

TRANSMED
2023-2024 Offer for Primary Capacity

Key Contractual Terms and Conditions of the Gas Transportation Agreement (“GTA”)

Foreword

The following is a summary of the general terms and conditions of the GTA between TRANSMED and a successful applicant (hereinafter Shipper). The GTA shall be filled in with Shipper specific information, such as company data, GTA duration and Committed Flow Rate.

This document is meant to provide Shipper with a preview of the main general terms and conditions of the final GTA. With respect to the principles laid out herein below, TRANSMED reserves the right to alter their order, and/or move concepts from an article to another, and/or regroup clauses under different headings, and/or modify the final wording of each clause, all while safeguarding its intended purpose and balance. Some articles and most of the definitions have been intentionally left out of these Key Contractual Terms, however they will be present in the final GTA

TRANSMED will make available to Shipper its standard GTA drafted in French (“*Contrat de Transport*”).

1. Definitions

Capacity Band: each combination of capacity and duration booked by Shipper.

Capacity Reduction: a temporary inability, total or partial, on the part of TRANSMED to make available to Shipper its Committed Flow Rate, due to any reasons including, but not limited to, force majeure and maintenance.

Committed Flow Rate: the maximum hourly flow rate (expressed in Cm³/h) reserved to Shipper, resulting from the Capacity Band(s).

Delivery Point: the inlet point at the Cap Bon compression station on Tunisian territory, where the natural gas is delivered by Shipper to TRANSMED under the GTA and where the TMPC Transportation System is connected to the trans-Tunisian transportation system.

Redelivery Point: the outlet point at the Mazara del Vallo measuring station on Italian territory, where the natural gas is redelivered by TRANSMED to Shipper under the GTA and where the Transportation System is connected to the Snam Rete Gas transportation system.

Starting Date: the 1st day of the first month of the earliest Capacity Band, at 8:00 (GMT+1).

Transportation System: The natural gas transportation system crossing the Strait of Sicily and referring to the offshore pipelines and onshore terminals owned by TMPC. The transportation capacity of said system is leased to TRANSMED for the execution of the natural gas transportation services pursuant to the GTA.

2. Conditions Precedent

The coming into force of the GTA is subject to the fulfilment of the following conditions precedent:

- a) The coming into force of a gas transportation agreement between Shipper and Trans Tunisian Pipeline Company S.p.A. (“TTPC”) for the transportation of natural gas on Tunisian territory, with the same Committed Flow Rate and for the same duration of the GTA.

- b) The delivery, where requested, by Shipper of the original of a bank or, if applicable, of a parent company guarantee issued in favour of TRANSMED, or the payment by Shipper of a cash deposit in favour of TRANSMED, as provided in the GTA.

In the event that any of the conditions precedent above - where applicable - is not fulfilled at the latest by the day preceding the Starting Date, the GTA shall terminate.

3. Transportation Service

The scope of the GTA is the transportation service rendered by TRANSMED to Shipper. Such service shall consist of:

- exclusive availability to Shipper of the Committed Flow Rate¹ on a "ship-or-pay" basis and with a constant hourly flow rate during each day;
- the transportation of the quantities of natural gas made available by Shipper at the Delivery Point;
- the redelivery to Shipper at the Redelivery Point of an amount of natural gas equivalent in terms of energy to the quantity made available by Shipper at the Delivery Point as set forth in the GTA.

In any single gas year, TRANSMED shall be entitled to reduce or interrupt the transportation service, for maintenance and other Transportation System management purposes, for a maximum period of 15 (fifteen) days equivalent at full capacity, without any corresponding reduction of the Shipper's obligation to pay in full the transportation charge. Should the actual number of reduction / interruption days exceed, in a gas year, 15 (fifteen) days equivalent at full capacity, Shipper shall be entitled to tariff reduction pursuant to the provision of the paragraph "Capacity Reduction".

4. Measurement and Quantity

The gas transported by TRANSMED is measured at the measuring station in Mazara del Vallo located on Italian territory immediately downstream of the physical connection between the Transportation System and Snam Rete Gas network.

The quantity of gas made available by Shipper to TRANSMED at the Delivery Point and the amount of gas redelivered by TRANSMED to Shipper at the Redelivery Point shall be determined in accordance with the allotment procedure of the total quantity of gas measured at the Snam Rete Gas measuring station located in Mazara del Vallo in Italy.

5. Quality and Pressure

The quality and pressure of the natural gas delivered by Shipper to TRANSMED at the Delivery Point and redelivered by TRANSMED to Shipper at the Redelivery Point shall comply with the specifications laid down in the GTA and relevant Annexes.

¹ In the event of subletting of transportation capacity between Shipper and any other user, Shipper's Committed Flow Rate shall be deemed to be temporarily modified - solely and exclusively for the purposes of the undertaking provided for in this paragraph 3 - on the basis of the data communicated to TRANSMED by said parties through the submission of the transportation capacity subletting notification form.

6. Capacity Reduction

In case of reduction of the transportation capacity on the Transportation System, due to any reasons including, but not limited to, force majeure events and maintenance on the Transportation System, such reduction shall be allocated between all Shippers proportionally to their Committed Flow Rate.

TRANSMED, acting as a reasonable and prudent operator, shall make every reasonable effort to minimize the impact of the transportation capacity reduction on the Shippers, also compensating the reduction with the unallocated transportation capacity, if available. The remainder of the reduction, if any, shall be allocated between all Shippers proportionally to their Committed Flow Rate.

In case of an unforeseen event causing transportation capacity reduction, TRANSMED shall promptly inform Shipper of the reasons, the impact on transportation capacity and the estimated duration of the event.

In the event that the actual number of Capacity Reduction days in a gas year exceeds the maximum value of 15 (fifteen) days equivalent at full capacity, Shipper shall be entitled to a reduction of the Transportation Charges. Such reduction shall be calculated on the basis of 1/30th (one thirtieth) of the monthly fee for each day of actual reduction - equivalent at full capacity - in excess of 15 (fifteen) days equivalent at full capacity and applied on the first available invoice.

Transportation capacity reductions due to force majeure events shall result, for the entire reduction period, in a proportional reduction *pro quota* and *pro rata temporis* of the obligation to pay the transportation charge in accordance with the GTA.

Transportation capacity reductions concerning the upstream and/or downstream transportation systems, due to whatever reason including force majeure, do not constitute transportation capacity reduction of the Transportation System and consequently the obligation to pay in full the transportation charge in accordance with the GTA shall continue to apply.

7. Transportation Charges

Transportation charges provided for in the GTA shall refer to the transportation services rendered by TRANSMED to Shipper and shall be calculated as herein specified.

Starting from the first day of transportation under the GTA and for the entire duration of the GTA itself, for each month k during the gas year j , Shipper shall pay to TRANSMED a monthly fee MF^{kj} , expressed in USD, calculated as follows:

$$MF^{kj} = \sum_{i=1}^n UCT_i^{kj} \cdot Q_i + \sum_{i=1}^n DUCT_i^{kj} \cdot Q_i \cdot N_i$$

where:

- Q_i is the hourly flowrate corresponding to each Capacity Band i booked by Shipper;
- N_i is the number of days of any Capacity Band i with duration lower than a month. However, in case of a Capacity Band i at the turn of two months, N_i is equal to the number of days of said Capacity Band i falling on the relevant month k ;
- UCT_i^{kj} is the Unit Capacity Tariff for any Capacity Band i with duration higher than or equal to a month, calculated as follows:

$$UCT_i^{kj} = KD_i \cdot UCT_0 \cdot IND^j$$

- **DUCT_i^{kj}** is the Unit Capacity Tariff for any Capacity Band i with duration lower than a month, calculated as follows:

$$DUCT_i^{kj} = KD_i \cdot \frac{UCT_0}{\frac{365}{12}} \cdot IND^j$$

where:

- **KD_i** is the degressivity factor function of the duration D_i and its value for each duration D_i is given by the following table:

D	"SCS" ²	week	month	quarter	1 yr	2 yrs	3 yrs	4 yrs	≥5 yrs
KD	1,50	1,40	1,30	1,20	1,04	1,03	1,02	1,01	1,00

However, for any Capacity Bands reserved by Shipper with a duration of one or more years, the applied KD_i shall be the one corresponding to the longest duration D_i among these Capacity Bands. This shall not apply retroactively.

- **UCT₀** = is the base value of the Unit Capacity Tariff, equal to **2,475** USD/month per each Cm³/h of Committed Flow Rate;
- **IND^j** is the indexation factor for the gas year j to which the transportation service refers, given by the formula below:

$$IND^j = 0,50 + 0,35 \cdot S_j + 0,15 \cdot I_j$$

where:

- The coefficient S_j shall be periodically revised, pursuant to the provisions of present subsection (a), the revision occurring at the beginning of each gas year numbered one after the other until gas year (10).

Gas year (1) starts on October 1st, 2019, while gas year (10) starts on October 1st, 2028, and ends on October 1st, 2029.

S_j is defined as follows:

$$S_j = \frac{t_j}{t_0}$$

where:

t_j for gas year (j) equals to the arithmetic average of the monthly values corresponding to:

² "SCS" refers to the additional daily transportation capacity exceeding Shipper's Committed Flow Rate made available in case of System Critical Situations, that is, any situation having a possible negative impact on the safe operation of the Italian gas network, as activated for the Early Warning ("Pre-Allarme"), Alert ("Allarme") or Emergency ("Emergenza") levels of the Emergency Plan for the Italian natural gas system.

Index "Long-Term Government Bond Yields: 10 years" for the United States as published by the "Federal Reserve Bank of St. Louis" at <https://fred.stlouisfed.org/series/IRLTLT01USM156N> applied to a period of twelve consecutive months ending on September 30th immediately preceding the beginning of gas year (j).

t_0 equals to the arithmetic average of the index mentioned above for the first quarter of 2019, i.e., 2.65%.

For gas year (1) the coefficient $t_1 = 2.65\%$.

- b) The coefficient I_j shall be periodically revised, pursuant to the provisions of present subsection (b), the revision occurring at the beginning of each gas year numbered one after the other until gas year (10).

Gas year (1) starts on October 1st, 2019, while gas year (10) starts on October 1st, 2028, and ends on October 1st, 2029.

I_j , is defined as follows:

$$I_j = \left(0,7 \times \frac{PPI_j}{PPI_0} + 0,3 \times \frac{SO_j}{SO_0} \right)$$

where:

PPI_j for gas year (j) equals to the arithmetic average of the monthly values corresponding to:

Index (in a 2010 base) "Producer Price Index by Commodity Industrial Commodities", as published by the "Federal Reserve Bank of St. Louis" at <https://fred.stlouisfed.org/series/PPIIDC> applied to a period of twelve consecutive months ending on September 30th immediately preceding the beginning of gas year (j).

PPI₀ equals to the arithmetic average of the index mentioned above for the first quarter of 2019, i.e., 107.42%.

For gas year (1) the coefficient $PPI_1 = 107.42\%$.

SO_j for gas year (j) equals to the arithmetic average of the monthly values corresponding to:

Index (in a 2015 base) "Hourly Earnings : Manufacturing for the United States" as published by the "Federal Reserve Bank of St. Louis" at <https://fred.stlouisfed.org/series/LCEAMN01USM661N> applied to a period of twelve consecutive months ending on September 30th immediately preceding the beginning of gas year (j).

SO₀ equals to the arithmetic average of the index mentioned above for the first quarter of 2019, i.e., 110.19%.

For gas year (1) the coefficient $SO_1 = 110.19\%$.

The rounding of the compensation is made to the second digit after the decimal point, rounded up if the third digit after the decimal point is greater than or equal to 5 (five), or rounded down if the third digit after the decimal point is less than 5 (five).

8. Invoicing and Payment

TRANSMED shall issue to Shipper a monthly invoice by the 7th business day of each Month, with reference to the transportation service of the preceding Month. Its amount in USD will be invoiced in Euro at the exchange rate of the invoice issuing date.

The invoice or, where applicable, a courtesy copy of the same shall be sent by e-mail.

Shipper shall pay the invoice to the bank account indicated by TRANSMED within the 25th of the month of its issuance.

Any inaccuracy in the invoiced amounts shall require the issue of appropriate credit or debit notes, for an amount equal to the amount of the miscalculation, and with due date determined in accordance with the relevant provisions of the GTA.

9. Transportation Programs

Shipper shall communicate to TRANSMED, within the 15th of the current month (M), its indicative, not binding monthly transportation program weekly and daily detailed for the following month (M+1).

Shipper shall communicate to TRANSMED, by 18:00 (GMT+1) of every Tuesday, its indicative, not binding weekly transportation program daily detailed for the week starting the following Sunday. The communicated daily quantities are intended for a constant hourly flow rate during each day and not exceeding the Committed Flow Rate.

Shipper shall at any time have the right to modify the above-mentioned weekly program, provided that these modifications are in accordance with the relevant provisions of the GTA.

10. Governing Law

The GTA shall be governed by and construed in accordance with the laws of Italy.

All disputes, controversies, or claims arising out or in connection with the GTA including its interpretation, validity, performance, breach, and termination shall be referred to, and finally and exclusively settled by the rules of arbitration of the International Chamber of Commerce (ICC) by one or more arbitrators. Each Party shall appoint a co-arbitrator and the two arbitrators thus appointed shall designate the President of the Arbitration Court.

11. Assignment

No Party shall have the right to assign its rights and obligations under the GTA without prior written consent of the other Party.

In case of assignment to a Parent Company or to a subsidiary, the consent to the assignment shall not be denied.

The assignment is subject to the condition that, at least 10 (ten) days before the date of the assignment, where requested, the transferee delivers to TRANSMED the original of a bank guarantee or, if applicable, of a parent company guarantee, having validity from the date of the assignment, or pays the cash deposit.

12. Guarantees

- a) With the exception of the provisions set forth in paragraph b) herein below, Shipper shall provide TRANSMED with an autonomous first demand bank guarantee issued by a primary credit institution as per the form annexed to the GTA, or with a cash deposit.
- b) Should Shipper have a credit rating no lower than Standard & Poor "BBB-" or Moody "BAA3" or Fitch "BBB-", Shipper shall not be required to provide TRANSMED with the bank guarantee or the cash deposit. In the event that Shipper does not hold the above-mentioned credit rating, but its parent company does, then Shipper shall be entitled to ask TRANSMED approval for the issuance of a parent company guarantee, as per the form annexed to the GTA, in replacement of the bank guarantee or the cash deposit.

Should Shipper have, upon conclusion of the GTA, a credit rating lower than Standard & Poor "BBB-" or Moody "BAA3" or Fitch "BBB-", it shall immediately inform TRANSMED and shall provide the bank guarantee or the cash deposit as per paragraph above.

The above-mentioned bank guarantee or parent company guarantee shall be issued in favour of TRANSMED for an amount equal to, or the cash deposit shall be paid in favour of TRANSMED, for an amount equal to: i) **USD 0,75** (zero and 75/100) for each Cm³/h of Committed Flow Rate in case of a Capacity Band with the duration of one Week, ii) **USD 3,00** (three and 00/100) for each Cm³/h of Committed Flow Rate in case of a Capacity Band with the duration of one month, or iii) **USD 8,00** (eight and 00/100) for each Cm³/h of Committed Flow Rate in any other case.

The above-mentioned amount shall be calculated for each different Capacity Band, if applicable.

13. Suspension and Termination

TRANSMED shall be entitled, at its own discretion and without prejudice of any other rights, to suspend, until payment of at least 1 (one) overdue invoice, the transportation service if Shipper fails to pay 2 (two) consecutive invoices or 3 (three) non-consecutive invoices.

TRANSMED shall be entitled, at its own discretion and without prejudice of any other rights, to terminate the GTA if Shipper fails to pay 4 (four) consecutive invoices or 5 (five) non-consecutive invoices or to provide TRANSMED with the original of the bank guarantee or parent company guarantee or to make the cash deposit, as applicable.

In case of termination of the GTA, Shipper, without prejudice of any other rights for TRANSMED, shall pay to TRANSMED the unpaid transportation charges and a penalty equal to the 100% of the amount calculated multiplying the monthly transportation charge at the date of early termination for the number of months from such a date until the original date of expiration of the GTA.

14. Operatorship

TRANSMED shall be entitled to perform any of its obligations under the GTA by procuring that such obligations are performed on its behalf by a third party, without prejudice to its liability towards Shipper.

15. Confidentiality, Privacy and Compliance

The terms and conditions of the GTA, as well as all technical and commercial information and data, communicated by one Party to the other in the performance of the GTA, which are not

already in possession of the receiving Party or that became of public domain without any breach of this confidential obligation, shall be considered strictly confidential.

The Parties act in compliance with the obligations related to the protection of personal and non-personal data, each for the part under its responsibility.

TRANSMED adopted an organizational and control model, which includes Code of Ethics, in accordance with the legislation in force regarding the administrative liability of legal entities for offences committed by their directors, employees and/or agents ("Model 231"). The documents above are available on the website www.transmed-spa.it.