may take into account whether a Contracting Party made a specific representation to an investor to induce an investment, that created a legitimate expectation, 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 to ensure the physical security of investors and investments.

5. For greater certainty, breach of another provision of this Agreement or of any other international agreement does not establish a breach of this Article.

6. The fact that a measure breaches domestic law does not, in and of itself, establish a breach of this Article; a Tribunal must consider whether a Contracting Party has acted inconsistently with the obligations in paragraph 2.

Article 3
Investment and Regulatory Measures

1. The Contracting Parties reaffirm their right to regulate within their respective territories to achieve legitimate policy objectives, such as the protection of public health, social services, public education, safety, environment including climate change, public morals, social or consumer protection, privacy and data protection, or promotion and protection of cultural diversity.

2. For greater certainty, the provisions of this Agreement shall not be interpreted as a commitment from a Contracting Party that it will not change the legal and regulatory framework, including in a manner that may negatively affect the operation of investments or the investor's expectations of profits.

3. For greater certainty and subject to paragraph 4 of this Article, a Contracting Party's decision not to issue, renew or maintain a subsidy

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

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

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

4. For greater certainty, nothing in this Agreement shall 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 the competent authorities, or as requiring that Contracting Party to compensate the investor therefor.

Article 4
National and Most-Favoured-Nation Treatment

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

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

3. 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 agreements.

4. For greater certainty, substantive obligations in other international agreements concluded by a Contracting Party with a third country 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.

5. The National Treatment and Most-Favoured-Nation Treatment provisions of this Agreement shall not apply to advantages accorded by a Contracting Party pursuant to its obligations as a member of a customs, economic, or monetary union, a common market or a free trade area.

6. The Contracting Parties understand the obligations of a Contracting Party as a member of a customs, economic, or monetary union, a common market or a free trade area to include obligations arising out of an international agreement concluded by or reciprocity arrangement of that customs, economic, or monetary union, common market or free trade area.

7. The provisions of this Article shall not be construed so as to oblige a Contracting Party to extend to the investors of the other Contracting Party, or to the investments or returns of investments of such investors the benefit of any treatment, preference or privilege, which may be extended by the former Contracting Party by virtue of:

   a. any forms of multilateral agreements on investments to which either of the Contracting Parties is or may become a party;

   b. any international agreement or arrangement for the avoidance of double taxation or other international agreement relating wholly or mainly to taxation.

Article 5
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 or riot in the territory of the other Contracting Party shall be accorded by that Contracting Party, with respect to restitution, indemnification, compensation or other form of settlement, treatment no less favourable than that accorded by that Contracting Party to its own investors or to the investors of any non-Contracting Party, whichever is more favourable 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 shall be accorded prompt, adequate and effective restitution or compensation by the other Contracting Party, if these losses result 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.

3. The amount of such compensation shall be determined in accordance with the provisions of paragraph 2 of Article 6 of this Agreement, from the date of requisitioning or destruction until the date of actual payment.

Article 6
Expropriation

1. Neither Contracting Party shall nationalise or expropriate an investment either directly or indirectly through measures having an effect equivalent to nationalisation or expropriation (hereinafter referred to as "expropriation") except:

a. for a public purpose;

b. under due process of law;

c. in a non-discriminatory manner; and

d. against payment of prompt, adequate and effective compensation.

2. The compensation referred to in paragraph 1 of this Article shall amount to the fair market value of the investment expropriated at the time immediately before the expropriation or impending expropriation became publicly known in such a way as to affect the value of the investment or when the expropriation took place, whichever is earlier (hereinafter referred to as the "valuation date"). Valuation criteria shall be based on internationally recognised principles and norms to determine fair market value. Such fair market value shall at the request of the investor be expressed in a freely convertible currency on the basis of the market rate of exchange existing for that currency on the valuation date.

3. The compensation shall include a daily rate of compensation at a commercially reasonable rate from the date of expropriation to the date of actual payment and shall be made without delay, be effectively realizable and be freely transferable in a freely convertible currency.

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 either direct or indirect:

a. direct expropriation occurs when an investment is nationalised or otherwise directly expropriated through formal transfer of title or outright seizure.

b. indirect expropriation results from a measure or series of measures of a Contracting Party having an equivalent effect 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 by a Contracting Party, in a given specific situation, constitutes an indirect expropriation requires a case-by-case, fact-based inquiry that considers, among other factors:

a. the economic impact of the measure or series of measures, although the sole fact that a measure or series of a measure 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 by a Contracting Party,

c. the character of the measure or series of measures, notably their object and content.

7. For greater certainty, except in the 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 by a Contracting Party that are designed and applied to protect legitimate policy objectives, such as the protection of public health, social services, public education, safety, environment including climate change, public morals, social or consumer protection, privacy and data protection, or the promotion and protection of cultural diversity do not constitute indirect expropriations.

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 is consistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights in Annex 1C to the TRIPS Agreement.

Article 7
Transfers

1. The Contracting Parties shall permit all transfers related to investments covered by this Agreement. The transfers shall be made in a freely convertible currency at the market rate of exchange prevailing on the date of transfer without any restriction and undue delay. Such transfers shall include in particular, though not exclusively:

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

b. profits, dividends, capital gains, income from debt-claims, royalty payments, management fees, technical assistance and other fees or returns derived from the investment;

c. proceeds from the sale of all or any part of the investment or from the partial or complete liquidation of the investment;

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

e. earnings and other remuneration of personnel engaged from abroad and working in connection with an investment;

f. payments made pursuant to Articles 5 and 6 of this Agreement;

g. payments of damages pursuant to an award issued by a tribunal under Article 12 of this Agreement.

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

3. 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 trade and investment, its laws and regulations 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. financial reporting or record keeping of transfers where necessary to assist law enforcement or financial regulatory authorities;

d. criminal or penal offenses, deceptive or fraudulent practices;

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

f. social security, public retirement or compulsory savings schemes.

4. For the purpose of this Agreement, exchange rates shall be the rate published (in accordance with the laws and regulations of the Contracting Party, which has admitted the investment) by the financial institution effecting the transfer unless otherwise agreed. Should such rate not exist, the official rate has to be applied unless otherwise agreed.

Article 8
Subrogation

1. If a Contracting Party or its designated agency makes a payment to its own investors under a guarantee or insurance it has accorded in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall recognise:

   a. the assignment, whether under the law or pursuant to a legal transaction in that country, of any right or claim by the investor to the former Contracting Party or its designated agency, as well as,

   b. that the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and enforce the claims of that investor and shall assume the obligations related to the investment.

2. 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 authorises. The investor may not pursue these rights to the extent of the subrogation.

3. The subrogated rights or claims shall not exceed the original rights or claims of the investor.

Article 9
Corporate Social Responsibility

1. The Contracting Parties recognise 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 encourage the uptake of responsible business conduct by companies and investors in line with internationally recognised principles and guidelines of Corporate Social Responsibility.

3. The Contracting Parties shall endeavour to exchange information, as appropriate, regarding cooperation on promoting responsible business practices.

Article 10
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 laws and policies, consistently with its national priorities and internationally recognised standards, and agreements on environmental protection. Such levels, laws and policies shall be consistent with each Party's commitments to internationally recognised standards and agreements on environmental protection.

2. The Contracting Parties shall not weaken or reduce the levels of protection afforded in their domestic environmental laws in order to encourage investment. A Contracting Party shall not waive or otherwise derogate from, or offer to waive or derogate from, such laws in a manner that weakens or reduces the protection afforded in these laws as an encouragement for an investment in its territory.

3. The Contracting Parties shall:

a. effectively implement the United Nations Framework Convention on Climate Change and the Paris Agreement adopted thereunder;

b. promote investment of relevance for climate change mitigation and adaptation; including but not limited to 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; and

c. cooperate with each other on investment-related aspects of climate change policies and measures bilaterally and in international fora, to the extent possible.

while recognising the importance of enhancing the contribution of investment to climate change mitigation and adaptation.

Article 11
Investment and Labour

1. The Contracting Parties recognise the right of each Contracting Party to determine its sustainable development policies and priorities, to establish its own labour standards, and to adopt or modify its labour laws and policies. Such levels, laws and policies shall be consistent with each Party's commitments to internationally recognised labour standards and agreements.

2. The Contracting Parties shall not weaken or reduce the levels of protection afforded in their domestic labour legislation in order to encourage investment.

3. A Contracting Party shall not waive or otherwise derogate from, or offer to waive or derogate from, such legislation in a manner that weakens or reduces the protection afforded in this legislation as an encouragement for an investment in its territory.

4. Each Contracting Party is committed to effectively implement the conventions it has ratified in the field of labour protection.

Article 12
Settlement of Investment Disputes between a Contracting Party and an Investor of the other Contracting Party

1. Any dispute which may arise under this agreement between an investor of one Contracting Party and the other Contracting Party in connection with an investment in the territory of that other Contracting Party shall, if possible be settled amicably and be subject to negotiations between the parties in dispute.

2. The negotiations start on the date when the disputing investor of one Contracting Party requests negotiations in written notification from the other Contracting Party. In order to facilitate the amicable settlement of the dispute the written notice shall specify the issues, the factual basis of the dispute, the observations of the disputing investor (including any supporting documents) and their presumed legal basis. Unless otherwise agreed, at least one consultation shall be held within 90 days from the date on which the disputing investor of one Contracting Party has requested negotiations from the other Contracting Party in written notification.

3. If any dispute between an investor of one Contracting Party and the other Contracting Party cannot be thus settled within a period of six months following the date on which such negotiations were requested in written notification, the investor shall be entitled to submit a claim:

a. to the competent court of the Contracting Party in the territory of which the investment has been made; or

b. to the International Centre for Settlement of Investment Disputes (ICSID) pursuant to the applicable provisions of the Convention on the Settlement of Investment Disputes between States and Nationals of other States opened for signature at Washington D.C. on 18 March 1965, in the event that both Contracting Parties are parties to this convention; or

c. without prejudice to paragraph 1 of Article 15 of this Agreement, to an ad hoc arbitral tribunal established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The parties to the dispute may agree in writing to deviate from these arbitration Rules; or

d. under the Rules Governing the Additional Facility for the Administration of Proceedings by the Secretariat of the International Centre for Settlement of Investment Disputes ("Additional Facility Rules of ICSID"), provided that either the disputing Contracting Party or the Contracting Party of the investor, but not both, is a party to the Convention on the Settlement of Investment Disputes between States and Nationals of other States, opened for signature at Washington D. C. on March 18, 1965; or

e. to any other form of dispute settlement agreed upon by the parties to the dispute.

4. Once a claim has been submitted to one of the tribunals mentioned in sub-paragraphs (a) to (e) of paragraph 3 of this Article the investor shall have no recourse to the other dispute settlement fora listed in sub-paragraphs (a) to (e) of paragraph 3 of this Article.

5. If any dispute between an investor of one Contracting Party and the other Contracting Party cannot be thus settled within a period of six months following the date on which such negotiations were requested in written notification as mentioned in paragraph 2 of this Article, and the disputing investor intends to submit a claim to one of the fora listed under sub-paragraphs (a) to (e) of paragraph 3 of this Article, the disputing investor shall at the very latest simultaneously to submitting a claim to one of the tribunals, notify the other Contracting Party in a written notice of its intention.

6. An investor may submit a claim as referred to in paragraph 1 and 2 of this Article to arbitration in accordance with paragraph 3 of this Article only if not more than three years have elapsed from the date on which the investor first acquired, or should have first acquired, knowledge of the alleged breach and knowledge that the investor has incurred loss or damage. Neither a continuing breach nor the occurrence of substantially the same or related acts or omissions may renew or interrupt the period set out under this paragraph.

7. When rendering its decision, the tribunal shall apply this Agreement as interpreted in accordance with customary international law relating to the interpretation of treaties, and other rules of international law applicable between the Contracting Parties, as well as the general principals of public international law. For greater certainty, the domestic law of the Contracting Parties shall not constitute part of the applicable law. In case of Hungary the term "domestic law" comprises the law of the European Union.

8. The tribunal referred to in sub-paragraphs (a) to (e) of paragraph 3 of this Article shall not have competence 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.

9. The respondent may, no later than forty-five (45) days after the creation of the tribunal, or forty-five (45) days after it became aware of the facts on which the objection is based, file an objection that a claim is manifestly without legal merit. The respondent shall specify as precisely as possible the basis for the objection. The tribunal, after giving the parties to the dispute an opportunity to present their observations on the objection, shall, at its first session or promptly thereafter, issue a decision or award on the objection, stating the grounds thereof. In the event that the objection is received after the first session of the tribunal, the tribunal shall issue such decision as soon as possible, and no later than one hundred twenty (120) days after the objection was filed. When deciding such an objection, the tribunal shall assume the alleged facts to be true, and may also consider any relevant facts not in dispute. The decision of the tribunal shall be without prejudice to the right of a party to object, pursuant to paragraph 10 of this Article or in the course of the proceeding, to the legal merits of a claim and without prejudice to the tribunal's authority to address other objections as a preliminary question. On receipt of an objection under this paragraph, and unless it considers the objection manifestly unfounded, 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 on the objection, stating the grounds thereof.

10. Without prejudice to the tribunal's authority to address other objections as a preliminary question or to the right of a respondent to raise any such objections at any 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, is not a claim for which an award in favour of the investor may be made. When deciding such an objection, the tribunal shall assume the alleged facts to be true, and may also consider any relevant facts not in dispute. Such an objection shall be submitted to the tribunal as early as possible, and in any event not later than the expiration of the time limit fixed for the filing of the counter-memorial or statement of defence, unless the facts on which the objection is based are unknown to the party at that time. On receipt of an objection under this paragraph, and unless it considers the objection manifestly unfounded, 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 on the objection, stating the grounds thereof.

11. The award shall be final and binding on the parties to the dispute and shall be executed in accordance with the law of the Contracting Party in the territory of which the investment has been made and the award is relied upon, by the date indicated in the award.

12. Upon entry into force between the Contracting Parties of an international agreement providing for the establishment of a permanent multilateral investment court, which may include an appellate mechanism for the resolution of investment disputes, the relevant parts of this Agreement, which deal with disputes shall cease to apply.

13. The award shall be executed in accordance with the applicable laws and regulations, as well as relevant international law including the ICSID Convention and the New York Convention, concerning the execution of award in force in the country where such execution is sought.

14. Nothing in paragraph 13 shall be construed as derogating from the law in force in any Contracting Party relating to state immunity.

15. The provisions of Articles 9, 10 and 11 shall not be subject to dispute settlement under this Article.

Article 13
Impartiality and Independence of Arbitrators

1. Arbitrators shall be independent of and not be affiliated with or take instructions from a disputing party or any government with regard to trade and investment matters. Arbitrators shall not take instructions from any organisation, 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. In addition, upon appointment and for the duration of the proceedings, they shall refrain from acting as counsel or as party-appointed expert or witness in any pending or new investment protection dispute under this or any other

international agreement. Arbitrators shall comply with the Code of Conduct as set out in Annex I to this Agreement ("Code of Conduct") in disputes arising out of Article 12 of this Agreement.

2. If a disputing party considers that an arbitrator does not meet the requirements set out in paragraph 1 of this Article or in the Annex I Code of Conduct, it may invite the Secretary General of the ICSID to issue a decision on the challenge to disqualify such arbitrator. Any notice of a challenge shall be submitted to the Secretary General of the ICSID within 15 days after the constitution of the tribunal was communicated to the disputing party, or within 15 days of the date on which the relevant facts came to the knowledge of the disputing party that proposed the challenge, if the relevant facts could not have reasonably been known at the time of the appointment of the challenged arbitrator.

3. The notice of challenge shall state the grounds on which the challenge is based. Any arbitrator may be challenged in any event before the proceeding is declared closed, if circumstances exist that give rise to justifiable doubts as to the arbitrator's impartiality or independence on the basis of the Annex I Code of Conduct. The challenge shall be notified to all other parties, to the arbitrator who is challenged and to the other arbitrators.

4. When an arbitrator has been challenged by a disputing party, all disputing parties may agree to the challenge. The arbitrator may also, after the challenge, withdraw from his or her office. In neither case does this imply acceptance of the validity of the grounds for the challenge. The other disputing parties and the challenged arbitrator shall file their statement presenting their position and supporting documents within 15 days after the notice of the challenge.

5. If the other disputing parties have not expressed their consent to the challenge or the challenged arbitrator fails to resign within 15 days from the date of the notice of the challenge, the disputing party initiating the challenge may request the Secretary General of the ICSID to issue a founded decision on the challenge.

6. The Secretary General of the ICSID shall issue the decision within thirty (30) days after receiving submissions from the disputing parties and the challenged arbitrator. If the Secretary General of the ICSID admits the challenge, a new arbitrator shall be appointed.

7. The proceeding shall be suspended upon the filing of the notice of the challenge until a decision on the challenge has been made, except to the extent that the disputing parties agree to continue the proceeding.

Article 14
Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall, if possible, be settled through consultation or negotiation.

2. If the dispute cannot be thus settled within six months, it shall upon the request of either Contracting Party, be submitted to an Arbitral Tribunal of three members, in accordance with the provisions of this Article.

3. The Arbitral Tribunal shall be constituted for each individual case in the following way. Within two months from the date of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the Tribunal. These two members shall then select a national of a third State who shall be appointed the Chairman of the Tribunal (hereinafter referred to as the "Chairman"). The Chairman shall be appointed within three months from the date of appointment of the other two members.

4. If within the periods specified in paragraph 3 of this Article the necessary appointments have not been made, a request may be made to the President of the International Court of Justice to make the appointments. If the President happens to be a national of either Contracting Party, or if the President 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.

5. The Arbitral Tribunal shall reach its decision by a majority of votes.

6. The Tribunal shall issue its decision on the basis of the provisions of this Agreement, as well as of the universally accepted principles of international law.

7. Subject to other provisions made by the Contracting Parties, the Tribunal shall determine its procedure.

8. Each Contracting Party shall bear the cost of its own arbitrator and its representation in the arbitral proceedings; the cost of the Chair and the remaining costs shall be borne in equal parts by both Contracting Parties. The Arbitral Tribunal may make a different regulation concerning the costs.

9. The decisions of the Tribunal are final and binding for each Contracting Parties.

Article 15
Transparency

1. The "UNCITRAL Rules on Transparency in Treaty-based Investor-State Arbitration" as adopted by the United Nations Commission on International Trade Law on 10 July 2013 shall apply to international arbitration proceedings initiated pursuant to Article 12 of this Agreement. Nothing in this Article requires a Contracting Party to make available to the public or otherwise disclose during or after the proceedings, including the hearing, confidential or protected information within the meaning of paragraph (2) of Article 7 of UNCITRAL Rules on Transparency in Treaty-based Investor-State Arbitration, or information the disclosure of which is protected under its domestic law, or which it considers to be contrary to its essential security interests.

2. With respect to regulations of general application adopted at central government level respecting any matter covered by this Agreement, the Contracting Parties shall publish the regulation in accordance with the relevant procedures of the Contracting Parties.

3. Upon the specific request of a Contracting Party consultations might be held on issues of best transparency practices.

4. Subject to paragraph 1 of this Article, nothing in this Agreement or the applicable arbitration rules shall prevent the exchange of information between the European Union and Hungary, or vice versa, which relates to international arbitration proceedings initiated pursuant to this Article 12.

Article 16
Application of Other Rules and Special Commitments

Nothing in this Agreement shall be taken to limit the rights of investors of the Contracting Parties from benefiting from any more favourable treatment that may be provided for in any existing or future bilateral or multilateral agreement to which they are both parties.

Article 17
Applicability of this Agreement

1. This Agreement shall apply to investments made in the territory of one of the Contracting Parties in accordance with its laws and regulations by investors of the other Contracting Party prior to as well as after the entry into force of this Agreement, but shall not apply to any dispute or claim concerning an investment which arose, or which was settled before the entry into force of this Agreement.

2. For greater certainty, this Agreement provides only post-establishment protection and does not cover the pre-establishment phase or matters of market access.

Article 18
Consultations

Upon request by either Contracting Party, the other Contracting Party shall agree to consultations on the interpretation or application of this Agreement. Upon request by either Contracting Party, information shall be exchanged on the impact that the laws, regulations, decisions, administrative practices or procedures, or policies of the other Contracting Party may have on investments covered by this Agreement.

Article 19
Exceptions

1. Nothing in this Agreement shall prevent a Contracting Party from adopting or maintaining measures for prudential reasons, such as:

   a. the protection of investors, depositors, policy-holders or 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.

Where such measures do not conform with the provisions of this Agreement, they shall not be used as a means of avoiding the Contracting Party's commitments or obligations under the Agreement.

2. Nothing in this Agreement shall be construed as requiring a 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.

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

   a. be consistent with other international obligations of the Contracting Party, and with the Articles of Agreement of the International Monetary Fund;

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

   c. be temporary and phased out progressively;

   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.

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

4. Nothing in this Agreement shall be construed:

   a. as requiring a Contracting Party to provide any information the disclosure of which it considers contrary to its essential security interests;

b. to prevent any Contracting Party from taking any actions that it considers necessary for the protection of its essential security interests

(i) relating to the production of or traffic in arms, ammunition and implements of war and to such traffic and transactions in other goods, materials, services and technology, and to economic activities, carried out directly or indirectly for the purpose of supplying a military 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 any Contracting Party from taking action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

5. A Contracting Party may deny the benefits of this Agreement to an investor of the other Contracting Party that is a legal person and to investments of that investor, if investors of a third state own or control the first mentioned investor or the investments and:

a. the investor has no substantial business activities in the territory of the Contracting Party under whose law it is constituted, or

b. the denying Contracting Party adopts or maintains measures related to the maintenance of international peace and security, including the protection of human rights with respect to the third state that prohibit transactions with such investor and its investments or that would be violated or circumvented if the benefits of the Agreement were accorded to the investments of investors.

6. Dispute settlement according to Article 12 of this Agreement shall not be considered as treatment, preference or privilege.

7. 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, paragraphs 1 and 2 of Article 4 and Article 7 of this Agreement 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;[1]

b. to protect human, animal or plant life or health;[2]

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;

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[1] The public security and public order exceptions may be invoked only where a genuine and sufficiently serious threat is posed to one of the fundamental interests of society.

[2] The Contracting Parties understand that the measures referred to in subparagraph (b) include environmental measures necessary to protect human, animal or plant life or health.

(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 20
Regional Economic Integration Organisation Rights and Obligations

Nothing in this Agreement shall prevent a Contracting Party from exercising its rights and fulfilling its obligations deriving from their membership in any existing or future economic integration agreement, such as free trade area, customs union, common market economic and monetary union, e.g. the European Union and the Co-operation Council for the Arab States of the Gulf ("GCC"), or as to oblige a Contracting Party to extend to the investors of the other Contracting Party and to their investments, the benefits of any treatment, preference or privilege by virtue of its membership or participation in such economic integration agreement.

Article 21
Service of documents

1. Notices and other documents relating to Articles 12 and 14 of this Agreement shall be served on a Contracting Party by delivery to:

a. with respect to the Kingdom of Bahrain: The Ministry of Foreign Affairs, P.O. Box 547, Manama, Kingdom of Bahrain; and

b. with respect to Hungary: The Ministry of Foreign Affairs and Trade, P.O. Box 1525 Budapest, Pf. 28., Hungary.

2. Each Contracting Party shall make publicly available any changes to the name and address of the authorities referred to in paragraph 1 of this Article.

Article 22
Final Provisions, Entry into Force, Duration, Termination and Amendments

1. The Contracting Parties shall notify each other through diplomatic channels that their internal procedure requirements for the entry into force of this Agreement have been complied with. This Agreement shall enter into force sixty (60) days after the receipt of the last notification.

2. This Agreement shall remain in force for a period of ten years and afterwards shall continue to be in force unless, either Contracting Party notifies in writing the other Contracting Party of its intention to terminate this Agreement. The notice of termination shall become

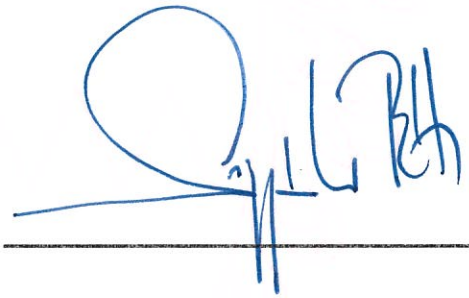
effective one year after it has been received by the other Contracting Party but not earlier than the expiry of the initial period of ten years.

3. In respect of investments made prior to the termination of this Agreement, the provisions of this Agreement shall continue to be effective for a period of ten years from the date of termination.

4. This Agreement may be amended by written agreement between the Contracting Parties. Any amendment shall be integral part of the Agreement and enter into force under the same procedure required for entering into force of the present Agreement.

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

DONE in duplicate at Manama, this 4th day of September 2024, in the Arabic, Hungarian and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE KINGDOM OF BAHRAIN	FOR THE GOVERNMENT OF HUNGARY
	

Annex I

CODE OF CONDUCT FOR MEMBERS OF TRIBUNALS APPOINTED UNDER THE AGREEMENT BETWEEN THE GOVERNMENT OF THE KINGDOM OF BAHRAIN AND THE GOVERNMENT OF HUNGARY FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

Article 1

Definitions

For the purpose of this Code of Conduct, the following definitions apply:

- "member" means a person who has been appointed to serve as a member of a tribunal established pursuant to the applicable provisions of paragraph 3 of Article 12 of this Agreement between the Government of the Kingdom of Bahrain and the Government of Hungary for the promotion and reciprocal protection of investments (the "Agreement");
- "assistant" means a person who, under the terms of appointment of a member, assists the member, conducts research, or supports him or her in his or her duties;
- "candidate" means a person who is under consideration for appointment as member.

Article 2

Governing principles

Any candidate or member shall avoid impropriety and the appearance of impropriety, and shall observe high standards of conduct so that the integrity and impartiality of the dispute settlement proceeding is preserved.

Article 3

Disclosure Obligations

1. Prior to confirmation of their appointment as members under paragraph 3 of Article 12 of this Agreement, candidates shall disclose to the disputing parties any past or present interest, relationship or matter that is likely to affect their independence or impartiality, or that might reasonably be seen as creating a direct or indirect conflict of interest, or that creates or might reasonably be seen as creating an appearance of impropriety or bias. To this end, candidates shall make all reasonable efforts to become aware of any such interests, relationships or matters. The disclosure of past interests, relationships or matters shall cover at least the last five years prior to a candidate becoming aware that he or she is under consideration for appointment as member in a dispute under this Agreement.

2. Following their appointment, members shall at all times continue to make all reasonable efforts to become aware of any interests, relationships or matters referred to in Article 3 paragraph 1 of this Code of Conduct. Members shall at all times disclose such interests, relationships or matters throughout the performance of their duties by informing the disputing parties and the Contracting Parties. They shall also communicate matters concerning actual or potential violations of this Code of Conduct to the disputing parties and the Contracting Parties.
3.

Article 4

Independence, impartiality and other obligations of members

1. In addition to the obligations established pursuant to Articles 2 and 3 of this Code of Conduct, members shall:

   a. get acquainted with this Code of Conduct;

   b. be and appear to be, independent and impartial, and avoid any direct or indirect conflicts of interest;

   c. not take instructions from any organisation or government with regard to matters before the tribunal for which they are appointed;

   d. avoid creating an appearance of bias and not be influenced by self-interest, outside pressure, political considerations, public clamour, loyalty to a Contracting Party, disputing party or any other person involved or participating in the proceeding, fear of criticism or financial, business, professional, family or social relationships or responsibilities;

   e. not, directly or indirectly, incur any obligation, or accept any benefit, enter into any relationship, or acquire any financial interest that would in any way interfere, or appear to interfere, with the proper performance of their duties, or that is likely to affect their impartiality;

   f. not use their position as a member to advance any personal or private interests and avoid actions that may create the impression that others are in a special position to influence them;

   g. perform their duties thoroughly and expeditiously throughout the course of the proceeding, and with fairness and diligence;

   h. avoid engaging in *ex parte* contacts concerning the proceeding;

   i. consider only those issues raised in the proceeding and which are necessary for a decision or award and not delegate this duty to any other person.

2. Members shall take all appropriate steps to ensure that their assistants are aware of, and comply with, Articles 2 and 3, Article 4 paragraph 1 and Articles 5 and 6 of this Code of Conduct *mutatis mutandis*.

Article 5

Obligations of former members

1. Former members shall avoid actions that may create the appearance that they were biased in carrying out their duties or derived advantage from the decisions or awards of the tribunal.

2. Former members shall undertake that for a period of three years after the end of their duties in relation to a dispute settlement proceeding under this Agreement they shall not:

   a. become involved in any manner whatsoever in investment disputes directly and clearly connected with disputes, including concluded disputes, that they have dealt with as members of a tribunal established under this Agreement;

b. act as party-appointed member, legal counsel or party-appointed witness or expert of any of the disputing parties, in relation to investment disputes under this or other bilateral or multilateral investment treaties.

3. If the Secretary General of the ICSID is informed or becomes otherwise aware that a former member is alleged to have acted inconsistently with the obligations established in Article 5 paragraph 1 and 2, or any other part of this Code of Conduct while performing the duties of member of a tribunal in an investment dispute under this Agreement, it shall examine the matter, provide the opportunity to the former member to be heard, and after verification, inform:

a. the professional body or other such institution with which the former member is affiliated;

b. the Contracting Parties;

c. the disputing parties in the specific dispute;

d. any other relevant international court or tribunal.

4. The Secretary General of the ICSID shall make public its decision to take the actions referred in paragraphs 3(a) to 3(d) above, together with the reasons thereof.

Article 6

Confidentiality

1. No member or former member shall at any time disclose or use any non-public information concerning a proceeding or acquired during a proceeding, except for the purposes of that proceeding, and shall not, in any case, disclose or use any such information to gain personal advantage or advantage for others or to adversely affect the interest of others.

2. Members shall not disclose an order, decision, or award or parts thereof prior to publication.

3. Members or former members shall not at any time disclose the deliberations of the tribunal, or any views of other members forming part of the tribunal, except in an order, decision or award.

Article 7

Expenses

Each member shall keep a record and render a final account of the time devoted to the procedure and of the expenses incurred, as well as the time and expenses of their assistants.