



Trans Adriatic Pipeline

# TAP AG Regulatory Compliance Programme

---

## 1 Introduction

This Regulatory Compliance Programme (**RCP**) has been established by TAP AG to provide a binding internal framework to ensure that TAP AG as a whole, as well as its Employees, shall comply with the requirements as set out in section 4.5.1 of the FJO prior to its certification as an ITO in accordance with the Final Joint Opinion (**FJO**).

### 1.1 Scope of the Regulatory Compliance Programme

This RCP sets out measures taken by TAP AG to ensure that within the period running from its approval by the Authorities up until TAP AG's certification as an ITO in accordance with the FJO, any Discriminatory Conduct is excluded and that no Commercially Sensitive Information is communicated to the Shareholders. As required by section 4.5.1 of the FJO, it lays down in particular<sup>1</sup>:

- The person responsible for monitoring the RCP and reporting to the Authorities as required by section 4.5.1(iii) of the FJO;
- The duties and the rights of the Employees of TAP AG in the fulfilment of the purposes of the Regulatory Compliance Programme including the management of Commercially Sensitive Information as required by section 4.5.1(ii) of the FJO;
- Annex A sets out measures adopted by TAP AG to prevent Discriminatory Conduct in relation to participants in the Booking Phase of the market test, who are not shareholders in TAP AG as required by section 4.5.1(i) of the FJO;
- Annex A further includes the principles of tariff methodology and congestion management rules for the marketing of capacity by TAP AG as required by 4.5.1(iv) of the FJO;

## 2 Definitions

The following definitions apply throughout the full set of documents adopted by TAP AG for the purpose of fulfilling the requirements of section 4.5.1 of the FJO.

- a. **Authorities**: the national regulatory authorities of Albania, Greece and Italy;
- b. **Booking Phase**: the binding phase of the market test, as set out in the Guidelines for Management and Allocation of capacity to the Trans Adriatic Pipeline (TAP) Project According to Paragraph 6 of Article 36 of Directive 2009/73/EC;
- c. **Booking Phase Guidelines**: Guidelines for the Booking Phase as set out in the Guidelines for Management and Allocation of capacity to the Trans Adriatic Pipeline (TAP) Project According to Paragraph 6 of Article 36 of Directive 2009/73/EC;
- d. **Booking Phase Notice**: procedures for performing the Booking Phase as set out by TAP AG;

---

<sup>1</sup> The following is based on the requirements of 'Functional Unbundling' of Article Art 9 (2) of the Gas Directive 2003/55.

- e. Certification Decision: the decision individually issued by each of the Authorities on TAP AG's application for certification, including a timetable for the implementation of the ITO model in accordance with the FJO;
- f. Commercially Sensitive Information: information that is available to TAP AG directly or indirectly in relation to the marketing of capacity in the TAP Pipeline, and any additional Commercially Sensitive Information which could provide a competitive advantage to TAP Shareholders in any relevant European market in the production or supply of natural gas;
- g. Discriminatory Conduct: applying dissimilar conditions to equivalent transactions with trading parties including Shareholders, thereby placing them at a competitive disadvantage;
- h. Employees: all personnel employed on the basis of a TAP AG employment contract and seconded personnel from Shareholders;
- i. Expansion Capacity: the total technical capacity of up to 10 bcm/year that can be built above the Initial Capacity;
- j. External Service Providers: any natural or legal person, other than the Shareholders and their subsidiaries, providing services to TAP AG;
- k. Final Joint Opinion (FJO): Final Joint Opinion of the Energy Regulators on TAP AG's Exemption Application dated 6 June 2013, granted by the Italian, Albanian and Greek national regulatory authorities pursuant to Directive 2009/73/EC;
- l. Functional Unbundling: organisational measures to avoid conflicts of interests in the Booking Phase<sup>2</sup>;
- m. Gas Directive: Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC;
- n. Gas Regulation: Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005;
- o. Initial Capacity: the total initially planned technical capacity of 10 bcm/year which has been exempted from regulated third party access, ownership unbundling and regulated tariff;
- p. Regulatory Compliance Programme (RCP): the compliance programme that sets out the unbundling measures undertaken by TAP AG for the period running from its approval until the full implementation of the ITO model in accordance with the FJO;
- q. Regulatory Compliance Officer (RCO): the compliance officer appointed by TAP AG in accordance with the Regulatory Compliance Programme;
- r. Shareholders: the shareholders in TAP AG;
- s. Start of Construction of the TAP pipeline: mobilisation of the main EPC contractors on the construction sites;
- t. TAP AG: Trans Adriatic Pipeline AG, a company incorporated under the laws of Switzerland whose head office is at Lindenstrasse 2, 6340, Baar, Switzerland. TAP AG undertakes the planning, development, financing, construction and operation of the TAP Pipeline and associated facilities;

---

<sup>2</sup> TAP AG has based its approach on the concept of 'Functional Unbundling' as previously applied to TSOs under Article 9(2) of the Gas Directive 2003/55 and on the 'The Unbundling Regime' guidance note issued by DG Energy and Transport on 16 January 2004.

- u. TAP Network Code: the network code to be issued by TAP AG pursuant to the obligations set out in section 4.7.1 of the FJO;
- v. TAP Pipeline: the Trans Adriatic Pipeline;
- w. TAP Tariff Code: the code containing the final methodology for the implementation of the TAP tariff referred to in section 4.2.1 of the FJO, as approved by the Authorities;
- x. Technical Service Provider (TSP): a Shareholder and/or their subsidiaries providing services to TAP AG during project development and construction of the TAP Pipeline.

### **3 Implementation and monitoring of the Regulatory Compliance Programme**

#### **3.1 Regulatory Compliance Officer**

TAP AG has appointed a Regulatory Compliance Officer (**RCO**) with effect from March 2014, for the period up until its certification as an ITO in accordance with the FJO. The RCO shall monitor the adherence to the RCP and observe the legal obligations contained therein. The RCO is responsible for any adaptation or amendment of the RCP with the procedure agreed upon with the Authorities. Any review of the RCP shall be subject to the prior Authorities approval.

The RCO may attend all meetings of the management or administrative bodies of TAP AG, the board of directors and the shareholders meeting, and shall be present at all meetings that address matters relating to conditions for organisation of the Booking Phase and access to the network, in particular regarding tariffs, third party access, capacity allocation and congestion management procedures, transparency, balancing and secondary markets.

The RCO shall draw up measures to limit or, where necessary, prohibit access of Employees to TAP AG's systems for the recording, processing or storage of sensitive data.

The RCO shall have access to all the necessary information of TAP AG in order to fulfil its tasks such as files, documents and electronic data processing systems related to the marketing of capacity by TAP AG, particularly in relation to the Booking Phase.<sup>3</sup>

In ensuring the implementation of the RCP, the RCO shall be entitled to propose new measures and to require assistance of the management when checking and ensuring compliance of Employees with the RCP.

Starting from 2014, the RCO shall submit an annual report to the board of directors and to the Authorities on the measures taken for the implementation of the RCP; including any infringement occurred and the disciplinary measures taken.

#### **3.2 Validity period of the Regulatory Compliance Programme**

The RCP is valid from [date of approval Authorities]. The RCP shall remain valid and in force until TAP AG's certification as an ITO in accordance with the FJO.

---

<sup>3</sup>More detailed competences of the RCO relating to the Booking Phase are set out in Annex A.

This RCP shall be binding on all management and Employees of TAP AG and to the extent applicable to its Shareholders.

The RCP will be published on the home page of the intranet and the internet website of TAP AG.

#### **4 Duties and the rights of Employees for the purposes of the Regulatory Compliance Programme**

All Employees shall be familiarised with the RCP by means of a regulatory compliance training programme. Employees shall confirm their adherence to the RCP by signing a written declaration of commitment by which they are also informed in writing that any infringement to the RCP shall result in disciplinary actions, including relocation and/or dismissals of the Employees. TAP AG shall provide evidence to the Authorities of these signed declarations of commitment prior to the start of the first Booking Phase.

TAP AG shall conduct specific and regular trainings on the RCP for all Employees and notably as part of the introduction programme for new Employees. Familiarisation with the RCP will also be provided to any new board members of TAP AG.

All Employees shall be obliged to actively support the RCO in its tasks and to provide the required information completely and faithfully. Employees shall bring any suspected infringements of the RCP to the immediate attention of the RCO.

#### **5 Internal guidelines to prevent communication of Commercially Sensitive Information**

1. As a general rule, Employees and management of TAP AG will not share or otherwise communicate Commercially Sensitive Information to its Shareholders. Such information will at least include:

- a) customer lists;
- b) prospective bidding plans;
- c) detailed information about pending bids;
- d) customer-specific information.

2. As a general rule, Shareholders will neither receive or share or otherwise communicate Commercially Sensitive Information in their activities relating to TAP AG, particularly if such information is potentially deemed by the competition authorities to lead firms to coordinate their behaviour. Such information will at least include:

- a) current or future commodity or capacity prices, fee schedules, pricing policies or formulas in so far as these are not determined by the TAP Tariff Code, as approved by the Authorities;

- b) current or future marketing strategies of TAP AG;
  - c) current or future profit margins or profitability targets on specific services or products offered by TAP AG;
  - d) detailed cost information about individual products, services or technology offered by TAP AG, unless already disclosed to third parties or already available in the public domain.
3. Shareholders, management and all Employees of TAP AG shall be obliged to preserve the confidentiality of the Commercially Sensitive Information during and after the termination of their employment or other legal relationship with TAP AG.
4. Shareholders (or their representatives)<sup>4</sup> who are required in the course of TAP AG business to attend meetings on a regular basis at TAP AG's premises and/or to engage in decision-making in relation to TAP AG's activities, shall confirm their adherence to the RCP by signing a written declaration of commitment. TAP AG shall provide evidence to the Authorities of these signed declarations of commitment prior to the start of the first Booking Phase.
5. If Commercially Sensitive Information can be presented in a manner that eliminates the competitive sensitivity, then it can be shared. For example, historical, aggregated, or coded information may be used to meet the Shareholders' objectives in executing the construction of the TAP Pipeline without disclosing sensitive details. All such exchanges shall be cleared in advance by the RCO and shall be limited to cases where a compelling business justification can be shown for exchanging that information.
6. Generally, and prior to TAP AG's certification as an ITO in accordance with the FJO, in any event, Shareholders, Employees and management of TAP AG are, at least, permitted to exchange the following types of information:
  - a) corporate financial and tax information;
  - b) accounting methods, information management;
  - c) regulatory compliance;
  - d) physical descriptions of offices;
  - e) value of assets;
  - f) data about particular Employees to the extent necessary to complete the construction phase;
  - g) employee benefits and human resources information.
7. The RCO shall verify that TAP AG acts in accordance with Article 16 of the Gas Directive and shall be responsible for drawing the attention of TAP AG's Shareholders, management and Employees to the relevant national legislation and sanctions in the event of non-respect of confidentiality rules.

---

<sup>4</sup>As included on a list compiled by the RCO.



Trans Adriatic Pipeline

Page6/9

8. All documents made available to Shareholders shall be marked to indicate their confidential nature and where necessary to facilitate return of the documents.

# Annex A: Measures to prevent Discriminatory Conduct in the Booking Phase of the market test

---

## 1. Introduction

The measures set out in this Annex are adopted to exclude Discriminatory Conduct in the Booking Phase. In particular, they are adopted to ensure that:

- Shareholders participate in the Booking Phase under the same terms and conditions applicable to other participants as required by section 4.5.1(i) of the FJO;
- no Commercially Sensitive Information relating to booking requests in the Booking Phase shall be communicated from TAP AG to its Shareholders;
- the principles underlying the tariff methodology and the congestion management rules that are followed by TAP AG in order to market capacity are applied without discrimination to all participants in the Booking Phase, as required by section 4.5.1(iv) of the FJO.

## 2. Measures to prevent Discriminatory Conduct in the Booking Phase

TAP AG will have all the necessary resources, including human, technical, physical and financial resources to organise and operate the Booking Phase independently from its Shareholders as required by section 4.5.1(i) of the FJO. All procedures relating to the Booking Phase will be conducted in restricted premises that cannot be entered by Shareholders. An independent server is used to handle all the correspondence and store the data related to the Booking Phase. This server can only be accessed by personnel employed on the basis of a TAP AG employment contract that are involved in the Booking Phase.

Information in relation to the Booking Phase procedures shall be simultaneously made available to all potential participants via the Booking Phase Notice, which shall also include information on the TAP Pipeline system, the products offered, as well as the amount of capacity available for booking.

The fact of having acted in accordance with the measures adopted to prevent Discriminatory Conduct in the Booking Phase shall never constitute a valid reason to remove or replace the managing director and/or any other member of the executive team by the board of directors<sup>5</sup>. Any decision to remove or replace the Managing Director and/or any other member of the executive team shall be duly notified by TAP AG to the Authorities in order to allow their verification of compliance with the objective of excluding Discriminatory Conduct in the Booking Phase.

---

<sup>5</sup> *Footnote no. 5 is deleted due to confidentiality reasons.*

### **3. Rules on the provision and disclosure of information relating to the Booking Phase**

Commercially Sensitive Information relating to the Booking Phase is subject to Article 16 of the Gas Directive and the RCP, and in particular the rules on Commercially Sensitive Information as set out in section 4 of the RCP. In particular, confidential information relating to transactions for the allocation of capacity following the Booking Phase or any other information obtained and/or generated by TAP AG during the performance of its activities falling into the scope of the RCP, shall not be shared between TAP AG and its Shareholders, unless this is necessary for carrying out a specific commercial transactions subsequent to the Booking Phase<sup>6</sup>. This information includes, inter alia, booking requests and the relevant data (e.g. price, volumes, etc.).

Where information must be shared with a particular Shareholder for the purpose of construction and further technical realisation of capacity requested in the Booking Phase, it shall be shared on a need to know basis and only if the Shareholder involved has confirmed its adherence to the RCP by signing a written declaration of commitment.<sup>7</sup>

Commercially Sensitive Information in relation to the Booking Phase shall be shared within TAP AG only with persons who need that information to the extent necessary to perform their legitimate tasks, provided that such persons have signed a non-disclosure agreement and agreed to adhere to the RCP. The use of the Commercially Sensitive Information by Employees for any other purpose exceeding the scope of their tasks may be subject to sanctions according to the applicable law.

The RCO shall verify that TAP AG acts in accordance with Article 16 of the Gas Directive throughout the Booking Phase. Employees shall inform the RCO immediately should a suspicion arise that Commercially Sensitive Information obtained in the course of the Booking Phase is being or will be misused in the context of sales or purchases of natural gas by Shareholders.

Confidential information relating to transactions for the allocation of capacity subsequent to the Booking Phase may otherwise only be disclosed by TAP AG or provided to third parties where required by law and in accordance with such law.

Additional measures to prevent access to certain data or to prevent that such data is transmitted to Shareholders may be applied if so required in accordance with the Booking Phase Guidelines as approved by the Authorities.

---

<sup>6</sup> This sharing of confidential information is necessary when Shareholders or their subsidiaries participate in the Booking Phase and submit a binding booking request to obtain capacity in the TAP Pipeline.

<sup>7</sup> This situation relates to sharing of information between TAP AG and Shareholders, including Technical Service Providers (TSPs), that contribute to the construction and technical realisation of capacity requested in the Booking Phase. This information is unlikely to be confidential or commercially sensitive, as only aggregated information on requested capacity in an entry or exit point is required to realise the requested Expansion Capacity.



Following the finalisation of a Booking Phase and in accordance with the Booking Phase Guidelines as approved by the Authorities, the RCO shall inform the Authorities on the measures taken to avoid Discriminatory Conduct and any infringements thereof as well as on the related disciplinary measures taken.

#### **4. Principles for the marketing of capacity**

The principles abided by TAP AG for the marketing of capacity and the terms and conditions under which capacity can be allocated are further laid down in the Booking Phase Notice.

The principles for the TAP tariff methodology are set out in the TAP Tariff Code.

Congestion management rules and use-it-or-lose-it procedures are set out in the TAP Network Code, which shall be compatible with the provisions of the Gas Regulation and the European Network Codes of Article 8.6 of the Gas Regulation that are not in conflict with the terms of the FJO.

These rules and principles are applied without discrimination to all parties.