

Final Joint Certification Decision for ICGB AD as an Independent Transmission Operator, adopted by the National Regulatory Bodies for Energy of the Republic of Bulgaria and the Hellenic Republic

Taking into consideration:

- The 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,

- The EC Decision C(2018)5058 final/25.7.2018 “on the exemption of the Interconnector Greece-Bulgaria from the requirements regarding third party access, tariff regulation and ownership unbundling”,

- the Final Joint Decision of the National Regulatory Authorities of the Hellenic Republic and the Republic of Bulgaria, respectively RAE and EWRC, on the application for exemption of ICGB AD;

- The application for certification of ICGB AD submitted to the national regulatory authorities of the Republic of Bulgaria, namely the Energy and Water Regulatory Commission (EWRC) with Ref. № E-ZLR-L-11 of 16.02.2022 and of the Hellenic Republic, namely the Regulatory Authority of Energy (RAE) with Ref. № I-320557 of 18.02.2022, and supplemented by ICGB AD with letters: Ref. № E-ZLR-L-11 of 17.03.2022 of EWRC and Ref. № I-323334 of 22.03.2022 of RAE; Ref. № E-ZLR-L-11 of 29.03.2022 of EWRC and Ref. № I-324766 of 08.04.2022 of RAE; Ref. № E-ZLR-L-11 of 07.04.2022 of EWRC and Ref. № I-327244 of 10.05.2022 of RAE; Ref. № E-ZLR-L-11 of 29.04.2022 of EWRC; Ref. № E-ZLR-L-1014 of 10.05.2022 of EWRC and Ref. № I-328203 of 13.05.2022 of RAE; Ref. № E-ZLR-L-1014 of 12.05.2022 of EWRC, and Ref. № E-ZLR-L-1014 of 20.05.2022 of EWRC and Ref. № 328527 of 23.05.2022 of RAE;

- The Preliminary Joint Certification Decision of ICGB AD as an Independent Transmission Operator, adopted by the National Regulatory Authorities of the Republic of Bulgaria and the Hellenic Republic (namely, Decision under Protocol № 125 of 26 May 2022, item 1 of EWRC and Decision 483 of 26 May 2022 of RAE) and

The Opinion of the European Commission C(2022) 4656 final of 28.06.2022 pursuant to Article 3 of the Regulation (EC) No 715/2009 and Article 10 (6) of Directive 2009/73/EC – Greece and Bulgaria – Certification of ICGB AD as Transmission System Operator for gas

I. Introduction:

ICGB AD has submitted an application for certification of the company as an Independent Transmission Operator (ITO) of the natural gas transmission system Interconnector Greece-Bulgaria (IGB) to the national regulatory authorities of the Republic of Bulgaria, namely the Energy and Water Regulatory Commission (EWRC) with Ref. № E-ZLR-L-11 of 16.02.2022 and of the Hellenic Republic, namely the Regulatory Authority for Energy (RAE) with Ref. № I-320557 of 18.02.2022 (Appendix № 1). The application for certification is submitted pursuant to Section 4.1. of the Final Joint Decision on the application for exemption of ICGB AD dated August 2018 (Final Joint Decision), adopted by Decision № P-BO-2 of 08.08.2018 of EWRC and Decision № 768/2018 of RAE. By force of the cited decision, exemption was granted to ICGB AD, according to Art. 36 of Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 on common rules for the internal market in natural gas and repealing Directive 2003/55/EC (Directive 2009/73/EC, Gas Directive), from third party access requirements (partly), regulated tariffs and ownership unbundling rules in accordance with the terms of Part Four of this Decision. The exemption is for a period of 25 years from the date of commercial operation (COD).

According to the Final Joint Decision, the temporary exemption shall expire 2 years after its adoption if the infrastructure construction has not started within this period or if the

infrastructure has not been put into operation within 5 years of its adoption, unless the delay is due to significant obstacles beyond the control of the entity granted the exemption. The start of commercial operation of the Interconnector Greece-Bulgaria (IGB gas pipeline) was set for no later than July 1, 2020. With subsequent decisions of the Bulgarian and Greek regulatory authorities, namely: (i) Decisions № P-BO-1 of 20.03.2020 of EWRC and Decision № 568 of 12.03.2020 of RAE and (ii) Decisions № P-BO-1 of 20.05.2021 of EWRC and Decision № 424 of 13.05.2021 of RAE, the Final Joint Decision of August 2018 was amended twice, following applications submitted by ICGB AD, with the latter amendment of May 2021, setting the COD no later than July 1, 2022.

Pursuant to Section 4.1 of the Final Joint Decision and its amendments of March 2020 and May 2021, ICGB is exempted from the ownership unbundling provisions set out in Article 9 of the Gas Directive, as of COD, subject to compliance with detailed conditions regarding:

1. ICGB AD must be fully certified before COD and no later than July 1, 2022, in order to guarantee the level of independence of the management and administrative bodies of ICGB AD from its shareholders. For this purpose, ICGB AD should submit to the national regulatory authorities (NRAs) of the Hellenic Republic and the Republic of Bulgaria a request for certification in accordance with Art. 10 of Directive 2009/73/EC, not later than 6 months before this deadline. EWRC and RAE will issue a joint decision for certification of ICGB AD. When deciding on certification, the Bulgarian and Greek NRAs will have to assess the compliance of ICGB AD with the unbundling rules compliant to the Independent Transmission Operator (ITO) model. ICGB AD must meet all the requirements set out in Chapter IV of Directive 2009/73/EC, with the exception of the provisions of Art. 22 of the Gas Directive.

In case ICGB AD decides to offer products in accordance with the auction calendar according to Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 (Regulation (EU) 2017/459, Network Code CAM) before COD, the certification must be completed before capacity allocation takes places. For this purpose, ICGB AD must submit a request for certification in accordance with Art. 10 of the Gas Directive no later than 6 (six) months before the first allocation of capacity.

2. ICGB AD must implement functional unbundling. To this end, ICGB AD develops and submits for approval by the NRAs a Compliance Programme, which sets out the measures taken to ensure non-discriminatory conduct and non-disclosure of any sensitive commercial information to the shareholders. The Compliance Programme must be submitted to the NRAs no later than 6 (six) months before COD or before the initial allocation of capacity according to the tender calendar of the CAM Network Code. A Compliance Officer might be appointed not later than 1 month after the approval of the Compliance Programme by the NRAs. This Compliance Programme shall specify at least the following: a) Measures to prevent discriminatory approach towards potential participants who are not shareholders in ICGB AD; b) The liabilities of the ICGB employees in gaining the objectives of the Compliance Programme; c) The person responsible for the Compliance Programme implementation control, submitting to the NRAs an annual compliance report indicating the taken measures.

Therefore, with regard to ICGB AD, the application of the independent transmission operator model should take into account the specifics of the IGB's status as a project, which is implemented under the conditions of exception from the rules for unbundling, third party access and regulated tariffs.

In addition to the above, by Decision № L-576 of 04.11.2021, EWRC issued to the ICGB, for the territory of the Republic of Bulgaria, a license № L-576-06 of 04.11.2021 for

the activity “Transmission of natural gas“, for a term of 35 (thirty five) years, starting from the date of the EWRC decision to authorize the commencement of the licensing activity.

For the territory of the Republic of Greece, by Decision № 671/27.6.2019 RAE issued to ICGB AD an “Independent Natural Gas System Licence” for a duration of 50 years, starting from the date of the RAE decision.

The NRAs, after assessing the compliance of the ICGB with the conditions set out in Section 4.1 of the Final Joint Decision, on the basis of the information provided by ICGB, adopted the Preliminary Joint Decision on ICGB certification based on the Independent Transmission Operator model according to Chapter IV of Directive 2009/73/EC and within the procedure set out in paragraphs 5 and 6 of Article 10 of the same Directive - EWRC by decision under Protocol № 125 of 26 May 2022, item 1 and RAE by Decision 483 of 26 May 2022. EWRC and RAE conclude that ICGB meets the relevant requirements for an ITO pursuant to Directive 2009/73/EC and therefore plan to: certify ICGB as an ITO; approve ICGB’s Rules for the Provision of Services by an Independent Transmission Operator to Vertically Integrated Undertakings and approve ICGB’s Compliance Programme. The Preliminary Joint Decision was notified to the European Commission on 26 May 2022 together with all relevant information.

II. The Preliminary Joint Certification Decision of EWRC and RAE pertaining to the certification of ICGB AD as an Independent Transmission Operator

Article 10 of Directive 2009/73/EC and Article 3 of Regulation (EC) № 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) № 1775/2005 (Regulation (EC) № 715/2009) contain provisions concerning the requirements and procedure for the certification of gas transportation system operators.

These requirements have been transposed into Bulgarian legislation through the Energy Act: Art. 21, para. 1, item 27, art. 21, para. 3 of the Energy Act (EA), Chapter Eight „a“ Certification of Gas Transmission Network Operators. Rules for making investments. Independence of gas transmission operators. The procedure for certification of operators is also regulated in Ordinance № 3 of 21.03.2013 on licensing of activities in the energy sector (OLAES).

The said requirements have also been adopted by Greek legislation through the Greek Energy Law (Law 4001/2011, OGG B’ 179/22.08.2011, as subsequently amended and currently in force) and esp. Article 64. The procedure for certification of transmission operators is also regulated in RAE’s Decision no. 1412/2011 „Guidance on Transmission System Operators; Certification Procedure“.

Based on the request for certification a procedure for certification of ICGB AD as an Independent Transmission Operator (ITO) was opened. In the course of the procedure, additional information was requested from ICGB and information from the companies, part of the vertically integrated undertakings (VIU).

On the basis of a review and analysis of all collected documents, the following facts and conclusions came up, set by the relevant independence requirements, regulated in Directive 2009/73/EC and Regulation (EC) № 715/2009, as well as in the national legislation of the Republic of Bulgaria and the Hellenic Republic, as follows:

1. Pursuant to the requirements of Article 20 of Directive 2009/73/EC (Art. 81d, para. 1 of the Energy Act of the Republic of Bulgaria and RAE’s Decision no. 1412/2011), the independent transmission operator of the natural gas transmission system - part of a vertically integrated undertaking, shall be a joint stock company with a two-tier management system.

As can be seen from the submitted Certificate of current status with ref. № 20220513184359 dated 13.05.2022, issued by the Commercial Register and the Register of Non-Profit Legal Entities at the Registry Agency (Appendix № 2), ICGB AD is a trader within the meaning of Art. 1, para. 2, item 1 of the Commerce Act. ICGB AD is a joint stock company, with UIC 201383265, with registered office and address of management: Sofia, 1000, Vazrazhdane district, 23 George Washington Str., with scope of activities: development, design, financing, management, construction, operation, maintenance and potential expansion of IGB, exercising the right of ownership over IGB; IGB transmission capacity management and conclusion of IGB transportation contracts; participation in agreements for the connection of IGB with the neighboring facilities; as well as other activities. The company capital is BGN 115,980,740 (one hundred fifteen million nine hundred eighty thousand seven hundred and forty), divided into one class of ordinary registered shares and two classes of preferred registered shares, with a nominal value of BGN 10 (ten).

ICGB AD is a joint investment company in which shareholders with equal shares are the Bulgarian Energy Holding EAD (50%) and IGI Poseidon S.A. (50%). IGI Poseidon S.A. is a company registered in the Republic of Greece, with shareholders the Greek DEPA International Projects S.A. (50%) and the Italian energy group Edison S.p.A. (50%). ICGB AD has a one-tier management system and is managed by a Board of Directors consisting of: Konstantinos Karagyanakos, Teodora Georgieva-Mileva, Ioannis Zisimos, Ina Lazarova, Konstantinos Ksifaras, Fabrizio Matana, Angel Yankov and Momchil Vanov. The company is represented jointly by the executive members of the Board of Directors (Executive Officers) Konstantinos Karagyanakos and Teodora Georgieva.

To the application is attached the draft of the new Articles of Association approved by the General Meeting of Shareholders pursuant to the decision under the Minutes of 11.02.2022, introducing the required two-tier management system (Appendix № 3).

In order to meet the requirements for independence in the ITO model, the draft Articles of Association of ICGB AD stipulate that the applicant is a joint stock company within the meaning of Art. 158 and following of the Commerce Act of Republic of Bulgaria, with a two-tier management system. The company is a legal entity that has legal personality different from the legal personality of its shareholders.

The draft Articles of Association regulate the rules for a two-tier management system : (i) Management Board, consisting of 4 (four) members elected and dismissed by the Supervisory Board in accordance with the procedure and requirements of Chapter Eight "a" of the EA and all other applicable laws and (ii) Supervisory Board, which consists of 6 (six) members elected and dismissed by the General Meeting of Shareholders, in accordance with the procedure and requirements of Chapter Eight "a" of the EA and all other applicable laws.

NRAs accept that the Articles of Association should be approved by General Meeting of Shareholders and be officially entered in the Commercial Register of the Republic of Bulgaria before the final certification decision of ICGB AD as an ITO, which is due to be adopted before COD (i.e. preceding the COD).

ICGB AD has also presented a certified copy of the company book of shareholders (Appendix № 4).

As the holder of a license for the activity „Transmission of natural gas“ for the territory of the Republic of Bulgaria, with capital 50% owned by Bulgarian Energy Holding EAD, ICGB AD is part of the VIU within the meaning of Article 2, paragraph 1, item 20 of Directive 2009/73/EC, whereas the VIU also includes:

- The Bulgarian Energy Holding EAD (BEH EAD), in its capacity as the owner of all or part of the capital of a group of energy companies for natural gas, constituting its parts;

- Bulgargaz EAD, holder of a license for the activity “public supply of natural gas”, whose capital is 100 % owned by Bulgarian Energy Holding EAD.

Bulgartransgaz EAD is also a part of the VIU. It is holder of licenses for the activities “natural gas transmission“ and “natural gas storage“, whose capital is 100% owned by the Bulgarian Energy Holding EAD.

Given the fact that 50% of the capital of ICGB AD is owned by IGI Poseidon S.A., which is a company registered in the Republic of Greece, with shareholders the Greek DEPA International Projects S.A. (50%) and the Italian energy group Edison S.p.A. (50%), the applicant is part of a VIU within the meaning of Article 2, paragraph 1, item 20 of Directive 2009/73/EC., which also includes:

- IGI Poseidon S.A, a company responsible for the design, construction and operation of the Natural Gas Pipeline Greece - Italy (IGI Poseidon) and the Eastern Mediterranean Pipeline (East Med);
- Edison S.p.A., an Italy-based company involved in the production, procurement, distribution and sale of electric energy and natural gas;
- DEPA International Projects S.A., a company involved in the interconnection infrastructure related to various forms of energy including natural gas, whose capital is owned at: 1. 65% by Hellenic Hydrocarbon Resources Management S.A. (HHRM S.A.), a state-owned (100%) company, operating independently as a private-sector economic entity in company management and 2. 35% by Hellenic Petroleum S.A., a management company performing through its subsidiaries in the areas of production and supply of natural gas.

Based on the submitted documents, the NRAs have concluded that the conditions are duly met for the assessment by the NRAs of the ICGB AD application according to the ITO model and to the relevant exemption granted by the Final Joint Decision regarding exception from the rules for unbundling and consequent obligation, instead, to implement functional unbundling.

2. Regarding the requirements for independence of Article 19, paragraphs 1-8 of Directive 2009/73/EC (Article 81e, paragraph 3 - paragraph 7 of the EA of the Republic of Bulgaria and RAE’s Decision no. 1412/2011), namely the members of the Management Board of the ITO shall be elected and dismissed by the Supervisory Board; The Supervisory Board shall immediately send to the NRAs the selection decisions, as well as information on the conditions governing the term, duration and termination, working conditions, including remuneration, respectively decisions on early release, together with the reasons for them; the decisions to take effect if within three weeks from the notification, the NRAs did not object to them.

These obligations are incorporated in the provision of Art. 36, para. 2 of the submitted draft Articles of Association of the company: The Management Board consists of 4 (four) members elected and dismissed by the Supervisory Board in accordance with the procedure and requirements of Chapter Eight „a“ of the EA and all other applicable laws.

The term of office of the first Management Board is 3 (three) years, followed by the general term of office of a Management Board of 4 (four) years whereas in each case, it may be renewed for one or more new terms. The Management Board shall continue to function after the expiration of the term of office until the election of a new Management Board. The ICGB also states that if a member of the Management Board is appointed later than the date of appointment of the Management Board, the term of office of that member shall be reduced as necessary to a period of less than five years, so that the term of office of the member terminates together with the term of office of all other members of the Board serving with it.

Apart from the above, according to Art. 42 of the draft Articles of Association, the relations between the company and a member of the Management Board are regulated by a management contract. The contract is signed in writing on behalf of the company by the Chairman of the Supervisory Board or through a member of the Supervisory Board authorized by him. The contract is concluded for the period within the term of the Board and stipulates the rights and obligations of the parties, the amount of remuneration and method of payment, liability of the parties, grounds for termination and the type and amount of guarantees to be provided by the member for his management. The remuneration of the Management Board members is reflecting only the activities of the company and does not depend on the results of the other companies that are part of the VIU.

In view of the above, ICGB has presented drafts of: a Contract for Management Outsourcing of a non-executive member of the Management Board of ICGB AD and a Contract for Management Outsourcing of an executive member of the Management Board of ICGB AD (Appendix № 5), which also regulate the relations between the company and a member of the Management Board, the conditions for the term of office, its duration and termination, the working conditions, including the remuneration.

With regard to the members of the Management Board of the company, ICGB has notified the EWRC and RAE of the nominees for members of the Management Board by letter Ref. № E-ZLR-L-11 from 17.03.2022 to EWRC and Ref. № I-323334 from 22.03.2022 to RAE and has presented data and evidence that they meet the requirements of the Gas Directive.

The requirement of art. 81d, para. 5 of the EA, namely: the Management Board members of an Independent Transmission Operator should not hold a professional or accountable position, should not have economic interests or business relations, directly or indirectly, with any other part of the VIU or its shareholders, holding a controlling stake, has been met; have no interest in or benefit from financial benefits, directly or indirectly, from any part of the VIU; receive remuneration independent of the activities or results of the VIU other than those of the gas transmission system operator. NRAs also confirm that the requirement is met, and that the majority of the members of the Management Board of ICGB AD (i.e. three out of four) are persons who within three years before their appointment haven't held a professional or accountable position, had no interests or business relations, directly or indirectly, with VIU or with any part of it, other than the gas transmission system operator, or with its shareholders holding a controlling stake. The rest of the members of the management board (i.e. one member out of four) have to be persons who for a period of at least 6 months before their appointment have not exercised management or other similar activity in the VIU, pursuant to the provision of Art. 81d, para. 6 of the EA.

These requirements for the Management Board members are introduced by reference to the EA in Art. 36, para. 3, item 8 of the draft Articles of Association of the company. In support of the above CVs and declarations of the persons nominated for the company Management Board members were presented, required under the legislation of the Republic of Bulgaria, namely CVs under Art. 98, para. 2, item 3 of the Ordinance on Licensing the Activities in Energy (OLAES) and declarations under Art. 98, para. 2, item 4 and item 5 of the OLAES:

Appendix № 6 - 2 declarations and CV by Teodora Dimitrova Georgieva-Mileva - meeting the requirements for a majority of the members of ICGB Management Board;

Appendix № 7 - 2 declarations and CV by Tanko Iliev Stanilov - meeting the requirements for a majority of the members of the ICGB Management Board;

Appendix № 8 - 2 declarations and CV by Diomidis Liberis - meeting the requirements for a minority of the members of the ICGB Management Board.

Appendix № 9 - 2 declarations and CV by Mr. Giuseppe Macri - meeting the requirements for a majority of the members of the ICGB Management Board.

Given the requirement under Art. 81d, para. 6 of the EA EWRC has conducted an additional review in order to verify some declared circumstances, which established the following:

With regard to Teodora Dimitrova Georgieva-Mileva, as evidenced by an inspection of the Commercial Register at the Registry Agency of the Republic of Bulgaria, she does not participate in the management and does not own shares in the capital of companies. Ms. Gerogieva-Mileva has declared that she hasn't any direct or indirect participation or interest, in the sense of EU unbundling framework. On this basis and to the best of NRAs' knowledge the following are asserted: In the last 3 years Ms. Georgieva-Mileva has not participated by holding shares or holding a professional or an accountable position, as well as having interests or business relationships with the vertically integrated company or any part of it. Teodora Georgieva-Mileva was a member of the Management Board of the Reform Union Club Association with UIC 175927862, until July 1, 2019, and this association did not carry out competitive to ICGB AD activities.

As can be seen by an inquiry in the Commercial Register of the Republic of Bulgaria, Tanko Iliev Stanilov is the sole owner of the capital and manager of TIS 2008 EOOD, with UIC 200442465, which does not carry out competitive activities of ICGB AD. There are no data in the last 3 years, Mr. Stanilov to have participated by holding shares or by holding a professional or accountable position, as well as any interests or business relations with the vertically integrated company or with any part of it.

Mr. Giuseppe Macri, is recorded, through the information available at the respective CV submitted to the NRAs, to have been holding the position of Commercial Operations Manager with the Trans Adriatic Pipeline (TAP), an occupation not contradictory to the abovementioned independence requirements of Article 19, paragraphs 1-8 of Directive 2009/73/EC.

It is derived from the above citations, that three out of the four (i.e. the required majority) nominated members of the Management Board meet the independence requirement both in substance and in time fixed (3 years before nomination).

It should be noted that as far as the fourth nominated member of the Management Board is concerned, for whom the independence requirement would need to extend only up to a pre-six-months' period, pursuant to para. 8 of Article 19 of the Directive 2009/73/EC, it may be evidenced, from the information cited in the respective CV submitted, that the current position of Mr. Diomidis Liberis lies with part of the shareholding of the IGI Poseidon VIU, namely Hellenic Petroleum, shareholder of DEPA International S.A. More specifically, the said nominated member holds the position of the Senior Price Controller Domestic & International Retail in HELPE – International Consulting S.A. (a company of HELLENIC PETROLEUM Holdings S.A. group of companies).

In view of the above, the NRAs believe that the condition of independence is not clearly fulfilled in the case of the fourth member of the Management Board, since the specific nominee holds a professional position within the HELPE Group, the latter constituting a shareholder of DEPA International Projects S.A. It is stressed that HELPE Group is active in the supply of gas through its subsidiary ELPEDISON A.E (50% of shares). No evidence was submitted pertaining to a potential ring-fencing of the gas supply activity of HELPE vis-à-vis the IGI Poseidon activity. However, exceptionally and with the view not to place impediments to the imminent operation of the ITO, moreover taking into account the special circumstances of the energy crisis and the concern for security of supply, a deviation of the specific functional unbundling rule may be tolerated under the following condition: Before the final certification decision of ICGB AD as an ITO, which is due to be

adopted before COD (i.e. preceding the COD), the referred nominated member of the Management Board cannot occupy any position within HELPE Group and ICGB shall provide sufficient evidence thereof.

NRAs accept that the above-mentioned persons should be duly selected by decisions of the Supervisory Board and be officially entered in the Commercial Register of the Republic of Bulgaria before the final certification decision of ICGB AD as an ITO, which is due to be adopted before COD (i.e. preceding the COD). According to the NRAs, this approach is supported not only by the above argument to ensure the ability of shareholders to exercise enhanced control over the financial completion of construction, but also does not contradict the Final Exemption Decision, according to Art. 4.1.1., by sentence one of which ICGB AD must be fully certified before COD. In this regard, it should be taken into account that the company will not carry out commercial activities in its core business (management and allocation of capacity) before COD. With a letter from the Ref. № E-ZLR-L-1014 dated 12.05.2022 of EWRC ICGB AD has declared that it will not allocate capacity according to the Auction Calendar of the Network Code before the successful completion of the certification procedure as an ITO (Appendix № 10).

3. NRAs confirm that the requirement of Article 19, paragraph 8, subpara. 3, in connection with subpara. 1 and paragraphs 4 -7 of Directive 2009/73/EC (Article 81e, paragraph 9 in connection with paragraph 5 and paragraph 6, sentence one of the Energy Act of the Republic of Bulgaria) in respect of persons who report directly to the members of the Management Board of the independent gas transmission operator on matters relating to the operation, maintenance and development of the network, has been met.

In order to certify the fulfillment of the requirements, ICGB AD has submitted the required documents - CVs under Art. 98, para. 2, item 3 of the OLAES and declarations under Art. 98, para. 2, item 4 of the OLAES by the following persons:

Appendix № 11 - CV and declaration by (BUSINESS SECRET)*¹ for the position of Technical Manager;

Appendix № 12 - CV and declaration by (BUSINESS SECRET)* as Manager of Legal Affairs and Real Rights;

Appendix № 13 - CV and declaration by (BUSINESS SECRET)* as Financial Manager. (BUSINESS SECRET)* is the sole owner and manager of ICTS EOOD, which does not carry out competitive main activity of ICGB AD.

Appendix № 14 - CV and declaration by (BUSINESS SECRET)* as Market Research Manager;

Appendix № 15 - CV and declaration by (BUSINESS SECRET)* to the position of Head of Information and Communication Technologies and Management Systems. (BUSINESS SECRET)* is a partner and manager in Sibidi OOD, which does not carry out competitive core business of ICGB AD.

Appendix № 16 - CV and declaration by (BUSINESS SECRET)* to the position of Purchase and Sales Manager (Sales Operations Manager).

¹ * On the grounds of Art. 3, para. 4 of 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 and REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), in the published version of this decision, some of the data has been deleted in accordance with the rules for the protection of personal data, trade secrets or other secrets protected by law. The deleted data are related to the identification of natural persons and subject of contracts with third parties. Deleted data is marked with (BUSINESS SECRET)*.

There is no evidence in the last 3 years that the above persons have participated by holding shares or holding a professional or accountable position, as well as having interests or business relations with the VIU or with any part of it.

4. The independence requirements of Article 20, paragraphs 2 and 3 in conjunction with Article 19, paragraphs 2 to 7, of Directive 2009/73/EC (Art. 81f, para. 2 and para. 3 in relating to Art. 81e, para. 3, para 4, para 5, para 6, sentence one of the Energy Act), namely the Supervisory Board members of the independent gas transmission operator are elected by the General Shareholders' Meeting; the Decision of the General Shareholders' Meeting takes effect if within three weeks of notification the NRAs do not object to the election of half minus one of the members of the Supervisory Board on the grounds that the decisions take effect if within three weeks of notification, the NRAs did not object to them; the members of the Supervisory Board do not hold a professional or accountable position, have no economic interests or business relations, directly or indirectly, with any other part of the VIU or with its shareholders holding a controlling stake; have no interest in or benefit from financial benefits, directly or indirectly, from any part of the VIU; receive remuneration independent of the activities or results of the VIU other than those of the gas transmission system operator; the majority of the Supervisory Board members are persons who within three years prior to their appointment haven't not held a professional or accountable position, had no interests or business relations, directly or indirectly, with the VIU or with any part of other than the gas transmission system operator or its shareholders, holding a controlling interest.

These obligations are incorporated in the provision of Art. 34 of the submitted draft Articles of Association of the company:

The Supervisory Board consists of 6 (six) members elected and dismissed by the General Meeting of Shareholders, in accordance with the procedure and requirements of Chapter Eight „a“ of the EA and all other applicable laws. A shareholder holding at least fifty percent (50%) of the shares has the right to appoint 3 (three) members of the Supervisory Board of the Company, whereas to one of them the restrictions specified in Art. 36, para. 4, item 5, item 6 and Art. 36, para. 5 of the draft Articles of Association shall apply. The Supervisory Board members shall be elected for a term of 3 (three) years as of the date of entry into force of these Articles of Association, and then the Supervisory Board members shall be elected for a term of 4 (four) years, renewed for one or more new terms. Each member of the Supervisory Board shall continue to perform his duties after the expiration of his term of office until the election of a new member of the Supervisory Board. ICGB also states that if a member of the Supervisory Board is appointed later than the day of the appointment of the Supervisory Board, the term of office of that member shall be reduced respectively to a period of less than five years so that the mandate of the member to be terminated together with the term of office of all other members of the Board, who serve with him.

Apart from the above, according to Art. 34, para. 5 of the draft Articles of Association, the relations between the company and a member of the Supervisory Board are regulated by a contract. The contract is concluded on behalf of the company through a person authorized by the General Meeting of Shareholders. The remuneration of the Supervisory Board members does not depend on the activities or results of companies that are part of the VIU, other than the operator. In this regard, ICGB has presented drafts of: contract for assignment of supervision and control to a member of the Supervisory Board of ICGB AD and contract for assignment of supervision and control to an independent member of the Supervisory Board of ICGB AD, which also regulate the relations between the company and a member of the

Supervisory Board, the conditions for the mandate, its duration and termination, labor terms, including the remunerations (Appendix № 17).

With regard to the company Supervisory Board members, ICGB has notified EWRC and RAE of the nominees for members of the Supervisory Board by letter ref. № E-ZLR-L-11 from 17.03.2022 to EWRC and ref. № I-323334 from 21.03.2022 to RAE and has presented data and evidence that they meet the requirements of the Gas Directive.

The requirements to the members of the Supervisory Board are introduced in Art. 34, para. 4 of the draft Articles of Association of the company, pursuant to which in conformity to Art. 81e, para. 3 of the EA, the restrictions under Art. 81d, para. 5, para. 6, sentence 1 and para. 8 of the EA are applicable only to at least half minus one of the members of the Supervisory Board.

CVs and declarations of the persons nominated for members of the Supervisory Board of the company, required under the legislation of the Republic of Bulgaria, are presented, namely CVs under Art. 98, para. 2, item 3 of the OLAES and declarations under Art. 98, para. 2, item 4 and item 5 of the OLAES, as follows:

Appendix № 18 – a declaration under Art. 98, para. 2, item 5 of the OLAES and CV by Angel Emilov Yankov;

Appendix № 19 – a declaration under Art. 98, para. 2, item 5 of the OLAES and CV by Fabio Santambrogio;

Appendix № 20 – a declaration under Art. 98, para. 2, item 5 of the OLAES and CV by Momchil Vekilov Vanov;

Appendix № 21 – a declaration under Art. 98, para. 2, item 5 of the OLAES and CV by George Polychronius;

Appendix № 22 – 2 declarations and CV by Veselin Mirchev Petrov;

Appendix № 23 – 2 declarations and CV by Panayotis Rhizos.

Given the provisions of Art. 81e, para. 2 and para. 3 of the EA, NRAs conducted an inspection on compliance with the requirements for independence in relation to the nominees for members of the Supervisory Board - Vesselin Mirchev Petrov and Panayotis Rizos, representing half minus one of the members of the Supervisory Board. The persons have signed declarations that they meet the requirements of Art. 81d, para. 5 and para. 6 of the EA.

An inquiry was carried out in the Commercial Register of the Republic of Bulgaria on the stated circumstances of the nominee for a Supervisory Board member of ICGB AD, representing part of half minus one of the members of the Supervisory Board - Veselin Mirchev Petrov, and the submitted declarations by the person. In this regard, it was established that the declared data is confirmed, namely that in the period until 16.12.2021 the person represented the company „Renaissance“ AD, which does not compete with ICGB AD. In addition, a reference in the Commercial Register shows that on March 28, 2022 Veselin Mirchev Petrov was registered as a member of the Board of Directors of the National Electric Company EAD, which is not part to VIU according to Art. 2, para. 1, it. 20 of Directive 2009/73/EC, as it performs functions of generation and supply of electricity.

As regards Mr. Panayiotis Rizos, in the absence of an available process in Greece for conducting a separate review over the professional activity of an independent professional (Mr. Rizos, being an independent lawyer), it is derived through the information available at the respective CV submitted to the NRAs, that the respective nominated member of the Supervisory Board does not hold an occupation contradictory to the abovementioned independence requirements of Articles 19 and 20 of Directive 2009/73/EC.

NRAs accept that the above-mentioned persons who meet the requirements for independence under Article 20 in connection with Article 19 of the Gas Directive should be duly elected by decisions of the General Meeting of ICGB AD Shareholders and be officially

entered in the Commercial Register of the Republic of Bulgaria before the adoption of the final decision for certification of ICGB AD as an ITO, which is due to be adopted before COD (i.e. preceding the COD). According to the NRA, this approach is supported not only by the above argument to ensure the ability of shareholders to exercise enhanced control over the financial completion of construction, but also does not contradict the Final Exemption Decision. According to Art. 4.1.1., sentence one of the Final Exemption Decision, ICGB AD must be fully certified before COD. In this regard, the fact that the company will not carry out commercial activities as its core business (management and allocation of capacity, natural gas transmission) before COD should be taken into account.

5. NRAs consider that the independence requirements of Article 20 (1) of Directive 2009/73/EC are met.

5.1. As required by Article 20, paragraph 1, first sentence of Directive 2009/73/EC (Article 81f, paragraph 1 of the Energy Act of the Republic of Bulgaria) the gas transmission system operator (TSO) has a supervisory authority in charge of taking decisions that may significantly affect the value of the assets of the shareholders in the gas transmission system operator, in particular decisions related to the approval of annual and long-term financial plans, the level of indebtedness of the TSO and the amount of dividends to be distributed among shareholders.

Pursuant to Art. 242 of the Commerce Act of the Republic of Bulgaria, the Supervisory Board may not participate in the management of the company, and represents the company only in liaison with the Management Board. Art. 236 of the Commerce Act regulates the option, the Articles of Association of the joint-stock company to make provisions for certain transactions to be concluded after approval by the Supervisory Board. Such restrictions may also be imposed by the Supervisory Board. The powers of the General Meeting, the Management and the Supervisory Body of ICGB AD, allocated in accordance with the Law on Commerce, are exhaustively specified in the company draft Articles of Association.

The powers of the General Meeting of Shareholders are regulated in Art. 21 of the company Articles of Association draft, taking into account the scope of competence of the General Meeting of Shareholders specified in Art. 221 of the the Commerce Act of the Republic of Bulgaria, and with the regulatory framework for the IGB project, formed by the Final Joint Decision. According to Art. 21, para. 1, item 8 and item 9 of the draft Articles of Association, the General Meeting of Shareholders elects and changes the auditors in accordance with the restrictions in the EA; approves the annual financial statements audited by the company's registered auditors, decides on the distribution of profits, the contribution to the Reserve Fund and the payment of dividends, provided that the amount of each dividend offered to the General Meeting of Shareholders should correspond to the one set by the Supervisory Board, insofar as this is required by the applicable legislation. Item 18 states that without prejudice to Article 19, para. 4, the Supervisory Board approves the issuance of bonds, decides on new investments and approves changes in the Business Plan after COD, in each case, related to each extension of the IGB Gas Pipeline (other than that performed in accordance with the requirements of the Exemption).

Pursuant to Art. 35, para. 1, item 1 of the draft Articles of Association, the company Supervisory Board exercises general supervision and control over the activities of the Management Board. The specific powers of the Supervisory Board for decision-making are listed in Art. 35, para. 3 of the draft of Articles of Association, according to which the Supervisory Board adopts on its own initiative or on the proposal of the Management Board decisions on: (A) - issues that may significantly affect the value of the company's assets; (B) - issues related to the approval of the budget and any other annual financial plans of the

company, or any changes in them, including approval of any review of the Business Plan after the COD, (C) - issues related to the level of indebtedness of the company, including the occurrence of indebtedness; (D) - the amount of dividends offered to shareholders, whereas the relevant decision is binding on the General Meeting of Shareholders in respect of the amount of each dividend, as provided in Art. 21, para. 1, item 9.

In view of the above, it should be borne in mind that Art. 35 provides for the powers of the Supervisory Board to decide on issues such as: initiating or settling court or arbitration proceedings (i) for an amount exceeding EUR 500,000 (five hundred T EURs) or (ii) which may otherwise have a significant adverse effect on the capability of the company to continue its activities; the conclusion, termination or substantial amendment or waiver of any agreement involving payment liabilities or having a value of more than EUR 500 000 (five hundred T EURs) per year or more than EUR 500 000 (five hundred T EURs) in total and which is unusual for the company business, or which is of great importance for the functioning of the company and, if terminated, cannot be easily replaced on the free market; in the cases where the Exemption is in force, the conclusion, termination or significant modification or waiver of rights under any gas transportation contract concerning the IGB Gas Pipeline; approval of the procedure for conducting an additional Market Test in accordance with the Exemption; approval of the issuance of bonds, taking decisions on new investments and approval of changes in the Business Plan after COD, in each of the cases related to each expansion of the IGB Gas Pipeline, carried out in accordance with the requirements of the Exemption.

5.2. Regarding the requirement of Article 20, paragraph 1, second sentence of Directive 2009/73 EC (Article 81e, paragraph 2 of the Energy Act of the Republic of Bulgaria), the decisions, falling within the competence of the Supervisory Body, to exclude those related to the current activities of the Gas Transmission System Operator and network management, and the activities necessary for the preparation of the ten-year network development plan worked out under Art. 22.

According to the Final Joint Decision, ICGB AD should not apply the provisions of Art. 22 of Directive 2009/73/EC on a ten-year network development plan, as they have been assessed in detail by NRAs. In this regard, NRAs accept that the provisions of Chapter IV of the Gas Directive, such as the requirement of the VIU to not directly or indirectly determine the competitive conduct of the operator in activities necessary for the preparation of the ten-year network development plan (Article 81i, paragraph 2 of the EA), are not applicable.

Referring to the decisions related to the current activities of the operator and the management of the network, Art. 38, para. 1 of the draft Articles of Association of ICGB AD stipulates that the Management Board takes decisions related to the current activities of the company as a gas transmission system operator, the management of the IGB pipeline and the activities for the development of the IGB pipeline according to the Business Plan for the period after the COD, approved by the shareholders as of the date of adoption of these Articles of Association and subsequently periodically updated by the Supervisory Board. Art. 38, para 2, of the draft Articles of Association stipulates that without prejudice to the competence of the Supervisory Board under Art. 35 of these Articles of Association, the Management Board makes decisions independently of the shareholders who are part of the VIU regarding the company's assets necessary for the operation, maintenance or development of the gas transmission network within the Business Plan after COD, approved by shareholders at the date of adoption of these Articles of Association and periodically updated by the Supervisory Board.

In view of the above, NRAs accept that the Operator's Management Board makes independent decisions regarding the current activities of the operator and network management, without requesting permission or granting the opportunity to the Supervisory

Board to influence the decision of the Management Board, taking into account the fact that the decisions of the Management Board should be fully in line with the general regulatory framework of the IGB project set by the Final Joint Decision and other documents in this regard - Network and Tariff Codes of IGB.

5.3. As a result of the analysis of the submitted documents and information, in particular the ICGB AD draft Articles of Association and the Organizational Structure, the NRAs following the provisions of Art. 18, paragraphs 1, 2, 4, 8 and 9 of Directive 2009/73/EC (Article 81g, paragraph 3 in conjunction with Article 81f, paragraph 1, Article 81h and Article 81i, paragraph 2 of EA and Article 64 of the Greek Energy Law) established the following:

The draft of Articles of Association of ICGB AD provides guarantees for the independence of the transmission operator from the VIU in development of the gas transmission network in accordance with the requirements of Article 18, para. 1 of Directive 2009/73/EC. Art. 38, para. 2 of the draft Articles of Association stipulates that without prejudice to the competence of the Supervisory Board under Art. 35 of these Articles of Association, the Management Board makes decisions independently of the shareholders who are part of the VIU regarding the company's assets necessary for the operation, maintenance or development of the transmission network within the Business Plan after COD approved by shareholders at the date of adoption of this Articles of Association, periodically updated by the Supervisory Board.

The Articles of Association do not provide for the power of the Management Board to propose decisions binding on the General Meeting regarding raising funds on the capital market through a loan or capital increase. This is in line with the regulatory framework of the IGB project, for the implementation of which NRAs have set a number of conditions related to exemption under Art. 36 of Directive 2009/73/EC on third party access requirements, regulated tariffs and ownership unbundling rules. In particular, such powers of the Management Board would be admissible only in case of sufficient compliance guarantees by the Management Board within the terms of the Final Joint Decision and the financial model of ICGB AD, i.e. not in conflict with it (in particular to ensure a rate of return on investment in line with the exemption and a mechanism for the profits distribution, as provided for in the exemption and other).

In this regard, it should be borne in mind that the NRAs have granted ICGB AD an exemption from the ownership unbundling model under the Final Joint Decision, by accepting the application of the "independent transmission operator" model in respect to the single status of the operator, its independence from VIU and the two-tier management system. At the same time, the requirements for the ten-years plan and the means for fund raising are not applicable, because by granting the exemption itself the project tariff model and a 25-years business plan have been approved. The said business plan has fully fixed the necessary investments, for which **the necessary funding has been provided in advance and fully secured**. In this situation, empowering the ITO Management Board for the fund raising in question at the first place exposes to serious economic risk the financial model of the project already approved by of the NRAs. At the second place, by the mere fact of exercising these powers the approved financial model will be immediately and automatically changed, because its elements will change (revenues, costs, internal rate of return, profit, etc.). In this way, ITO may be in breach of its obligations under the Final Joint Decision. Irrespectively of the final economic or purely practical effects of the exercise of the powers in question, the very deviation from the prescriptions of the financial model would be tantamount to an infringement. Therefore, the considered powers of the Management Board of the company, are not reflected in the proposed draft Articles of Association.

The framework of the Final Joint Decision includes not only the financial model aiming at successful implementation and operation of the pipeline, but also the mechanism, boundaries and conditions of the new investments – only in case of interest for additional capacity reservation proven by the application of legally regulated procedures and following proven economic basis of the investment. The latter also does not suppose to automatically impose on the shareholders a commitment to finance or to borrow, which is the direct and aimed consequence of the powers in question. In this sense and in view of the Final Joint Decision and the financial model of the project, no investments could be imposed on the shareholders, which fall outside the Exemption regime and the rules on upgrading could not be imposed on shareholders without their consent. The need for additional investments in the form of a 10-year network development plan is fully and completely assessed within the procedure for issuing the Final Joint Decision, which is the reason for exemption from the obligation under Art. 22 of the Directive.

The requirement set under Article 18, para. 4, first sentence of the Directive 2009/73/EC, the overall governance structure and Articles of Association of the transmission system operator's company to ensure the effective independence of the transmission system operator under Chapter IV of the Gas Directive has been met. The authority and rights of the General Meeting of Shareholders, the Supervisory Board and the Management Board are clearly defined and delineated, whereas the ITO has the necessary rights in natural gas transmission and all related activities, including the network management and operation.

There is no explicit text in the draft of Articles of Association guaranteeing compliance with the requirement of the second sentence of Article 18, para. 4, first proposal of the Gas Directive that VIU does not directly or indirectly determine the operator's competitive conduct, but they are ensured by the powers of the Management Board and the Supervisory Board, as well as by the rules and conditions of the Final Joint Decision and the IGB Network Code, as well as by the Compliance Programme. The fulfillment of the cited requirement is guaranteed by the provisions of the draft Articles of Association, through a clear and lawful division of the responsibilities of the management bodies of the company. The ongoing network management activities affecting capacity users are regulated by the IGB Network Code, approved by the NRAs. The Operator has developed and will implement a Compliance Programme, which also contains norms aimed at preventing discriminatory and non-competitive behavior. The Operator has developed and will apply a Compliance Programme, which also contains provisions aimed at preventing discriminatory and non-competitive behavior. In accordance with the requirements of the Gas Directive, the Programme is monitored and controlled by a compliance officer with a full set of rights and obligations to take appropriate actions and to report to the Supervisory Board and/or NRAs. As noted above, the requirement of Article 18, para. 4, second sentence, second proposal is not applicable as it concerns activities necessary for the preparation of the ten-year network development plan.

The Company draft Articles of Association, in the context of the Final Joint Decision and the IGB Network Code, contain guarantees of compliance with Article 18 (9) of the Gas Directive, according to which VIUs refrain from any action that hinders or damages TSOs in fulfillment of its obligations under Chapter IV of the Directive, nor does it require the TSO to seek permission from the VIU to fulfill these obligations.

In view of the above some texts of the Company draft Articles of Association should be taken into account, namely:

Pursuant to the draft Articles of Association, The Business Plan after COD shall be the Business Plan for the IGB gas pipeline operation phase, which will be applicable for the period after COD (the date on which the regular commercial service for gas transmission through the gas pipeline begins). The business plan after the COD and all its amendments

should: a) be in compliance with the Exemption, Tariff Code, Network Code and all applicable law; b) ensure an investment rate of return in compliance with the Exemption; and c) include a profit distribution mechanism, which will be applied in case the revenues from capacity reservation increase the investment rate of return above 8.5%, as provided for in the Exemption. In this sense, the business plan provides in detail the investment program of the company, with the relevant forecast structure and amount of costs as well as costs justification, method of financing and deadlines for implementation of investments.

As provided under Art. 38, para. 1 of the draft Articles of Association of the company, the Management Board takes decisions related to the current activities of the company as a transmission system operator, management of the IGB pipeline and activities for development of the IGB pipeline according to the Business Plan for the period after COD, adopted subsequently and periodically updated by the Supervisory Board. In this sense, the Management Board is the competent authority that makes decisions related to the current activities of the operator and the independent network management, without seeking permission or providing any other option for the VIU to influence the decision of the Management Board.

According to Art. 35, para. 1, p. B of the draft Articles of Association of ICGB AD, and in compliance with Chapter Eight „a“ of the EA and all other applicable laws, the Supervisory Board, always adopts on its own initiative or on the proposal of the Management Board decisions on issues related to the approval of the budget and any other annual financial plans of the company, or any changes in them, including approval of any update of the Business Plan after COD. According to Art. 35, para. 1 (M), the Supervisory Board decides on new investments and approves changes in the Business Plan after COD, in each of the cases related to any extension of the IGB gas pipeline, carried out in accordance with the requirements of the Exemption.

Thus, the updated or amended business plan is approved by the Supervisory Board of ICGB AD. The Supervisory Board takes decisions on issues related to the approval of the business plan, but only within its powers under Art. 20, paragraph 1, sentence one of Directive 2009/73/EC (Article 81f, paragraph 1 of the EA). The business plan approved in this order is subject to implementation by the transmission operator, without the need for additional justification to the VIU regarding the necessary financial resources and costs for the planned investments.

The General Meeting of Shareholders shall have the power, without prejudice to Article 19, para. 4, to take decisions for new investments and to approve changes in the Business Plan after COD, in each separate case, related to each extension of the IGB Gas Pipeline, different from the one made according to the requirements of the Exception - Art. 21, para. 1, item 18 of the draft Articles of Association. Pursuant to Art. 19, para. 4 of the draft Articles of Association, any decision to expand the capacity of the IGB gas pipeline, which is not required by the Exemption Decision or by the energy regulators, requires prior approval by both the Supervisory Board and the Shareholders.

Apart from the above, Art. 44, para. 3, item 5 of the draft Articles of Association stipulates the liability of the Compliance Officer to notify EWRC of the proposed decisions on the network development plan or individual investments of the company before them being submitted by the Management Board as well as the decisions of the Supervisory Board. The Officer should also notify EWRC in cases where VIU through the General Meeting of Shareholders or through the Supervisory Board has thwarted or delayed the implementation of investments in accordance with the Business Plan after COD, approved as part of the Exemption - Art. 44, para. 3, item 6 of the draft Articles of Association.

In view of the above, the NRAs confirm that the independence requirements of Article 18 paragraphs 1, 2, 4, 8 and 9 of Directive 2009/73/EC are met.

6. NRAs confirm the compliance with Art. 21, paragraph 1 of Directive 2009/73/EC (Article 81k of the Energy Act of the Republic of Bulgaria), according to which gas transmission system operators introduce and implement a Compliance Programme, which sets measures to prevent discriminatory conduct and ensure that compliance with this program is adequately monitored. The Compliance Programme sets out the specific responsibilities of employees to achieve these objectives. It shall be subject to approval by the regulatory authority. Without prejudice to the powers of the national regulator, compliance with the program shall be monitored independently by the Compliance Officer.

According to Section 4.1.2 of the Final Joint Decision, ICGB AD must apply functional unbundling. To this end, ICGB shall develop and submit for approval by the NRAs a Compliance Programme setting out the measures taken to ensure non-discriminatory conduct and non-disclosure to shareholders of any sensitive commercial information. The Compliance Programme must be submitted to the NRAs no later than 6 (six) months before the COD or before the initial allocation of capacity according to the tender calendar of the CAM Network Code. This Compliance Programme shall specify at least the following: a) Measures to prevent discriminatory conduct towards potential participants who are not shareholders in ICGB AD; b) The ICGB Employees' obligations to achieve the objectives of the Compliance Programme; c) The person responsible for the control on the implementation of the Compliance Programme submits to the NRA an annual compliance report indicating the taken actions.

ICGB AD has presented a draft of the Compliance Programme (Appendix № 24). The developed Compliance Programme contains rules for non-discriminatory conduct by the gas transmission system operator and the specific obligations of employees to achieve this goal. The Programme sets goals and scope of action, implementation of the Programme according to the corporate structure and management model of the gas transmission operator, the requirements for relations with VIU and its parts, as well as rules to ensure independence of management and ICGB employees. The Programme envisages obligations of the management bodies and employees in order to ensure equality and non-discriminatory conduct in the performance of the operator's duties, as well as conditions and procedure for training of the management bodies and employees for the implementation of the Programme.

Chapter IV, Section VIII of the Compliance Programme sets detailed rules on the status, rights and obligations of the Compliance Officer, and NRAs therefore consider that the requirement of Article 21, paragraph 3 et seq. of Directive 2009/73/EC is met. Chapter Four, Section IV of the Programme contains rules on sensitive commercial information and its provision and disclosure, as well as on public information, to ensure compliance with the requirements of the first sentence of Article 16, paragraph 1 of Directive 2009/73/EC (Article 81g, paragraph 1 of the Energy Act of the Republic of Bulgaria), according to which, without prejudice to Article 30 or other legal obligations to disclose information, each gas transmission system operator shall retain the confidentiality of sensitive commercial information obtained in the course of its activities and prevents the disclosure in a discriminatory manner of information about its own activities that may lead to commercial advantages. Art. 41 of the Compliance Programme stipulates a rule in accordance with the requirements of Art. 16, paragraph 1, second sentence of the Gas Directive, that the operator shall not disclose any sensitive commercial information to other parts of the undertaking, unless this is necessary for the conclusion of a commercial transaction.

The submitted Compliance Programme meets the legal requirements in terms of objectives, scope and content and gives the Compliance Officer the necessary powers, which is why NRAs believe that it should be approved.

In addition, on the basis of the analysis carried out in p. 1 of this preliminary decision, NRAs consider that ICGB AD should amend Article 3 of the Compliance Programme by including DEPA International Projects S.A. as part of the VIU and submit the amended Compliance Programme for approval before the final certification decision of ICGB AD as an ITO, which is due to be adopted before COD (i.e. preceding the COD).

No data have been provided on the person to be designated as the Compliance Officer, whereas pursuant to the Final Joint Decision, a Compliance Officer must be appointed no later than 1 month after the approval of the Compliance Programme by NRAs, which will be done with adoption of the decision to certify ICGB as an ITO.

7. NRAs consider that the independence requirements of Article 17, paragraph 1, of Directive 2009/73/EC (Article 81g, paragraph 1 of the Energy Act of the Republic of Bulgaria and RAE's Decision no. 1412/2011) providing that the gas transmission system operator must have all the human, technical, physical and financial resources necessary for the performance of its duties under Directive 2009/73/EU and for carrying out the activity of natural gas transmission, have been met.

7.1. NRAs certify that the requirement of Article 17, paragraph 1 of Directive 2009/73/EC (Art. 81g, para. 1 and para. 2, first proposal of the Energy Act) regarding the necessary technical and physical resources, and in particular . (A) of the Directive that the transmission system operator should own the assets necessary for the transmission of natural gas, including the transmission system, is met.

The fulfillment of the requirements is proved by the description of technical parameters of the gas pipeline, as well as the submitted Permit № RS - 48 of 12.09.2017 for construction of the site Gas Interconnector Greece-Bulgaria, issued by the Minister of Regional Development and Public Works (Promulgated, SG No. 76/2017) - Appendix № 25.

The total length of the IGB Interconnector is about 182 km, of which 151 km on Bulgarian territory and 31 km on Greek territory. The diameter of the pipe is 32 inches (~ 813 mm), and at this stage no construction of a compressor station is planned. The IGB gas pipeline has the possibility of reverse flow to achieve the maximum level of supply security for the Republic of Bulgaria and the Republic of Greece. The gas pipeline is made of pipes with an outer diameter of 813 mm, and the incision in the existing gas transmission system will be made with pipes with an outer diameter of 711 mm after GMS Stara Zagora. The pipes have external factory made anti-corrosion coating (DIN 30670-S-v extruded polyethylene insulation) and internal smooth coating. According to the technical design, DN800 pipes, class L450M (x65) with four types of wall thicknesses are used, depending on the design factor, respectively: 11 mm; 14.2 mm; 16 mm and 20 mm. The Interconnector is built underground, whereas the depth of lowered gas pipeline and the casings has a minimum coverage above the pipe of about 1.1 m. At crossings of roads, railways, special sections and other obstacles, the depth of pipe lowering is bigger and is carried out on an individual project. The width of the construction strip along almost the entire route of the gas pipeline is 30 m, and in forest areas it is reduced to 20 m. All crossings of railways, highways, republican and municipal roads from class I to III are carried out by the method of horizontal drilling, and the crossings through field roads, ravines and rivers are using the open digging way. The linear block valves are located along the entire length of the route at a distance of not more than 30 km. The diameter of the main valve in the block valves corresponds to the diameter of the gas transmission pipeline (DN800), with the exception of BV7 (DN700).

Two main optical cable lines - main and backup are laid in for the construction of a communication environment of the gas pipeline system. The main optical cable line will be built 7 m away from the axis of the gas pipeline, in the easement of the gas pipeline, to the right in the direction of the gas flow, and the backup optical cable line is laid in the trench of

the gas pipeline, to the right of the pipeline axis. The type of optical fiber of the optical cables shall be Single mode in accordance with Recommendation G.655 of 2009, developed by the International Telecommunication Union (ITU-T) Standardization Division.

On Bulgarian territory the IGB interconnector includes: gas transmission pipeline, gas pipeline diversion to the town of Kardzhali, Gas Metering Station (GMS) Stara Zagora at the exit of the gas pipeline and buildings to them, Dispatch Center and Operation and Maintenance (O&M) Base Premises near Haskovo, start-up and receiving chambers for cleaning and inspection operations (cleaning facilities), Block Valves Stations (BVS), cathodic protection stations, optic cable infrastructure for technological and telecommunication connections, Management and Control System of the whole gas transmission system of the gas pipeline - SCADA, external infrastructure connections for all site elements of the gas pipeline (access road, power supply, plumbing/sewage, telecommunication).

GMS Stara Zagora is designed to work in reverse mode. After GMS Stara Zagora, a gas transmission pipeline shall be built with a diameter of 711x10 mm with a length of 310 m BV7 and a connection with a gas transmission pipeline of Bulgartransgaz EAD (near the village of Zagore).

Gas pipeline node Kardzhali - is being built on the territory of Block Valve 3 to provide an opportunity for connection to the gas transmission and distribution networks.

The dispatching center and the base for operation and maintenance are located west of BV4 at km 96 + 800, near the town of Haskovo. To automate the technological processes, it is planned to build an integrated automated system for management of technological processes, territorially distributed with many levels, a hierarchical system for control and management of technological and production processes for the natural gas transmission. The designed system for linear telemechanics is designed to provide remote control of the main technological parameters for transmission.

Technological connections - the communication system will operate 24 hours, 365 days. The system will exchange different types of data between all ground sites of the project (GMS, BV, Dispatch Center), incl. and those sites located on Greek territory (GMS-1, BV1). The telecommunication system includes different types of data exchange systems, both technological and for security, safety and surveillance.

External connections (external power supply networks and access roads) - all site facilities are provided with electricity and access road connections.

GMS Komotini and one BV are to be built on the territory of the Republic of Greece it for commercial metering of natural gas by TAP and DESFA S.A.

The IGB gas pipeline construction track on Bulgarian and Greek territory has been approved by the competent authorities of both countries: for the territory of Greece a Decision on Installation Act has been received, and for the Bulgarian territory the site Detailed Development Plans - Plot Plans (DDP-PP) was enforced. The company submitted Order № RD-02-15-114 of 31.07.2014 to the Minister of Regional Development for approval of a detailed development plan - plot plan (DDP-PP) for the pipeline RoW, technological sites and elements of service technical infrastructure for the site Gas Interconnector Greece-Bulgaria on the territory of the Republic of Bulgaria - for part of the total length of the gas pipeline on the territory of Stara Zagora district, Opan municipality - the land of the villages Byal Izvor, Byalo Pole, Trakia, Opan, Sredets and Yastrebovo, Stara Zagora municipality - the land of the villages of Petrovo, Badeshte, Zagora and Malko Kadievo and the municipality of Radnevo - the land of the village of Kolarovo; letter under ref. № AI 14-24 of 22.08.2014 by the Deputy Minister of Regional Development, which states that Order № RD-02-15-114 of 31.07.2014 of the Minister of Regional Development has entered into force; Order № RD-02-15-116 of 31.07.2014 of the Minister of Regional Development for approval of a detailed development

plan - plot plan for the route of the gas pipeline, technological sites and elements of the technical infrastructure for the project Gas Interconnector Greece - Bulgaria on the territory of the Republic of Bulgaria - for part of the total length of the gas pipeline on the territory of Haskovo district, Haskovo municipality - the land of Zornitsa village, Golemantsi village, Mandra village, Mandra village, Orlovo village, Voyvodovo village, Manastir village, Stamboliyski village, Haskovo town and Uzundzhovo village, Dimitrovgrad municipality - the land of the villages Voden, Chernogorovo, Brod and Golyamo Asenovo; a letter under ref. № AI 14-25 of 22.08.2014 by the Deputy Minister of Regional Development, which states that Order № RD-02-15-116 of 31.07.2014 of the Minister of Regional Development has entered into force; Order № RD-02-15-140 of 27.10.2014 of the Deputy Minister of Regional Development for approval of a detailed development plan - plot plan for the pipeline RoW, technological sites and elements of the technical infrastructure for the site Gas Interconnector Greece – Bulgaria on the territory of the Republic of Bulgaria - for part of the total length of the gas pipeline on the territory of Kardzhali district, Kirkovo, Djebel, Momchilgrad and Kardzhali municipalities, except for the following sections: from km 9 + 676.31 to km 9 + 947.48 in municipality Kirkovo, from km 16 + 302.22 to km 17 + 891.33 in municipality Kirkovo, from km 18 + 557.11 to km 19 + 051.31 in municipality Kirkovo, from km 42 + 492.59 to km 42 + 710.69 in municipality Kardjali; Order № RD-02-15-65 of 04.05.2015 of the Deputy Minister of Regional Development for approval of a detailed development plan - plot plan for the gas pipeline route, technological sites and elements of the service technical infrastructure for the project Gas Interconnector Greece - Bulgaria on the territory of the Republic of Bulgaria - for part of the total length of the gas pipeline on the territory of Kardzhali district, sections: from km 9 + 676.31 to km 9 + 947.48 - Kirkovo municipality, from km 16 + 302.22 to km 17 + 891.33 - Kirkovo municipality, from km 18 + 557.11 to km 19 + 051.31 - Kirkovo municipality, from km 42 + 492.59 to km 42 + 710.69 - Kardjali municipality; Order № RD-02-15-78 of 29.05.2015 of the Deputy Minister of Regional Development for approval of a detailed development plan - plot plan for the elements of the service technical infrastructure - Sewerage of the Dispatch Center at the site Gas Interconnector Greece - Bulgaria on the territory of the Republic of Bulgaria, located in the territory of the village of Stamboliyski, Haskovo municipality, Haskovo district. The applicant ICGB AD stated that in early 2016 the process of acquiring real rights on Bulgarian territory and investment design of both route sections Bulgarian and Greek was completed as requested for Construction Permit acquisition. Easement rights have been instituted for all properties affected by the linear part by the order of art. 64 of the Energy Act and Art. 210 of the Spatial Planning Act (SPA), and for the ground facilities the right of ownership was acquired or the right of construction was established, including the necessary expropriating procedures. In this regard the Minister of Regional Development and Public Works issued a Permit № PC - 48 of 12.09.2017 for construction of the Gas Interconnector Greece-Bulgaria on the territory of the municipalities Stara Zagora, Radnevo and Opan, within Stara Zagora district, the municipalities of Dimitrovgrad and Haskovo within the Haskovo district, the municipalities Djebel, Kardjali, Momchilgrad and Kirkovo, in the Kardjali district.

The construction is rated as first class under the Spatial Planning Act of the Republic of Bulgaria. A Public Procurement Procedure was conducted to select a contractor for the Project implementation and a Contract for Engineering, Procurement and Construction was awarded. The handover of the finished facility by the Contractor to the Assignor and the ownership transfer of the whole facility, inclusive of the ground facilities shall be accomplished with the signature of a construction Handover Certificate, a prerequisite for the conduct of the subsequent procedures on commissioning and start of operation.

There are no fixed tangible assets logged in the ICGB AD Inventory book yet to execute the natural gas transmission as the construction is not fully finalized at the moment.

The fixed tangible assets shall be entered in the accounting books after completion of construction, the final acceptance tests and the start of operation, by virtue of acquired Use Permit. The costs of the pipeline construction are reflected in the financial reports of ICGB AD as expenditures for acquisition of fixed tangible assets (FTA). In the company balance-sheet the latter are shown as current assets. Year to date the assets are in a phase of accrual and shall be differentiated on the date of commercial operation commencement.

In view of the above the NRAs assume that the above defined long-term tangible assets, necessary for the natural gas transmission, are to be duly entered in the inventory book of the company immediately after acquisition of Use Permit and full evidence has been submitted to the NRAs before adoption of a final certification decision for ICGB AD as an ITO, which is due to be adopted before COD (i.e. preceding the COD).

7.2. The NRAs confirm that the requirement of Article 17, paragraph 1 of Directive 2009/73/EC (Art. 81g, para. 1 of EA), the operator to have financial resources necessary for the fulfillment of the obligations for carrying out the activity of natural gas transmission, has been met.

This shall be confirmed by the following data and documents:

The ICGB AD financial standing analysis for the period 2019 – 2021

ICGB AD has presented audited financial statements for the period 2019 – 2021 (Appendix № 26). For the period under review the company has realized a loss as follows: BGN 1,668 thousand for 2019; BGN 2,451 thousand for 2020 and BGN 5,029 thousand for 2021. The accrued loss is expected at this stage of the project development, however, the company with the support of its shareholders has sufficient resources for the project to be successfully implemented. As provided for under the signed updated shareholder agreement of 10.10.2019, in case of need and depending on the stages of project development, measures are envisaged to be taken by the shareholders for the implementation of the project. In 2019, one of these measures was increasing the registered capital of the company by issuing 8,292,718 shares with a nominal value of BGN 10 each.

For the period 2019 - 2021 the company earned revenues only in 2020 amounting to a total of 1298 thousand BGN, of which 1275 thousand BGN are from contracts with customers and 23 thousand BGN from other revenues.

With regard to the total expenses of ICGB AD, there is an increasing trend as follows: BGN 1,677 thousand for 2019, BGN 3,747 thousand for 2020 and BGN 6,310 thousand for 2021. The total amount of the company's assets increases as follows: BGN 111,465 thousand for 2019, BGN 218,355 thousand for 2020 and BGN 427,668 thousand for 2021. Non-current assets increase from BGN 64,894 thousand BGN for 2019 to BGN 203,213 thousand. for 2020 and reach BGN 346,340,000 for 2021. The increase is mainly due to the acquisition of new tangible firm assets, such as property, plant and equipment. The change in the current assets of the company is as follows: BGN 46,571 thousand for 2019, BGN 15,142 thousand for 2020 and BGN 81,328 thousand for 2021.

The share capital of ICGB AD amounts to BGN 115,981 thousand, while the participation of the shareholders is preserved: BEH EAD and IGI Poseidon Greece by 50% each. The equity of the company for 2019 amounts to BGN 109,985 thousand, and decreases whereas for 2020 it is BGN 107,534 thousand, and for 2021 BGN 102,505 thousand. The non-current liabilities of the company for 2019 are BGN 221 thousand, for 2020 they amount to BGN 82,582 thousand, and for 2021 they amount to BGN 275,447 thousand and are related to trade and other liabilities, liabilities to related parties, deferred financing income and liabilities under leasing contracts. Current liabilities of BGN 1,259 thousand for 2019 increase to BGN 28,239 thousand for 2020 and to BGN 49,716 thousand for 2021.

From the presented cash flow statement for the period 2019 - 2021 it is evident that the cash flows from the main activity of the company are related to payments: to suppliers, for taxes, for wages and others. With regard to financial activities, the proceeds are from a loan received and the payments are related to: loan repayment, leasing contracts and bank fees. From the reported cash flows for the period 2019 - 2021 it is evident that at the end of each year the cash balances are positive.

Indicators characterizing the financial and economic standing of ICGB AD for the period 2019 - 2021.

The ratio of coverage of firm assets with equity (OC / FA) from 1.69 for 2019 decreases to 0.30 for 2021. This means that the company had no difficulties in investing with free equity in new firm assets until 2019 incl. and there may have been difficulties at the end of the period.

The total liquidity ratio (CA/CL) decreased from 36.99 in 2019 to 1.64 in 2021, remaining above one, which means that the company had enough free working capital to repay its current liabilities. The coefficient of financial autonomy Own Capital (equity)/ (Long-term + Short-term liabilities), showing the degree of independence from the use of borrowed funds, is 74.31 for 2019, and decreases to 0.32 in 2021. This means that the company had no difficulty in covering its long-term and short-term liabilities with its own funds at the beginning of the considered period. Based on the indicators calculated on the basis of a general balance sheet structure for the period 2019 - 2021, it can be concluded that the financial and economic standing of ICGB AD is relatively good.

Investment activities

The final investment decision (FID) on the construction of the Interconnector Greece-Bulgaria was adopted by the shareholders of ICGB AD on December 10, 2015. The total investment costs for the implementation of the energy facility -Interconnector IGB for the period 2021 - 2026 is worth over EUR 248.9 million. The investment costs cover all costs incurred during the investment phase of the project, which at the beginning of the operational phase are formed by long-term tangible and intangible assets. The main phases for the implementation of the project for construction of the energy site include: engineering, procurement and construction. All capital expenditures for the period of construction and operation of the IGB gas pipeline shall be only for assets related to the licensed activity.

The investment costs, divided into categories, and their value excluding VAT are as follows:

- Costs for design and planning - EUR 5 million and represent all costs incurred at the start of the project before the start of its implementation: preparation of a detailed development plan; environmental impact assessment; detailed road delineation; archeology; acquisition of construction permit; preparation of detailed design; acquisition of property rights (excluding tax and value of benefits), etc.;

- Expenditure on the purchase of land in the amount of EUR 4 million, including the funds for the purchase of land for the installation of facilities and the acquisition of real rights, the establishment of an easement and the right of use for linear objects;

- Costs for construction and installation works (construction and installation works) - EUR 115.8 million for construction of the linear part of the pipeline and the activities for installation of adjacent facilities, respectively: costs for construction and installation works of pipelines and block valves - EUR 72 million; construction and installation costs of facilities and stations (GMS and treatment plant) - EUR 6 million; costs for construction of easement, fiber optic cable (FOC), control system, visualization and data collection (SCADA), power supply, insurance with coverage of all risks, filling the pipeline, etc. costs of EUR 37.8 million;

- Costs for facilities and equipment - EUR 100.5 million, their value includes all ancillary facilities - cathodic protection pipeline system, GMS, Block Valves, shut-off valves, valves, etc., respectively: pipeline costs - EUR 58.2 million .euro; costs for block valves - EUR 4 million; costs for facilities and stations (GMS and treatment plant) - EUR 30 million; other costs for: construction works; FOC; SCADA; power supply; design; training - 8.3 million euros;

- Expenditure on project organization and management - EUR 6.3 million, including gross remuneration for the project management unit, which is formed assuming that employees will work on the project 40 hours per week for the period of construction preparation and implementation, as well as for international legal consultants, marketing, communications and corporate activities;

- Promotion and publicity costs - EUR 400 thousand, aimed at demonstrating the contribution of European Union funds to the implementation of the project with European Structural and Investment Funds (ESIF) for the constructed assets, which is the responsibility of the beneficiary. For this purpose, the beneficiary ensures the placement of stickers, signs, the preparation of information materials and videos that meet the requirements;

- Costs for author's and construction supervision - 8 million euros. The supervision includes an Owner's Engineer for the facility and construction supervision in line with the requirements of the Spatial Planning Act, specifically for each of them: for a consulting engineer - EUR 5.67 million; for construction supervision - EUR 0.39 million; costs for archaeological research - 1.94 million euros;

- Contingencies planned at 3.6% of the total investment costs or around EUR 8.9 million. The applicant foresees additional costs for reconstructions and replacement of equipment and facilities, and costs related to the SCADA system in the eighth and sixteenth years of the operational life of the project.

The investment value of the energy site is presented in the table below:

Estimated Investment Costs by Element	Value (mil. euro)
Planning and design/engineering	5
Purchase of land	4
Construction and installation works	115,8
Facilities and equipment	100,5
Project Management	6,3
Promotion and publicity	0,4
Supervision during the construction	8
Contingencies	8,9
Total Investment Costs (VAT excluded)	248,9

The investments made for the construction of the energy facility by the end of 2020 amount to over EUR 103.496 million . The remaining activities for the implementation of the project, according to the deadlines for their implementation are as follows

- work out of detailed design for the linear part of the gas pipeline, for the crossings under the Maritsa River and the Studen Kladenets Dam and for ground facilities – Gas Metering Stations (GMS), Block Valves (BV) and Dispatch Center, as well as design of an integrated control and management system SCADA;

- overall construction of the gas pipeline (including clearing of the working strip from the rest of the route, preparation, welding, testing, trench excavation, pipe lowering, backfilling and hydrotest of the pipeline), block valves, two gas metering stations and

connection to the existing gas transmission networks. Bulgartransgaz EAD, DESFA S.A. and TAP, a dispatch center and a base for maintenance and management of the gas pipeline;

- commissioning activities, conducting 72-hour tests, testing the management and control system, commissioning of the facility, obtaining a certificate form 15 (Act 15) to establish the construction readiness for acceptance.

The company investment program envisages construction completion in June 2022 and putting it into commercial operation no later than July 1, 2022.

Sources of financing the construction of the energy facility

The sources for financing the project are planned and agreed, provided through a long-term loan from the European Investment Bank (EIB) in the amount of EUR 110 million, secured by a state guarantee, as well as grants: in the amount of EUR 39 million from Operational Program "Innovation and Competitiveness" 2014-2020 (OPIC) in the amount of EUR 45 million from the European Energy Program for Recovery (EEPR), as well as through own funding from the company's shareholders. The European Commission Decision C (2010) 5813 of 30.08.2010, amended Decision C (2012) 6405, C (2015) 3005 and C (2018) 6871 final, provided funding for EEPR to ICGB. The funds were approved in 2010, and after a request for extension of the eligibility period of the funds on October 20, 2018, and received formal decision on extending the deadline to 31.12.2021 by the European Commission. A second request for extension until 31.12.2022 was submitted on 15.11.2021. Two payments under this mechanism were approved and received as follows: in December 2020 - EUR 6.4 million (eligible costs EUR 16.8 million, with an intensity of 38.14%); in October 2021 - EUR 16.5 million (eligible costs EUR 30.9 million, with an intensity of 38.14%);

An Administrative contract for the direct provision of grants for the project Interconnector Greece – Bulgaria Construction, under Priority Axis 4 "Removal of barriers in the field of security of gas supply", amounting to EUR 39 million was concluded between ICGB AD and the Managing Authority of OPIC, Bulgaria - General Directorate for European Competitiveness Funds in the Ministry of Economy in December 21, 2018 (Appendix № 27). The initial term of the mentioned administrative contract has been extended until 31.12.2022. On April 2, 2019, the EC officially approved the funds for the grant in the total amount of EUR 39 million, of which EUR 33.15 million (85%) were provided from the European Structural and Investment Funds (ESIF), and the remaining EUR 5.85 million (15%) from national co-financing.

In November 2020, ICGB AD submitted its first interim request for reimbursement of eligible costs from OPIC in the amount of EUR 28.5 million (eligible costs EUR 28.5 million, with an intensity of 100%). On February 25, 2021, the Company was informed that the verification of the request for refund was completed, the funds were approved, and the amount was received on March 1, 2021. The Executive Agency for the Audit of European Union Funds conducted an audit of the above-mentioned first request, which was completed in October 2021 without significant deviations. The second interim request for reimbursement of eligible costs was submitted on 29.04.2021 in the amount of EUR 8.7 million (eligible costs EUR 8.7 million, with an intensity of 100%), whereas the company was audited at the time of submission of the application. On December 21, 2018, an administrative agreement was signed for the direct provision of grants under OPIC, and Decision № 942 of 21.12.2018 of the Council of Ministers of the Republic of Bulgaria.

The financing from the European Investment Bank (EIB) was provided through BEH EAD and amounts to EUR 109.9 million. The financing is secured by a state guarantee provided for in the State Budget Act.

On October 10, 2019, a loan agreement was signed with EIB. On the same date, a Guarantee Agreement was signed between the Ministry of Finance of Bulgaria and the EIB for the issuance of a state guarantee as collateral for the loan received from the EIB. BEH

EAD provides the funds ICGB AD under a Loan Agreement concluded between BEH EAD and ICGB AD for a period of 25 years, which fully reproduces the terms of the Financing Agreement (Appendix № 28).

Out of the EIB loan three tranches totaling EUR 90 million have already been disbursed, and respectively received in August 2020, January 2021 and December 2021, respectively. The utilization of the remaining loan is based on the necessary financial needs of ICGB AD, following construction schedule and the agreed invoicing conditions. The loan is disbursed at a firm interest rate, thus ensuring predictability of cash flows and minimizing the potential credit risk for the Company. In addition, a grace period of up to 7 years is provided prior to the start of principal repayment period. The applicable interest rate is defined before the payment of each individual tranche and in view of the provided state guarantee for the project it is more favorable than the market interest rates which ICGB AD would achieve. EIB financing requires the presentation of a number of documents - gas transportation agreements (GTAs) with capacity users, a loan utilization agreement and a special pledge agreement of 07.07.2020 in favor of BEH EAD, as a direct lender to ICGB AD. The other collaterals have also been fixed, and the required insurance has been concluded with the necessary coverage for all risks during the construction.

The registered capital of ICGB AD at its incorporation was BGN 7,823,320, reaching BGN 33,053,560 during the years of project development and before the start of the construction phase. By a decision of the Company General Meeting of Shareholders, dated October 10, 2019, officially entered in the Commercial Register and the Register of Non-Profit Legal Entities of the Republic of Bulgaria on October 31, 2019, the capital of the company was increased by BGN 82,927,180..

In case of need for working capital, the Company uses short-term loan financing - credit lines (overdraft). In order to ensure financial security on 16.11.2020, ICGB AD has entered into an agreement with (BUSINESS SECRET)* for the provision of a credit line of (BUSINESS SECRET)*. The purpose of the overdraft is to cover the short-term liquidity needs of the company. The need for such funds would arise with the absorption of the grant, as the reimbursement is after the implementation and payment of costs, ie. advance cash resources are needed to make the payment. The agreed credit line is secured by the receivables of ICGB AD under OPIC., The credit line was used once (in October 2021) for an amount of (BUSINESS SECRET)*, which was repaid in November 2021.

Sources of financing during the commercial operation of the IGB gas pipeline

After finishing construction and start of operation of the Interconnector Greece-Bulgaria, ICGB AD will manage the transmission capacity and conclude contracts for natural gas transmission.

During the commercial operation ICGB AD will generate sufficient revenues from its natural gas transmission activities, which will cover operating costs, repair and investment programs. If necessary, the credit line (overdraft) shall be used. The Interconnector Greece-Bulgaria is supported by the governments of the Hellenic Republic and the Republic of Bulgaria, as stated in the Memorandum of Understanding signed in 2009. The project is declared a “Project of National Importance” and a “National Site” according to Decision № 615 of the Council of Ministers of the Republic of Bulgaria from 14.07.2009 and Decision № 452 of the Council of Ministers from 07.06.2012, as well as according to Law 4001/2011 of the Hellenic Republic legislation.

In addition, to ensure the predictability of the ICGB AD Shareholders' Investment, on October 10, 2019 the Minister of Energy of the Republic of Bulgaria and the Minister of Environment and Energy of the Hellenic Republic have signed the Intergovernmental Agreement (IGA) between the Republic of Bulgaria and the Hellenic Republic regulating the

tax regime of the IGB project. IGA was ratified in August 2020 by the National Assembly of the Republic of Bulgaria and in January 2021 by the Parliament of the Hellenic Republic.

The Interconnector Greece-Bulgaria Project is extremely important as it enhances security of supply and ensures diversification of gas deliveries to Bulgaria and the region of Southeast Europe. IGB is included in the list of projects of common interest and is referred to as a flagship project in the CESEC (Central and South East European Gas Connection) initiative. The project is a key part of the strategy for greater integration of the gas markets, including projects for interconnections: Bulgaria - Greece, Bulgaria - Romania, Romania - Hungary. At European Union level, the IGB Project receives consistent political and financial support, which is crucial for its successful implementation. The common position of the national governments of the two countries, the Republic of Bulgaria and the Hellenic Republic, and the European Commission defined the project for the Interconnector Greece-Bulgaria construction as a top priority in the energy sector for the whole region. The approved grants, the long-term loan and the provision of own funds by the ICGB shareholders are key to the implementation of the IGB Interconnector and are evidence of its importance for both the country, the region and Europe.

The project is financially secured, and ICGB AD is financially secured and has the necessary resources, ensuring the successful implementation of construction and its effective operation.

Financial and economic analysis of the ICGB AD status, for the period 2022 - 2026.

The costs of the project for construction and operation of the IGB gas pipeline include the total investment costs - capital costs, incl. replacement costs and residual value, and operating costs. The capital costs of the project are presented in detail in the investment program of the company. Operational costs include only those expenses that are directly related to the ICGB AD activity. Expenses included in the formation of the tariff for transmission of natural gas do not include financial expenses and overheads, income taxes and expenses for future periods.

The estimated costs for the natural gas transmission activity are made on the basis of prior assessments of the documentation for complete engineering, updated at the time of submitting the application for preparation of the business plan of the company. The main factors influencing the estimated values of the costs are: investment value of the gas pipeline and its facilities; value of other firm assets (intangible and other tangible assets) necessary for the performance of the licensed activity; value of spare parts and materials for current maintenance of the gas pipeline; value of external services; number of staff required for management and operation of the pipeline. Costs are calculated on the basis of 2020. To the forecasts for the remaining years, the company applied the annual inflation and real GDP growth for the Eurozone. The corporate tax used by the applicant is 13.2%, determined taking into account corporate taxes in the Republic of Bulgaria and the Republic of Greece, respectively 10% and 29%, as a weighted average based on the territorial distribution of the pipeline.

The Operational and administration costs include the following main components:

- Personnel costs – remuneration by job position, according to the company organizational structure and the Management Board members, including payroll, remunerations, social security, allowances, benefits;
- Energy costs – power supply to GMS Stara Zagora and GMS Komotini, Dispatch Center, Maintenance and Operation (M&O) premises in Haskovo, etc.;
- Expenditures for accommodation facilities - water supply for fire protection of GMS Stara Zagora, GMS Komotini, Dispatch Center and the Maintenance and Operation premises in Haskovo, sewerage, discharge and treatment of wastewater, etc. ;

- Costs on spare parts and current repairs - purchase of manometers, thermometers to replace damaged or those that have not successfully passed metrological tests, minor repairs, including: cleaning the chimneys of boilers in GMS, replacement of damaged or missing markers along the route of the gas pipeline and the optical cable, as well as at the sites, etc.;
- Other costs of materials – auxiliary materials, including tools, fasteners and fittings and other auxiliary materials, as well as rental of transport (in the Republic of Bulgaria and the Republic of Greece) and maintenance of vehicles;
- Expenditures of third parties - inspections by control bodies in accordance with national legislation, such as inspections under the Ordinance on the safe operation of transmission and distribution pipelines, inspection of measuring instruments in accordance with the Ordinance on measuring instruments subject to metrological control, inspections by the Regional Fire Safety Directorate and fire protection, inspections of electrical equipment, lightning protection and earthing installations, inspection of the operation and adjustment of safety shut-off valves, etc.;
- Costs on external services - supervision of the equipment by the relevant authorities, maintenance of the easement, maintenance of telecommunication optical cable network and its equipment, rent of an office in Sofia, fire services, security services, accounting services, legal services, telecommunications, IT and public relations, insurance services.

The estimated structure and volume of expenditures for the period 2022 - 2026 per annum are presented in the table below:

Estimated Costs per element (*000 €)	2022 г.	2023 г.	2024 г.	2025 г.	2026 г.
Costs of materials	24				
Costs on external services	3555	5012	5048	4025	4054
Costs on non-financial assets depreciation	2997	5898	5898	5898	5898
Grants depreciation costs	1680	3360	3360	3360	3360
Remuneration costs	1157	1253	1262	1271	1280
Other expenditures	42				
Other expenses	9455	15 523	15 568	14 554	14 592

Revenues from the Interconnector Greece-Bulgaria are planned on the basis of the pipeline reserved capacity, assessed through the market test and the indicative tariff, in accordance with the IGB Tariff Code approved by the NRAs

As a result of the second binding phase of the market test, 1.574 billion m³ / year were reserved from the physical capacity of the gas pipeline - 3 billion m³ / year. (average 1.41 billion m³ / year on a 25-year basis). This represents about 52.5% of the technical capacity of the network.

The allocation of the reserved capacity by user and conditions is presented in the table below:

Network Users of IGB	Reserved Capacity period, years	Type of capacity	Reserved Capacity, m ³ /h	Reserved Capacity, bil. m ³ /y.
DEPA Commercial S.A.	(BUSINESS SECRET)*	(BUSINESS SECRET)*	(BUSINESS SECRET)*	(BUSINESS SECRET)*
Bulgargaz EAD	(BUSINESS SECRET)*	(BUSINESS SECRET)*	(BUSINESS SECRET)*	(BUSINESS SECRET)*

Edison SpA	(BUSINESS SECRET)*	(BUSINESS SECRET)*	(BUSINESS SECRET)*	(BUSINESS SECRET)*
Linden Energy LLC	(BUSINESS SECRET)*	(BUSINESS SECRET)*	(BUSINESS SECRET)*	(BUSINESS SECRET)*
Azerbaijan Gas International BV	(BUSINESS SECRET)*	(BUSINESS SECRET)*	(BUSINESS SECRET)*	(BUSINESS SECRET)*
TOTAL			(BUSINESS SECRET)*	(BUSINESS SECRET)*

Note: the capacity is indicated in m3, as the advance GTA with the shippers who reserved capacity in the second binding phase of the Market Test was concluded in m3. After the commissioning of the IGB gas pipeline and after the DTE, the capacity and tariffs for access and transmission for each of the offered products will be announced in energy units.

The estimated sales of natural gas transmission capacity under the IGB, are presented by year for the period from the first year after COD to the twenty fifth year in the financial model and production program of the business plan attached to the application. Revenue will be measured on the basis of the transaction price determined for each contract, depending on the reserved amount of capacity and under the terms of the "ship or pay" clause.

Estimated annual revenues are calculated on the basis of the annual transmission of natural gas and the estimated average annual reference tariff for natural gas, equal to 12.14 EUR / kNcm, according to the attached financial model. The reference tariff used to generate the estimated revenue has been calculated on the basis of the updated conditions to date and the updated data, which is why it differs from the 2018 net reference tariff set out in the IGB Tariff Code. The tariff is uniform, does not vary depending on the location of the Entry / Exit point. The tariff was calculated on the basis of reimbursement of the total costs of the project for the 25-year period of operation. According to ICGB AD at increased market interest and distribution of the remaining capacity, optimization of the economic (tariff) conditions for the network users of the transmission services will be achieved by activating the Profit Distribution Mechanism described in the Tariff Code.

The Company spends the loan funds in accordance with the schedule of payments to counterparties, not keeping large cash resources in order to avoid accrual of additional interest on the loan, as well as bank fees (cash fee) on the amounts. After building and commissioning the Interconnector Greece-Bulgaria, ICGB AD will operate the gas pipeline, managing its transportation capacity and concluding and executing natural gas transportation agreements (GTAs). During the commercial operation, ICGB AD will generate sufficient revenues from its natural gas transmission activities to cover the project operational costs and those on repairs and investment programs.

Estimated prices of provided services

Prices for natural gas transmission services on the IGB Interconnector are set based on formulas described in the IGB Tariff Code, which is an integral part - Appendix to the IGB Gas Code (Grid/Network Code), approved by Joint Decision of 27.02.2020 of the EWRC and RAE.

The ICGB AD Tariff Code is prepared on the basis of an entry-exit model and defines a price mechanism for all products related to the offered capacity (products with different periods of firm and interruptible capacity). The prices for interruptible reverse flow and interruptible forward flow capacity are defined as a percentage of the Firm Forward Flow Tariff. The Tariff Code defines the initial internal rate of return (IRR) of the shareholders' nominal capital for a period of 25 years of operation from the COD, as well as the maximum value of IRR, as any revenues from capacity booking that increase the internal rate of return

above the specified maximum value will be returned through a profit-sharing mechanism. In this sense, the IGB Tariff is cost-effective, transparent and non-discriminatory.

For each of the offered transmission products ICGB AD will set a net tariff, which will be the same for each user of capacity to which the respective transmission product is allocated.

Reference Tariff

The net reference tariff will be assessed as of COD and calculated as the ratio between the present value of expected annual revenues and the present value of reserved capacity on an annual basis in accordance with the concluded GTA.

ICGB AD incurred and estimated costs, determined the conditions for calculation of the indicative tariff and the respective deviations in case of change of the parameters, specified in detail in the IGB Tariff Code. According to the Tariff Code, the net reference tariff is calculated taking into account the costs and a guaranteed initial return on equity of 7.9%. The Reference Tariff set in the IGB Tariff Code is recalculated on the basis of the updated conditions to date and the updated input data, and is € 12.14 / kNm. Prior to the start of the licensed activity on natural gas transmission, ICGB AD will prepare an updated business plan and financial model, indicating prices for the services for access and transmission via the IGB gas pipeline for each of the offered capacity products as of COD.

The Net Reference Tariff, in accordance with the Final Joint Decision, will be offered in a currency per unit of energy, namely EUR / kWh (€ / kWh). The following conversion factors were used for the calculation: LHV = 36.87 MJ / Nm³ and 1 MJ = 0.28 kWh, and therefore: 1 € / kNm³ = 9.764 * 10⁻⁵ € / kWh.

Standard Capacity Products Tariff

The Net Tariff for transfer of firm flow in the forward direction / firm forward flow (FFF), is defined as non-interruptible flow, starting from the Entry Point(s) at Komotini, Greece ending at the Exit Point(s) at Stara Zagora, Bulgaria, which flow has been reserved in line with the Network Code terms and conditions. The Net Forward Tariff, Transmission Tariff is equal to the Net Reference Transmission Tariff calculated at COD. Net Transmission Tariff for interruptible flow / interruptible forward flow (IFF)

IFF is defined as an interruptible flow, starting from the Entry Point(s) at Komotini, Greece and ending at the Exit Point Stara Zagora, Bulgaria and such flow may be reserved in observance of the Network Code terms and conditions. The Net Reference Tariff for IFF is set at 15% of the Net Reference Tariff calculated at COD.

The Net Transfer Tariff for interruptible reverse flow (IRF) is defined as interruptible, from the Exit Point at Stara Zagora, Bulgaria to the Entry Point at Komotini, Greece, and it may be reserved in observance of the Network Code terms and conditions. The Net Reference Tariff for IRF is set at 15% of the Net Reference Tariff calculated at COD..

Net Tariff for transfer of firm reverse flow (FRF)

FRF is defined as non-interruptible flow from the Exit Point at Stara Zagora, Bulgaria to the Entry Point at Komotini, Greece and may be reserved under the Network Code terms and conditions. The Net Reference Transfer Tariff is estimated at 25% of the Net Reference Tariff calculated at COD.

Entry Tariffs

Entry tariffs include the transfer tariff of entry points and the amount of "ship or pay" fees due by network users at their respective entry point (entry points) for each reserved standard capacity product, according to the terms of the Network Code, respectively:

Entry Transfer Tariff on FIF (firm interruptible flow).

The Entry Transfer Tariff for firm interruptible flow is defined as transportation tariff, payable by the Shippers who have booked firm forward flow to the Entry Point(s) at Komotini, Greece pursuant to the Network Code conditions. The Entry Transportation Tariff

is set at 17% of the Net Tariff for firm forward flow calculated at COD, based on the ratio 31/182km or the pipeline length laid on Greek territory towards its total length.

Entry Transportation Tariff for FIF.

The Entry Tariff for FIF is defined as transportation tariff payable by the Shippers who have booked FIF at the Entry Point(s) at Komotini, Greece pursuant to the Network Code conditions. The Entry Tariff for transportation of FIF is set at 17 % of the tariff for interruptible forward flow calculated at COD whereas 17% reflects the ratio 31/182km or the length of the pipeline laid on Greek territory toward the total length.

Entry Tariff for transportation of IRF.

The Entry Transportation Tariff for IRF is defined as a transportation tariff payable by Shippers that have booked IRF at the Exit Point at Stara Zagora, Bulgaria pursuant to the Network Code conditions. The Entry Tariff for transportation of IRF is set at 83% of the interruptible reverse flow tariff, calculated after COD, whereas 83% is the ratio 151/182km or the length of the pipeline on Bulgarian territory to the total pipeline length.

Entry Tariff for transportation of FRF

The Entry Transportation Tariff for FRF is defined as a transportation tariff payable by Shippers that have booked FRF at the Exit Point at Stara Zagora, Bulgaria pursuant to the Network Code conditions. The Entry Tariff for transportation of FRF is set at 83% of the firm reverse flow tariff, calculated after COD, whereas 83% is the ratio 151/182km or the length of the pipeline on Bulgarian territory to the total pipeline length.

Exit Tariffs

The tariff for transportation from exit points is set in observance of the Network Code conditions. It includes the points tariff and the ship and pay fees at the respective exit point, payable by the network users for all booked standard capacity products pursuant to the Network Code conditions.

Exit Tariff for transportation of Firm Forward Flow (FFF)

The Exit Tariff for FFF is defined as transportation tariff payable by the Shippers that have booked FFF at the Exit Point at Stara Zagora, Bulgaria pursuant to the Network Code conditions. The Exit tariff for FFF is set at 83 % of the Net Tariff for firm forward flow, calculated at COD whereas 85% is the ratio 151/192km or the length of the pipeline laid on the territory of Bulgaria to the total pipeline length.

Exit Tariff for transportation of Interruptible Forward Flow (IFF)

The Exit Tariff for IFF is defined as transportation tariff payable by the Shippers that have booked IFF at the Exit Point at Stara Zagora, Bulgaria pursuant to the Network Code conditions. The Exit tariff for IFF is set at 83 % of the Net Tariff for interruptible forward flow, calculated at COD whereas 85% is the ratio 151/192km or the length of the pipeline laid on the territory of Bulgaria to the total pipeline length.

Exit Tariff for Interruptible Reverse Flow (IRF)

The Exit Tariff for IRF is defined as transportation tariff payable by the Shippers who have booked IRF at the Entry Point(s) at Komotini, Greece pursuant to the Network Code conditions. The Entry Tariff for transportation of IRF is set at 17 % of the Net Tariff for interruptible reverse flow calculated at COD whereas 17% reflects the ratio 31/182km or the length of the pipeline laid on Greek territory toward the total length

Exit Tariff for Firm Reverse Flow (FRF)

The Exit Tariff for FRF is defined as transportation tariff payable by the Shippers who have booked FRF at the Entry Point(s) at Komotini, Greece pursuant to the Network Code conditions. The Entry Tariff for transportation of FRF is set at 17 % of the Net Tariff for firm reverse flow calculated at COD whereas 17% reflects the ratio 31/182km or the length of the pipeline laid on Greek territory toward the total length.

Fees and Payment

Monthly Fee

Shippers that have concluded a GTA with ICGB AD shall pay a monthly fee within the term of all respective Gas Transportation Agreements, calculated by a formula, indicated in the Tariff Code.

Annual payment of fees “ship or pay”

All Shippers that have concluded a GTA for a term longer than one year and in case of annual deficit bigger than 0, set in accordance with the Network Code provisions shall pay an adjustment, if any, in the next year, calculated by the indicated in the Tariff Code formula.

Booking Price

Tariffs set by the formulas in the IGB Tariff Code are prices for booking of annual standard capacity-related products for each auction/tender defined in the Network Code. The minimum price for firm capacity booking shall reflect different levels of commercial risk borne by the Shippers for the duration of the firm capacity product. The following coefficients will be applied to set Booking Prices for firm capacity products of duration shorter than 1 year, using the respective tariffs for entry and exit capacity, calculated on the basis of the tariff for firm annual product plus as follows: 10% for a three-months capacity, 20% for a monthly capacity and 40% for one day capacity.

Profit allocation mechanism

In case of surplus revenues exceeding the financial plan, estimated for the period of exemption, ICGB AD shall compensate the shippers. Such compensation is assessed as allocation of profits to guarantee on one side the expected return of ICGB AD and on the other to ensure a fair compensation to shippers. The allocation of profit shall be as follows: Each first half of the respective year ICGB AD will approve financial statements based on the previous financial year. The operation profit calculated at CO will be updated by using the actual financial data for the previous year and by calculating the cash flow for the remaining years based on events that may change its values in the long run and on prudential criteria. In the event that the updated operation profit calculated at COD leads to an IRR less than or equal to that specified in the IGB Tariff Code, this will not lead to a reduction in the revenues of ICGB AD by allocating additional income. Conversely, in case of exceeding the IRR, the amount of revenue will be determined to be deducted from the revenues realized in the previous period of ICGB AD, so that the IRR is reduced back to the amount, specified in the Tariff Code. Such value will be entered in the financial statements as a special fund defined as the Profit-Sharing Fund and will relate to the pipeline users of the reference year in proportion to the amount paid by them during the reference year. The amounts deposited in the Profit Distribution Fund during the respective year will be paid proportionally to the traders, as described in the Tariff Code.

IGB's tariff for natural gas transmission services is cost-effective, transparent and non-discriminatory, following the principles described in the Final Joint Decision adopted by the National Regulatory Authorities of Bulgaria and Greece. The IGB Tariff Code defines the pricing mechanism for all capacity products offered, namely capacity products of different durations of fixed and interruptible nature.

All revenues from capacity reservation that increase the internal rate of return above the specified one will be returned to IGB users through a mechanism for distribution of profits in a non-discriminatory and transparent manner. ICGB AD will apply an entry-exit tariff model, as the interruptible reverse flow capacity and the interruptible forward flow capacity are determined as a percentage of the tariff for firm forward flow capacity. A coefficient will not be applied when calculating the tariff for short-term capacity products. According to the Final Joint Decision, where applicable, balancing fees will be objective, transparent, cost-reflective and non-discriminatory and will be published. The tariff model of ICGB AD for the IGB gas pipeline is reproducible, with specific parameters, presents the methodology and the

mechanism for profit allocation, according to the requirements of the Final Joint Decision of EWRC and RAE.

Immediately before the commissioning of the IGB gas pipeline and before COD, ICGB AD will publicly announce its tariffs for access and transportation on the IGB gas pipeline in energy units for each of the offered capacity products.

Estimated Annual Financial Reports

ICGB AD presented a forecast of a balance sheet, P&L and Cash Flow for the period 2022 -2026.

The financial results for the period 2022 – 2026 are as follows: 2022 - loss of EUR 3 523 T and profit: 2023 – EUR 7 976 T; 2024 – EUR 0 776 T; 2025 – EUR 10 308 T and 2026 – EUR 10 525 T .

The total revenues are planned to grow from EUR 11 392 T in 2022 to EUR 22 787 T in 2026. The structure of revenues for the period includes revenues from contracts with clients, financial revenues, etc. The growth in total revenues is mainly due to increased revenues from contracts with customers, which grow from EUR 9635 T in 2022 to EUR 19 114 T per annum for the period 2023 – 2026

Total costs are forecast to increase from 8204 T EUR in 2022 to 11 485 T EUR in 2026. The largest relative share in total operational costs are the costs of depreciation of non-financial assets, which go from EUR 2 997T for 2022 to EUR 5898T in 2026, the cost of external services increases from 3555T for 2022 to 4054T for 2026 and remuneration costs, which grow from EUR 1,157T for 2022 to EUR 1,280 T for 2026. The costs for materials amount to EUR 24 T for 2022, and for the years until the end of the period the company does not envisage such costs. Other costs are planned only for 2022 the amount of 42 T EUR.

The company forecasts total assets to increase from EUR 251,026 T in 2022 to EUR 254,065 T at the end of the period. The non-current assets of the company from EUR 232,980 T for 2022 decrease to EUR 209,387 T for 2026. The current assets of the company increase from EUR 18,046 T for 2022 to EUR 44,678 T for 2026 .

For the indicated period the share capital remains unchanged in the amount of EUR 59,300 thousand. Equity increases from EUR 44,469 T in 2022 to EUR 72,897 T in 2026, due to an increase in current profit.

The estimated capital structure is shown in the table below:

Capital	2022	2023	2024	2025	2026
Share Capital	59 300	59 300	59 300	59 300	59 300
Accrued Loss/Undistributed Profit	(14 832)	-7756	2020	3071	13 596
Own Capital	44 469	51 544	61 320	62 371	72 896

The non-current liabilities decrease from EUR 192 267 T in 2022 to EUR 178 827 T in 2026. The current liabilities decrease from EUR 14 290 T in 2022 to EUR 2341 T in 2026.

From the presented Cash Flow forecast for the period 2022 - 2026 it is evident that the cash receivables will be from the main activity. Payments for the main activity are for salaries, insurance and trade contractors. The investment activity of the company envisages capital costs, development costs and operation until COD. Interest payments and transfer of the debt service reserve as well as payment of dividends in the period 2023-2026 are envisaged under the financial activity. During the period of the business plan an increase in cost efficiency and positive dynamics of cash flows is expected. The planned cash flows show that at the end of each year the forecast cash is positive.

Estimated revenues and costs, financial results, as well as indicators characterizing the financial standing of the company, estimated on the basis of a general balance sheet structure,

are listed in the table below:

Indicators	Year				
	2022	2023	2024	2025	2026
Total Operating Income (T EUR)	11 392	22 600	22 661	22 730	22 786
Total Operating Costs (T EUR)	8204	12 548	12 461	11 448	11 485
Accounting Profit (T EUR)	3188	10 052	10 200	11 282	11 301
Financial Result (T EUR)	-3523	7076	9776	10 508	10 525
Coefficient of coverage of fixed assets with equity (OC/FA)	0,19	0,23	0,28	0,29	0,35
Total Liquidity Coefficient (CA/CL)	1,26	3,49	-7,29	13,53	19,08
Coefficient of financial autonomy Equity/(LtL+StL)	0,22	0,27	0,34	0,34	0,40

* Note: The value of the total liquidity ratio for 2024 has a negative sign, as the company has planned to pay dividends in the same year.

The coverage ratio of fixed assets to equity increases from 0.19 for 2022 to 0.35 for 2026, but remains below one, which indicates that the company will have difficulty investing equity in new fixed assets and dividends. The total liquidity ratio increases from 1.26 for 2022 to 19.08 in 2026, which is an indicator that the company will have free working capital to service its current liabilities. The coefficient of financial autonomy, showing the degree of independence from the use of borrowed funds, increases from 0.22 in 2022 to 0.40 in 2026, but remains below one. This means that the company may have difficulty meeting its liabilities with its own funds.

During the commercial operation of the IGB gas pipeline, ICGB AD will generate sufficient revenues from the natural gas transmission activity to cover the project costs related to the repair and investment programs, operating costs, as well as to generate profit from its activities. The financial model, business plan and forecast financial statements have been developed on the basis of long-term reserved transmission capacities. In case the remaining free capacity is reserved at the beginning of the commercial operation, the additional revenues from this will contribute to achieving more competitive tariff levels and shall provide additional liquidity to the company.

In view of the above, indicated and based on the parameters set in the business plan it could be concluded that ICGB AD is provided with the necessary material and financial resources to fulfill its obligations as an independent transmission operator.

7.3. NRAs confirm that the requirement under Article 17q paragraph 1 (B) and (C), sentence first by Directive 2009/73/EC (Art. 81g, para. 4 of the Energy Act of the Republic of Bulgaria and Art. 63 and 64 of the Greek Energy Law) providing that the transmission system operator appoints the necessary staff, and cannot hire and provide staff from and to other parts of the vertically integrated undertaking, has been met.

Pursuant to art. 17 of the Directive 2009/73/EC, the staff necessary to execute the process of natural gas transmission shall be recruited by the Independent Transmission Operator, or the staff needed for the execution of the core activities of the operator, including the network management. To ensure meeting the NRAs requirements for ITO's independence, the recruitment of personnel and signing the Service Level Contracts with other parts of the VIU are definitively vetoed.

Regarding the fulfillment of this requirement, the company has presented data on the organizational structure of the independent transmission operator (summary scheme of the organizational structure of ICGB AD; detailed organization chart of the organizational

structure of ICGB AD at the operational level, the structural division of activities in ICGB AD according to the functions), on the education and qualification of the hired management staff, in the number and qualification of the staff of the independent transmission operator, on the concluded employment contracts, according to art. 98, para. 2, item 7 of the OLAES, namely:

Appendix № 29 – Data on the organizational structure of ICGB AD;

Appendix № 30 – Reference issued by the National Revenue Agency of the Republic of Bulgaria on the signed labor contracts;

Appendix № 31 – Data on the staff qualification, labor and civil contracts as of March 28, 2022 and Data on the labor and civil contracts as of May 17, 2022;

Appendix № 32 – Declarations by ICGB AD employees that they do not work under employment or civil law for VIU and any other part of them;

Appendix № 33 – Secondment Agreements between ICGB AD, Edison S.p.A and seconded employees signed on 29.11.2019 - 2 people;

Appendix № 34 – 14 civil contracts.

The ICGB AD organizational structure is developed to cover all aspects of the licensed activity of natural gas transmission, carried out by an independent transmission operator in two directions: business activities and ancillary administrative activities. The company organizational structure includes the following structural units: Human Resources, with one employee directly subordinate to the Executive Director, and activities related to the management of staff salaries will be outsourced; Healthy and Safe Working Conditions, Social and Environmental, Quality Management, with four employees; Information Technology (IT), consisting of one team leader and two experts, and the service support of the commercial dispatching system will be assigned to external providers, who will provide it; Finance, having a team of one Manager and five experts; Legal and Regulatory advice, comprising four experts, manager inclusive, whereas legal services of the company shall be supported by an external consultant on a retainer agreement when specific expertise and procedural representation is needed; Capacity Management, Commercial Dispatching, Back-Office and Business Development – having together two managers and 13 employees; Operation, comprising the following sub-units: Technical unit, Physical Dispatching, Internal Maintenance – one manager, one deputy manager and 23 employees; Company branch in the Republic of Greece, managed directly by the Executive Officers, supported by a Legal Adviser, Financial Controller, (included in the Financial Department) and outsourced financial services; Office Management exercised by two employees. The described organizational structure has an appropriate allocation of the activities of ICGB AD as an Independent Transmission Operator and is consistent with the organization necessary for the functioning of the company after the commercial operation date of IGB Gas Interconnector.

The provided documents show that the company has the necessary number of qualified staff to exercise the transmission of natural gas, at the moment 26 (twenty six) employees on employment relationship, including employees who report directly to the ITO's Management Board members on issues of the operation, maintenance and development of the employment network. These employees are qualified for the positions they hold and it is evident from the submitted declarations that they do not work under an employment or civil legal relationship for a VIU and any part of it.

ICGB AD estimates that the total staff to exercise the activity will reach 69 employees, including managers. The Company points out that when hiring new employees, all of them will have the specific qualifications needed for the respective job position to ensure the effective business performance.

ICGB AD submitted declarations from the executive members of the Management

Board in confirmation that the company does not hire or provide staff from and for other parts of VIU (Appendix № 35), except for two employees of Edison S.p.A, who are seconded to ICGB AD given their extensive experience in the energy and gas sector and in order to support the development and implementation of the IGB gas pipeline project until COD. As can be seen from the submitted Agreements for secondment between ICGB AD, Edison S.p.A and the seconded employees, concluded on 29.11.2019, these persons have been appointed as members of the executive management and in particular to the position of Financial Manager and Commercial Manager. Pursuant to Art. 4.1. of the Agreements, they are in force until the COD of IGB gas pipeline or until the date on which they are terminated prematurely. Agreements may be terminated in case of regulatory or compliance requirements - Art. 4.2 of the Agreements.

In connection with the above, NRAs accept that the agreements on secondment should be terminated before the adoption of the final decision for certification of ICGB AD as an ITO.

As can be seen in the filed Data, the company has also hired specialists under civil contracts, as follows: consulting services - gas market (the term of the contract is to be extended); real rights consulting services, permits, technical specifications; assistance in paying compensations to the affected users in the Hellenic Republic; construction supervision in the Republic of Greece; legal consultant; IT consultant; environmental and social consultant; social consultant, relations with local communities - 2; environmental consultants - 4 people (4 contracts, of which 3 valid and 1 to be extended); consulting services in connection with the preparation of information and documents for certification of the company as an ITO; preparation of project documentation for awarding a public procurement (signing is pending) and consulting services for supporting the activity of concluding contracts for transmission of natural gas and other related activities according to the needs of the ITO. As can be seen from the presented civil contracts, the majority of the activities are mainly related to the construction and implementation of the IGB project, and not to supporting the activities of natural gas transmission, management and allocation of capacity. In addition, the contracts contain a confidentiality clause. It should be noted that the contract for consulting services for supporting the activity of concluding contracts for transmission of natural gas and other related activities, according to the needs of ITO, contains clause that the contractor does not render services to any part of the VIU and that he undertakes not to render services to other parts of the VIU for the duration of the contract.

With regard to the use of corporate services - legal, accounting and IT services under civil contracts, they are subject to assessment under the criterion of Article 17, para. 2, (h) of the Gas Directive under item 10 of the present preliminary decision.

In order to objectively assess the above, data and information were required from BEH EAD, Bulgartransgaz EAD and Bulgargaz EAD, provided by letters with ref. № E-ZLR-L-11 from 29.03.2022, ref. № E-ZLR-L-11 from 29.03.2022 and ref. № E-ZLR-L-11 dated 30.03.2022, respectively (Appendix № 36).

After analyzing the information provided by ICGB AD, NRAs assumed that the company has the necessary number of qualified personnel to perform its main activity of natural gas transmission. After reviewing the documents submitted by ICGB AD and the information from the VIU it can be concluded that there are no existing contracts, including civil ones, under which ICGB AD employs or provides staff from and for other parts of the VIU.

7.4. As required by Article 17, paragraph 1, (c), second sentence of Directive 2009/73/EC (Art. 81g, para. 5, item 2, para. 6 and para. 7 of the Energy Act of the Republic of Bulgaria) the independent transmission operator does not receive and provide services from or to other parts of the VIU. However, the gas transmission

system operator may provide services to the vertically integrated undertaking insofar as the provision of those services does not discriminate the system users, they are accessible to all system users under the same conditions and do not restrict, distort or impede competition in production or supply; and the terms and conditions of the provision of these services have been approved by the regulatory authority.

ICGB AD has submitted declarations (Appendix № 37) that it does not receive services from other parts of the VIU performing activities for supply or production of natural gas, and it should be noted that the only agreements concluded between ICGB AD on one hand and:

1. Bulgarian Energy Holding EAD, Bulgartransgaz EAD or Bulgargaz EAD, on the other hand, are:

- An Agreement between ICGB AD and Bulgartransgaz EAD dated 09.10.2019 on interconnection (conditions for connection) between the gas pipeline (IGB) on the territory of the Republic of Bulgaria and the national gas transmission network of Bulgartransgaz EAD, whereas the signing of an agreement for interconnection of the transmission networks ICGB AD and Bulgartransgaz EAD at the interconnection point - Stara Zagora, is pending (Appendix № 38);

- An Agreement between ICGB AD and Bulgargaz EAD dated October 10, 2019 for gas transmission (Appendix № 39);

2. IGI Poseidon S.A. and/or Edison S.p.A and its subsidiary companies, exercising some of the functions of natural gas production and supply on the other side are:

- Gas Transportation Agreement between ICGB AD and Edison S.p.A dated 10.10.2019 (Appendix № 40);

- Reimbursement Agreement for the expenditures of the ICGB AD Board of Directors members, defined by Edison S.p.A between ICGB AD and Edison S.p.A dated 01.11.2011 (Appendix № 41). The agreement in question contains an automatic termination clause in the event that one of the ICGB AD Board of Directors members, appointed by Edison S.p.A., is deleted as such from the account of ICGB AD in the Commercial Register and the Register of Non-profit Legal Entities. The latter will certainly occur during the forthcoming registration of the new Articles of Association and members of the ICGB AD bodies in accordance with the regime of unbundling;

- Service Agreement between ICGB AD and IGI Poseidon S.A. of 27.02.2018, for which the company states that it is not active, therefore it is not subject to the analysis;

3. A Lease Agreement has been concluded between ICGB AD and DEPA Commercial S.A. of 04.02.2020 and an Agreement for its extension from 30.12.2020 (Appendix № 42). This agreement refers to the lease of an office for the branch of ICGB AD in Athens, Greece and expired on 31.12.2021.

With regard to the above agreements, the NRAs found the following:

Agreement between ICGB AD and Bulgartransgaz EAD dated 09.10.2019 on interconnection (conditions for connection) is not in its nature an agreement for the provision of services by and to VIU and its parts. The latter was concluded in order to set the conditions and deadlines for the IGB gas pipeline connection to the gas transmission network of Bulgartransgaz EAD and the construction of the interconnection facilities. The existence of this agreement is a condition for the implementation of the project and determines the subsequent conclusion of an interconnection agreement governing the relationship between the two TSOs during the commercial operation of IGB, arising from the requirements of Commission Regulation (EU) № 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules (Regulation (EU) № 2015/703).

Reimbursement agreement for the ICGB AD Board of Directors members' expenses, defined by Edison S.p.A, dated 01.11.2011, concluded between ICGB AD and Edison S.p.A.

from 01.11.2011, also does not have the subject of providing services, but settling financial relations between the parties. It should be borne in mind that one of the persons ((BUSINESS SECRET)*) was deleted as a member of the Board of Directors of ICGB AD.

With regard to the Lease Agreement concluded between ICGB AD and DEPA Commercial S.A. from 04.02.2020 with a term until 31.12.2020 and an Annex to it from 30.12.2020 with a term until 31.12.2021, by virtue of which ICGB AD rents an office at: Athens 14121, Heraklion, 92 Marinou Antipa Str., where the branch of ICGB AD is registered, it may be considered as a service provided by VIU as HELPE is a minority shareholder (35 %) of DEPA Commercial S.A. However, further assesment is irrelevant given the expiration and not renewal of the aforementioned contract.

It was established that ICGB AD also rents part of a real estate - a three-storey building, located at: 203-207 Mesogion Blvd., Athens, pursuant to a Private Sublease Agreement dated 28.12.2021, concluded with DEPA International Projects S.A. This can also be considered as a service provided by the VIU to the ITO, as DEPA International Projects S.A. as a shareholder in IGI Poseidon S.A. is part of the VIU, taking into account its shareholder "HELPE Group". Therefore, ICGB AD is required to take any necessary measures in order to avoid to create any confusion in respect of its premises and the separate identity of the operator. ICGB AD has the obligation to provide sufficient evidence to prove this requirement is met before the final certification decision for ICGB AD as an ITO, which is due to be adopted before COD (i.e. preceding the COD). Furhtermore, ICGB AD shall bear the obligation not to proceed to renewal of the sublease agreement. Thus, taking into account the aforementioned conditions, it is concluded that the independence requirement is met.

In this sense, the information shows that ICGB AD does not receive services from VIU within the meaning of the national legislation of the Republic of Bulgaria and Greece and Directive 2009/73/EC in violation of the ITO regime and the Final Joint Decision.

Regarding the Agreements concluded between ICGB AD and Bulgargaz EAD dated 10.10.2019 for gas transmission and the Agreement between ICGB AD and Edison S.p.A dated 10.10.2019 for gas transmission , NRAs confirm that they comply with the requirements of Art. 17, paragraph 1, (C), sentence two of the Gas Directive. Based on item 4.3.1. and item 4.4.1. of the Final Joint Decision, EWRC and RAE have approved the Network Code for the Interconnector Greece-Bulgaria (IGB) and its appendices, incl. IGB Tariff Code and Gas Transmission Agreement. On the other hand, gas transmission agreements have been concluded with traders who have reserved capacity from the interconnector as a result of the Market Test, i.e. as a result of an open, non-discriminatory and transparent procedure in which all persons on equal terms are given the opportunity to express their interest and reserve capacity.

Regarding the supply of services and purchase of goods required by ICGB AD for its activity as a transmission network operator, the company envisages conducting transparent and market-based procedures, in compliance with the public procurement legislation. In this regard, with the company Board of Directors' Decision № 93 of 15.03.2018, Internal Rules for Administration of the Cycle of the Public Procurements (Internal Rules, Appendix № 43) were adopted. In observance of the requirement that the ITO should not receive and provide services from or for other parts of the vertically integrated undertaking, Art. 67 of the Internal Rules provides an additional guarantee, stipulating that after certification of the company as an ITO under Chapter Eight "a" of the EA and applicable European law, the procurement documentation should contain appropriate declarations and/or evidence, by which, prior to the signing of a contract, as a condition for its entry into force, to ensure that the contractors: do not provide services (such as, but not limited to, information and security systems or equipment and security systems with regard to access) to any other part of the

VIU to which the company belongs, which could negatively affect compliance with the requirements for independence of the company in its capacity as an independent transmission operator ITO; the contractors are not part of the VIU to which the company belongs, performing the activities of supply or production of natural gas; they are not subject to other legal restrictions under the EA and the applicable European legislation for the provision of services under the relevant public procurement. The provisions of Art. 68 of the Internal Rules stipulate that the conditions under Art. 67 are indicated as requirements to the public procurement execution and are stated as part of the procurement Notice content and/or documentation. At the moment ICGB AD has prepared a declaration form and requires its completion by its contractors (legal entities and individuals), as a guarantee that they do not provide the relevant services to any other part of the VIU.

In order to provide the necessary quantities of natural gas to exercise its activities, ICGB AD will participate in organized exchange markets, which will ensure compliance with the requirement the business conduct to follow transparent, non-discriminatory and market-based procedures.

Pursuant to Art. 17 paragraph 1, (C), item ii) the terms and conditions of the provision of these services provided by the ITO to VIU must be approved by the NRA. In this regard ICGB AD has submitted draft Rules for the provision of services by an independent transmission operator to vertically integrated undertakings (the Rules) - Appendix № 44.

The Rules regulate the provision of services by ITOs to VIUs, with the exception of: gas transmission services and related services, which are provided under the terms of the Exemption Decision, Network and Tariff Code and/or Regulation (EU) 2017/459; the services provided to the VIU as part of the rules/plans/procedures for action in emergency situations; for the provision of services in connection with the conclusion of natural gas purchase and sales contracts, for technological needs or for balancing transactions, when these contracts are concluded on the organized natural gas exchange market. The rules regulate relations with VIU, providing for the provision of services by ITOs to VIUs only in exceptional cases where this is necessary, given the nature of the service and when such service cannot be provided by another market entity; the provision to VIU and parts of it, which are in the capacity of assignors of public procurements, is carried out applying the terms and conditions of the Public Procurement Act (PPA) and services for which all terms and conditions of use are announced in advance on the Internet - the website of the ITO, are provided to the VIU under these conditions. Sections IV and V of the Rules set out the procedure in which the ITO provides services to the VIU, as well as the preparation of the necessary documentation, coordination with the compliance officer for their implementation and approval by the governing bodies of the ITO.

The presented draft Rules for provision of services by an independent transmission operator to vertically integrated undertakings meet the legal requirements in terms of objectives, scope and content and thus the provision of services by ITOs to VIUs do not discriminate between system users. Therefore NRAs consider that they should be approved.

7.5. As required by Article 17, paragraph 1, (d) of Directive 2009/73/EC, without prejudice to the decisions of the supervisory authority under Article 20, sufficient financial resources for current and future investment projects and/or for the replacement of existing assets shall be provided in a timely manner to the Transmission System Operator by VIU at the request of the Transmission System Operator. Moreover, as required by the related requirement of Article 18, paragraph 8 of Directive 2009/73/EC, the Transmission System Operator informs the regulatory authority of the financial resources in Art. 17, paragraph 1,

(d) which are provided for future investment projects or for the replacement of existing assets.

NRAs accept that the specified requirements of the Gas Directive have been met, taking into account the texts of the draft Articles of Association of ICGB AD and the terms of the Final Joint Decision. At the moment, ICGB AD does not plan other future investment projects related to the natural gas transmission beyond the IGB project envisaged for construction within the framework of the exemption, for which the necessary financial funds have been provided by the shareholders, incl. from VIU through loan financing. The requirement of Art. 22 of Directive 2009/73/EC is inapplicable. In this regard, there is no need for additional justification to the VIU regarding the provision of financial resources and planned investment costs covering. In case new investments should be made related to the expansion of the IGB Gas Pipeline, different from the one made according to the requirements of the exemption, the General Meeting of Shareholders decides and approves changes in the Business Plan after COD, in each case - Art. 21, para. 1, item 18 of the draft Articles for Association.

8. The requirements of Article 17, paragraph 2 of Directive 2009/73/EC are met, and in carrying out the natural gas transmission activity ICGB AD will provide and manage third party access on a non-discriminatory basis between users or groups of users of the system, will collect all transmission fees, will operate, maintain and develop a secure, efficient and economical gas transmission system and will carry out investment plans to ensure the long-term capacity of the system to meet demand within reasonable limits and ensure security of supplies, and others.

As provided under Art. 36 of the Gas Directive and pursuant to the Final Joint Decision, ICGB AD was granted an exemption from the requirements for granting access to third parties, regulated tariffs and rules for unbundling in accordance with the terms of Part Four of the same decision, for a period of 25 years of the COD. Pursuant to Article 4.3, item 1 of the Final Joint Decision, ICGB AD is obliged, no later than 3 months after the adoption of the decision, to submit for approval to the NRA the final methodology for applying the IGB tariff (IGB Tariff Code). Pursuant to Article 4.4., item 1 of the Final Joint Decision, the company is obliged to submit the IGB Network Code for approval to the Authorities no later than twelve months before COD. This Network Code shall comply with the provisions of Regulation (EC) № 715/2009 and the European network codes, shall not be in conflict with the Final Joint Decision and shall include at least the following: Detailed procedures for normal operation, including requesting IGB entry and exit point capacity for forward and reverse flow; All necessary procedures for trading on the secondary market, which will be available to all users; Congestion management procedures and the “use it or lose it” principle; Procedures for publishing data on the functionality and availability of capacity for all gas pipeline users.

In this regard, on November 5, 2018, ICGB AD submitted for approval to the NRAs a proposal for the IGB Tariff Code, and on February 19, 2019 - a proposal for the IGB Network Code. On April 5, 2019, ICGB AD sent a letter to the NRAs and the EC (Directorate General for Energy) requesting guidance on the interpretation of Articles 4.2.1 and 4.5.1 of the Final Joint Decision. Following a letter dated 02.05.2019 by the General Directorate of Energy, ICGB AD presented a revised version of the Network Code on 30.04.2019. On 27.06.2019, ICGB AD presented an updated version of the Network and Tariff Codes, which were published for public consultation. Taking into account the comments of participants in the public consultations, as well as the comments of NRAs, on September 26, 2019 ICGB AD presented an updated version of the IGB Network Code, an

updated version of the Gas Transmission Agreement and an updated version of IGB Tariff Code.

On the basis of all the above, the NRAs concluded that the IGB Network and Tariff Codes are in line with: The Final Joint Decision, and in particular the conditions set out in sections 4.2, 4.3 and 4.4 thereof; Regulation (EC) № 715/2009, which provides for the application of the envisaged principles of capacity allocation and congestion management, as well as secondary trade rules; Regulation (EU) 2017/459 on unallocated capacity, that at the points of interconnection with the transmission networks of DESFA, TAP and Bulgartransgaz EAD, the unallocated part of the capacity will be offered at auction according to the ENTSOG calendar with the provided auction algorithms, with all products offered and 10% of the capacity reserved for short-term products; The Commission Regulation (EU) № 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks provides for a virtual point of sale to which all users have access, including balancing rules, information and mechanisms for neutrality and in line with provisions of Regulation (EU) № 2015/703, for maintenance planning, cooperation and coordination with neighboring transmission system operators.

NRAs agreed that the IGB Network Code and the IGB Tariff Code do not discriminate between users and stipulate the provision of services on equal terms, without prejudice to the exemption, in accordance with the Final Joint Decision. In this regard, with a Joint Decision of 27.02.2020, EWRC and RAE approved the IGB Network Code, including the IGB Tariff Code. With the cited decision, NRAs strongly encourage ICGB AD: to review the congestion management procedures after one year of operation, when there will be sufficient operational data for their assessment, and to review and simplify the capacity booking procedure by eliminating unnecessary documentation through adopting a framework contract, which may include individual capacity booking.

The Network Code of IGB contains rules for granting access to the IGB pipeline on the basis of non-discriminatory and transparent terms and conditions. Network users may have access to the IGB pipeline if the minimum requirements to become a registered party, set out in Article 9.2, have been met. These requirements shall also apply to exempt users, with the exception of the provisions of the last paragraph of Article 9.2. The Network Code also includes a procedure for reserving available capacity, whereby registered parties (including exempt network users if they wish to reserve additional capacity) may submit a valid offer by tender in accordance with Article 10. Annual, quarterly, monthly, daily and intraday capacity products as well as grouped capacity products are available. All standard capacity products are offered through tenders conducted by the platform in accordance with the procedures set out in Regulation (EU) 2017/459 according to the ENTSOG tender calendar. A network user and a registered party can trade gas ownership rights at the virtual point of sale.

The IGB Tariff Code is based on an entry-exit model and defines a pricing mechanism for all products related to the capacity offered by ICGB AD (products with different periods of fixed and interruptible capacity). The Company collects the fees related to the transfer, as indicated in item 7.2. above in this preliminary decision. The Tariff Code also provides a mechanism for profits allocation in case of surplus income in connection with the expected financial plan calculated for the period of exemption, which increases the internal rate of return above the specified maximum value at which ICGB AD will compensate network users.

With regard to the requirement of Article 17, para. 2, (f) of the Gas Directive, it should be borne in mind that ICGB is required to comply with the rules on the allocation of non-exempted capacity. These rules also include a process of demand identification for additional capacity. Regarding the economic test to be applied in assessing whether such an

expansion is feasible, any comparison will have to be made in differentiating between the additional expected revenues from the expansion capacity, on the one hand, and the additional costs to be taken for expansion, in particular for a compressor station, on the other hand. As can be seen from item 4.2.3. of the Final Joint Decision, ICGB AD is obliged to perform the next market test, no later than three years from COD, to verify market interest with a view to expanding the capacity of IGB to 5 billion cubic meters. m./year, according to the Instructions to be approved by the NRAs. ICGB AD is liable to increase the capacity of the gas pipeline above the initial one in order to respond to the binding requests for capacity received as a result of the Market Test, taking into account the provisions of items 2 and 3 of § 4.4 of the Final Joint Decision (on the capacity cap for dominant players in Bulgaria and Greece) if its construction is economically viable. If built, the additional capacity does not fall under the terms of this decision and is not exempted. Further expansion of capacity is possible if it is economically justified and technically feasible.

Within the adopted for IGB project regulatory framework, NRAs also confirm that the requirements of Article 18, paragraph 5 of Directive 2009/73/EC have been met: In carrying out its tasks under Articles 13 and 17, paragraph 2 of Gas Directive, ICGB AD should not discriminate against different persons or entities, nor restrict, distort or impede competition in production or supply. In this regard, it should be borne in mind that the Final Joint Decision and the IGB Network Code (Annex B - limited reservations under the exemption decision) provide for restrictions on the bookings by dominant participants in order to prevent the creation of a dominant position or strengthening of an existing one on the Bulgarian gas market. Therefore, the capacity booking upper limit for dominant players on the Bulgarian and Greek gas market shall apply to each network user wishing to participate in the reservation procedures referred to in Article 10 of the Network Code. This ensures non-discriminatory access to the markets in Bulgaria and Greece for new entrants and encourages competition in natural gas supplies.

9. NRAs confirm that the requirements for independence under Article 17, para. 4 of Directive 2009/73/EC (Article 81g, paragraph 2 of the Energy Act of the Republic of Bulgaria) providing that the operator of the transmission system through its corporate identity, communications, trademarks and buildings, avoids/prevents confusion as to the individual identity of the vertically integrated undertaking or any of its constituent parts, are duly met.

This is proved by the review of the documents, submitted as stipulated under Art. 98, para. 2, item 9 of the Ordinance on Licensing of Activities in Energy (OLAE):

Appendix № 45 – Certificate of a trade mark registration within the European under № 017910546 dated 18.09.2018, issued by the European Union Intellectual Property Office;

Appendix № 46 – ICGB AD Corporate Management Policy and Procedures, Rev.01, Doc. № ICGB-ADM-00001-2021, adopted by a Decision of the Board of Directors Meeting Minutes № 185 of 13.09.2021;

Appendix № 47 – Excerpts from office premises lease used at the time of application;

Appendix № 48 – Excerpt from office premises Rental Contract of 22.12.2021.

After analysis of the presented information, the following statement of findings and conclusions can be made:

ICGB AD was incorporated on January 5, 2011 in Sofia for the purpose of construction and operation of the Interconnector Greece-Bulgaria (IGB). Pursuant to Art. 11 of the Commerce Act of the Republic of Bulgaria, the company registration can be used only by the entity that has registered it. Since its incorporation ICGB has created and developed its own corporate identity, as a set of givens and ideas, amalgamated to form the Company

unique image, including distinctive corporate design, corporate communication, ethical code and policies. Thus, the corporate governance policy and procedures have been developed, and adopted by a decision of the Board of Directors of ICGB AD under Minutes № 185 of 13.09.2021. They introduced the corporate vision of ICGB AD and approved policies and guidelines (rules) for reliable and sustainable behavior of the company, its employees and internal control procedures.

The ICGB AD corporate identity is a complex set of unique visual elements such as: company name, brand (specially created for the company and registered distinctive symbolic and graphic image, entered in the Register of Trademarks of the European Union), website and profile on the social network www.linkedin.com, recognizable colors and fonts, unique design of business cards, company letterhead (forms, envelopes, stickers, design of emails, posters), advertising materials and business gifts, branded offices and interior, as well as company vehicles. All of the above provides visual awareness of all physical manifestations of corporate identity, all of which are systematized and built according to certain harmonized rules.

The core element in the corporate identity of ICGB AD is the brand, integrated in the company documentation and all materials of the company. ICGB AD has taken timely action to register it as a European trademark. In 2018 the European Union Intellectual Property Office issued the European Union Certificate of Trademark Registration „ICGB INTERCONNECTOR“ with reg. № 017910546 from 18.09.2018. The trademark is registered as figurative, valid until 31.05.2028 and with five class protection. The brand in question differs significantly from the images associated with the shareholders of the Company and their subsidiaries. The acquired Trademark Certificate in the name of ICGB AD is part of the corporate identity of the company and proof of its own stance and awareness.

Another important element of the ICGB AD corporate identity is the company's website. It does not reveal any characteristic similarities with the sites of the VIU and the companies. The address of the website of ICGB AD is recognizable by the domain name "icgb.eu", coinciding with the name of the company, when written in Latin.

Evidence of separate company seat on the territory of Bulgaria and Greece:

When established ICGB AD is registered at the address: Bulgaria, Sofia 1336, Lyulin district, j.k. Lyulin 2, 66 Pancho Vladigerov blvd, where the Bulgartransgaz EAD and Bulgargaz EAD address and head-offices are.

On 30.11.2012 the registered office and the address of management of ICGB AD were changed and accordingly moved to the address: Bulgaria, Sofia 1000, Oborishte district, 16 Veslets Str., the address of the Bulgarian Energy Holding EAD headquarters.

Since 20.09.2016 the seat and head-office address of ICGB AD is changed to: Bulgaria, Sofia 1000, 13 Veslets Str., 2nd floor. With this change of the address since more than 5 years now, the company hasn't shared communication resources and achieved complete individualization of ICGB communication and information systems.

On December 22, 2021, ICGB AD entered into a real estate lease agreement (Appendix № 48) - offices № 1 - № 6, located at: Bulgaria, Sofia, Vazrazhdane district, Georg Washington Street № 23, which enters into force from the date of handing over the property for use to the tenant (until January 10, 2022), with a term until 09.01.2027. It is envisaged that all requirements for informational independence will be met in the new building. With a letter EWRC ref. № E-15-59-2 dated 07.04.2022 and RAE ref. № 327244 dated 10.05.2022 the company notified the NRAs of a change of address of management, as of 11.04.2022, and on 10.05.2022 - for the change of the registered office and the address of management entered in the Commercial Register of the Republic of Bulgaria.

The company has a branch in the Republic of Greece, which is registered at: Athens 14121, Heraklion, 92 Marinou Antipa Street. The branch is registered under Greek law and in line with the Company Articles of Association. The decision for opening and registration of the branch was taken by the General Meeting of Shareholders on 23.01.2020 on the grounds of Art. 5, para. 3, Art. 21, para. 1, item 13 and Art. 22, p. "L" of the Articles of Association of the company. The Company uses this property by virtue of a Lease Agreement concluded between ICGB AD and DEPA Commercial S.A. and an Annex to it dated 30.12.2020 with a term until 31.12.2021. The company declares that this contract has expired and an official change of ICGB branch in Greece registration address is from 92 Marinou Antipa Str., GR 141 21 Np Heraklion, Athens Greece to 207, Mesogion Blvd., 115 25, Athens, Greece.

Apart from the above, ICGB AD operates in Greece in the offices at: 203-207 Mesogion Blvd., Athens, which it uses under a Private Sublease Agreement dated 28.12.2021, concluded with DEPA International Projects SA - a legal entity registered under the laws of the Hellenic Republic, which carries out activities for the development, construction and management of international gas infrastructure. DEPA Commercial S.A. and DEPA International Projects SA are considered as parts of the VIU, given their common minority shareholder "HELPE Group". In this sense, the company uses the same premises with the VIU. For this reason, for the remaining duration of the sublease contract, ICGB AD is required to take appropriate measures to ensure that its premises are sufficiently marked as separate and distinctive from VIU premises, so as to avoid any confusion of its identity. ICGB has the obligation to provide sufficient evidence to prove this requirement is met before the final certification decision for ICGB AD as an ITO, which is due to be adopted before COD (i.e. preceding the COD).

In view of the above, NRAs consider that the requirement to avoid creating confusion regarding the buildings / sites where the ITO is located, and hence regarding the company identity, is sufficiently met.

In view of all the above, NRAs accept that through their identity, communications, trademarks and buildings, ICGB AD does not create confusion regarding its separate identity from the VIU and its constituent parts.

10. As stipulated under Article 17, paragraph 2, (H) in connection with Article 17, paragraph 5 of Directive 2009/73/EC (Article 81g, paragraph 2 of the Energy Act of the Republic of Bulgaria) the transmission system operator shall use independently the necessary equipment and all corporate services, including legal, accounting and IT services, as well as it should not use common IT systems or equipment, buildings and access security systems with any part of the vertically integrated undertaking, nor the same consultants or external contractors for IT systems or equipment and for access security systems.

Meeting the above requirements, the transmission system operator has presented: An Accounting SLA (Services-level Agreement) with Tiora OOD dated 01.04.2021. – Appendix № 49; An Accounting SLA (Services-level Agreement) with Era Consult OOD dated 01.04.2021. – Appendix № 50; A Contract for Tax Legal Services with PricewaterhouseCoopers Bulgaria EOOD –Appendix № 51; Contract for legal services with the Law Firm „Arsov, Nachev, Ganeva“ dated 04.04.2011 with annexes to it – Appendix № 52; Subscription Contract for technical support (of desktop configurations, server configuration, peripherals, network equipment) with Zon Studio EOOD from 21.10.2017– Appendix № 53; Renewal of domain „icgb.eu“ with “SuperHosting.BG“ EOOD for 1 year (from 31.12.2021 to 31.12.2022) – Appendix № 54; Contract № 27/26.05.2021 for delivery and installation of a security System with ComSoft OOD – Appendix № 55; Microsoft and

Azure Services and Licenses Provision Contract with Boss Information Technology Consulting EOOD from 01.06.2021 – Appendix № 56; Internet Access Contract with A1 Bulgaria EAD dated 29.04.2021 – Appendix № 57; Contract for protection of property with electronic security systems and mobile patrols with VIP SOD EOOD (former supplier VIP Security EOOD) dated 30.09.2016; June 18, 2019; November 1, 2020 - Appendix № 58; - Contract for the provision of independent services with a lawyer Panayotis Tsongas, registered in Athens, from 01.10.2020 – Appendix № 59; Consultancy Contract with Vesselin Bozov of 17.06.2021 for the development of the measuring instruments architecture and automation – Appendix № 60; - Contract for consulting services for preparation of public procurements with Diana Petrova Zahova dated March 22, 2021; Legal Services Agreement with DLA Piper dated 26.07.2017 (Appendix № 61); Framework agreement dated March 19, 2018 with Buzeva & Partners Law Firm and Annex for its supplementation dated December 27, 2018 (Appendix № 62); Contract with Ioannis Ntafos for representation before the Forest Service of the Municipality of Rodopi and to make legal contacts with the Forest Cooperative (Appendix № 63); Contract for providing financial/accounting services to the branch in the Republic of Greece, concluded with “Ergoaccounting S.A. - Accountants - Tax & Business Consultants,, through the accountant Agisilaos Panagakos from 01.03.2022 – Appendix № 64; Declarations by the persons - executors under the above mentioned contracts – Appendix № 65.

10.1. Following the unbundling regime, it should be taken into account that ICGB AD did not exercise its main activity - transmission of natural gas and related activities, even less in the case of functional connection with the vertically integrated undertaking or any part thereof. The shared use of information and communication resources, offices and equipment was terminated with a change in the registered office and ICGB management seat, done in September 2016. The requirements for information independence will also be further ascertained after the relocation of the company's address to the building located in Sofia, 23 Georg Washington Street, in April 2022.

ICGB AD is not informationally connected and does not share any communication environment with VIU and its parts. To implement the natural gas transmission activity, the company plans to use stand-alone information technology systems and equipment, stand-alone premises and security systems in terms of access to them, various external contractors and external consultants for information technology (IT) and security systems. ICGB AD has built its own organizational structure for IT services, built on the basis of independent external and internal resources, involving specialists in hardware, software and databases, and completely separate information systems have been installed. Currently, the company has a highly qualified specialist in the field of information technology and telecommunications solutions for the position of IT Manager, and at COD it is expected to hire two internal experts. They shall administer and exercise the IT support of the systems. The IT infrastructure, which ensures the functioning and use of the information systems and services, is owned by ICGB AD and is independent of the infrastructure of the shareholders of the company and the related companies. The computer configurations are also the property of ICGB AD, and the necessary software is provided on the basis of relevant licenses and therefore concluded contracts. The company has all operational data, system settings and full software functionality for the executive program codes needed to exercise the ITO activities. The system is completely independent and completely separate from the system operating in any other company, including those that are part of the VIU. Full administrative access to the system is provided only to a certain authorized employee of ICGB AD, and to the others the access is restricted and aligned to their competencies.

The communication systems of ICGB AD are completely independent and have no connection with the communication systems of VIU and its parts. Communications with the

external world and access to the Internet are carried out through the networks of public telecommunications operators licensed under the Bulgarian Electronic Communications Act (ECA). The communication connectivity of the company is provided through leased / leased / telecommunication lines and channels using DARK Fiber and DWDM technology, as the local network infrastructure of ICGB AD is duly protected. Different and independent VLANs/segments are configured, functionally separated: voice, data, video security, etc. The equipment that ICGB AD has at its disposal is internally connected with its own reserved optical cable, a backup is provided through a telecommunications operator. The company has a direct internal system for office work automation, based on the software product "Microsoft 365", incl. mail server. In addition to the standard support provided by Microsoft Corporation under the terms of the license agreement, ICGB AD has entered into an agreement for additional expert and technical support (Agreement for the supply of Microsoft and Azure services and licenses with Boss Information Technology Consulting EOOD from 01.06.2021). A separate contract for general IT support has been concluded in order to provide a backup person in charge, so that in case the first one fails, the system will not be left without an administrator. The rule for prevention of the problem of failure of the whole system due to the elimination of a single point of it (single point of failure) is applied. The necessary rights for access and maintenance are allocated.

ICGB AD does not use licenses and/or services of VIU to provide its information system, nor products, which are property of VIU or its parts. The software products of Microsoft Corporation are used for the work of all employees and individual contractors under civil contracts in the company, incl. with respect to the Windows operating system. ICGB AD uses the specified products independently, based on a license agreement. The company plans to use other software products and solutions, such as a unified pipeline management system (Supervisory Control and Data Acquisition - SCADA), a system for modeling gas transportation (SIMONE), monitoring systems, commercial dispatch, record keeping system, etc. These assets will be owned by ICGB AD and their operation and/or support, as well as their licensing will in no way be related to VIU.

The offices of ICGB AD have IT, communication and other equipment necessary for the operation of all software systems that the operator should provide for internal use. Only company employees will have the right to administer and support the access control and video surveillance systems in the new office of the company and in the sites that ensure the operation of the pipeline – block valves, gas metering stations and the Dispatch Center in Stamboliyski.

After commissioning of the IGB gas pipeline, ICGB AD will have its own technological telecommunication network, located within the easement of the gas pipeline, built of optical cables and connecting the technological facilities of the gas transmission system. The active facilities providing voice and data transmission are the property of the company. ICGB AD will perform the maintenance of all facilities (active and passive), which will be provided by relevant contracts. For some sites of the company, which do not have its own transmission environment, ICGB AD will use leased lines from licensed public operators under the ECA.

The corporate network of ICGB AD is isolated from the Internet and foreign corporate networks by means of a duly reserved corporate firewall, and for this purpose a so-called demilitarized zone has been individualized and ensured. The corporate network functions independently and is not connected to any other corporate network. All telecommunication routes providing telecom connectivity with ICGB AD are completely separated from VIU and its parts, and the traffic goes through secure channels guaranteeing the security of the connections.

The company uses a local alarm system for its offices and an access control system. A video surveillance, a control system and a local addressable fire alarm system shall be provided. Video surveillance, control and alarm systems will be built in the Dispatch Center in the village of Stamboliyski, as well as at all BVS and GMS. Systems for technical security of the ICGB AD sites for control and monitoring, including access control system, are also provided. The technical security systems are owned by ICGB AD, as the equipment is in sites with employees of the company, access to which is strictly controlled.

Due to the requirement that the operator shouldn't use the same consultants or external contractors for IT systems or equipment, and for access security systems used by VIU or its parts, ICGB AD has submitted declarations from contractors under contracts with external consultants for information technology services that they do not provide services to the VIU and its parts, which proves the fulfillment of the requirement for independence and confidentiality: Contract for subscription technical support (on the website and office equipment, desktop configurations, server configuration, peripherals, network equipment) with "Zon Studio" Ltd. from 21.10.2017, for a period of 1 year with a clause for automatic renewal; Contract № 27/26.05.2021 for delivery and installation of Sophos security system with ComSoft OOD; Contract for supply of Microsoft and Azure services and licenses with „Boss Information Technology Consulting“ EOOD from 01.06.2021 for a period of 1 year; Contract for consulting services for the development of architecture related to measuring instruments and automation with Veselin Bozov dated 17.06.2021.

Apart from the above, a guarantee for independence, including the information services of ICGB AD from VIU and from any other part of it, are the already mentioned Internal Rules for Management of the Public Procurement Cycle. Their implementation ensures the correct application of legislation in the field of public procurement by the company, in compliance with the requirements for certification of the company as an ITO. In this regard, the conditions provided for in Art. 67 and Art. 68 of these rules, specified in detail in the analysis under item 7.4. above in this preliminary decision, should be born in mind. These conditions are specified as requirements for the public procurement execution and are announced as part of the announcement content and/or documentation. These provisions ensure that no contract can be concluded with tenderers for the provision of services covered by the independence requirements without sufficient guarantees to comply with the ban on simultaneous servicing of the company and the VIU or any other part of it.

10.2. Corporate services, including legal, accounting and information services, within the meaning of Art. 13 and Art. 17, paragraph 2 of the Gas Directive shall be considered as part of and related to the natural gas transmission activity. In this regard, the ITO is liable to have a sufficient number of qualified staff to carry out their daily activities. Only if it has such employees can an ITO, in specific circumstances and exceptionally, enter into contracts with third parties to provide legal, accounting and IT services. This requirement for operator autonomy does not apply to activities that do not directly affect the natural gas transmission activity /such as cleaning services or office security/.

ICGB AD has fulfilled the obligation with regard to corporate services to employ a sufficient number of qualified experts to perform its daily activities, which is confirmed by the Organizational Structure of the company and the information specified in item 7.3. above. Regarding the option to conclude contracts with third parties for the provision of legal, accounting and IT services, ICGB AD has submitted the following documents and information: Contract for consulting services for preparation of public procurements with a term until 31.12.2021, which has not been renewed and thus it is not subject to the analysis for meeting the independence requirement; Accounting services contract with Tiora OOD dated 01.04.2021; Contract for accounting services with ERA Consult OOD from 01.04.2021; Contract for tax legal services with PricewaterhouseCoopers Bulgaria EOOD;

Contract for the provision of financial / accounting services to the branch in the Republic of Greece, concluded with “Ergoaccounting S.A. - Accountants - Tax & Business Consultants” through the accountant Agisilaos Panagakos from 01.03.2022; Contract for legal services with the Law Firm „Arsov, Nachev, Ganeva“ from 04.04.2011 and annexes to it; Contract for the provision of independent services (legal advice) with lawyer Panayotis Tsongas, registered in Athens, from 01.10.2020; Contract for assignment of legal adviser Spiridon Pufcis to the duties of head of supervision on the territory of Greece, from 01.11.2021; Legal services contract with DLA Piper dated July 26, 2017; Framework agreement dated March 19, 2018 with Buzeva & Partners Law Firm and an Annex for its supplementation dated December 27, 2018; Contract with Ioannis Ntafos for representation before the Forest Service of the Municipality of Rodopi and to make legal contacts with the Forest Cooperative; Contract for consulting services for preparation of public procurements with Diana Petrova Zahova with a term until 31.12.2021, which has expired and it is not subject to analysis; Contract for the service „Internet access“ with „A1 Bulgaria“ EAD from 29.04.2021; invoices for renewal of domain “icgb.eu“ and “icgb.bg“ with “SuperHosting.BG“ EOOD for 1 year (until 31.12.2022) and Contract for protection of property with electronic security systems and mobile patrols with VIP SOD EOOD (former supplier VIP Security EOOD) from 01.11.2020.

In order to comply with the requirements for independence of the operator, the persons providing legal, accounting and IT services under the concluded contracts with ICGB AD have signed declarations that they do not provide services to VIU or other parts of it except for A1 Bulgaria EAD, SuperHosting.BG EOOD, VIP SOD EOOD, Ioannis Ntafos and Buzeva & Partners Law Firm.

With regard to the Internet Access service provided from A1 Bulgaria EAD, it should be borne in mind that the Internet access is (BUSINESS SECRET)*. In this regard, according to item 2 of Section I. “Technical specifications“ of Annex № 1 to the Contract Technical Parameters of the Provided Service a Protocol at channel level is provided: (BUSINESS SECRET)*. Direct connection of the network of ICGB AD to the network of A1 Bulgaria EAD (BUSINESS SECRET)* is agreed in Section II. from Appendix № 1 to the Contract Technical Parameters of the Provided Service. Internet access is protected by (BUSINESS SECRET)*. The specified conditions ensure the independent use of the specific information technology and service by ICGB AD. In addition, according to the sectoral telecommunications legislation of the Republic of Bulgaria, A1 Bulgaria EAD is an enterprise providing public electronic communications networks or services to end users. As such, A1 Bulgaria EAD cannot deny access to the communication services it offers, given the liability to comply with the principles of transparency and equality according to the type of technology used, the categories of end users, the volume of traffic and the method of payment. This company must not allow advantages for individual end users or a group of users for the same services, as stipulated under Art. 225, para. 1 of the ECA.

The domain registration and management service provided by SuperHosting.BG EOOD is not related to sensitive commercial information. It ensures the entry of the domain in the registers of domain names on the Internet, announcing the relationship between user and domain, i.e. reserving the use of the specific configuration of symbols representing a domain for a person, in the case of ICGB AD and maintaining this position for the prepaid period of 1 year. This service ensures the identification of the company e-mail and website, on the Internet and communication with them. In practice, domains are routed to/from other Internet addresses and e-mails. This referral is not related to any forwarding / storage of the content of the correspondence itself to SuperHosting.BG EOOD. In this sense, the registration of domains “icgb.bg“ and „icgb.eu“ is proof of the existence of own corporate identity of ICGB AD, regardless of the person performing the registration and should not be

considered as corporate IT service related to the activity of natural gas transmission or IT system or equipment within the meaning of Directive 2009/73/EC.

Some of the individually defined terms of the contracts for protection of property with electronic security systems and mobile patrols, concluded with “VIP SOD“ EOOD have expired and are automatically extended for indefinite terms according to art. 28 of the General Terms and Conditions for the implementation of property security services with electronic security systems and mobile patrols (General Terms and Conditions). These contracts do not fall under the requirement for independence, as evident from their subject - security of the office of ICGB AD at the address: Sofia, 13 Veslets Str., they refer to activities that do not affect directly the natural gas transmission operation. Apart from that, due to the planned relocation of the company's office to a different address, ICGB AD plans to select a contractor for the security activity for the new office in accordance with the Public Procurement Act, the Internal Rules for management of the public procurement cycle of ICGB AD and other applicable rules.

In addition, ICGB AD states that as of February 16, 2022 it includes an explicit independence clause in all contracts to which it is a party, regardless of their subject matter, containing a declaration that natural persons contractors under civil contracts do not provide services to VIUs in cases where they perform legal, accounting, IT, audit or security services.

In order to objectively assess the above data, information was requested from BEH EAD, from Bulgartransgaz EAD and from Bulgargaz EAD, which was presented by letters with Ref. № E-ZLR-L-11 dated March 29, 2022, and ref. № E-ZLR-L-1014 dated 10.05.2022, ref. № E-ZLR-L-11 dated 30.03.2022 and ref. № E-ZLR-L-1014 from 10.05.2022, as well as ref. № E-ZLR-L-11 from 29.03.2022 and ref. № E-ZLR-L-1014 dated 09.05.2022 (Appendices № 36 and № 66), respectively:

It was found that BEH EAD has concluded contracts with A1 Bulgaria EAD with a different subject from that of the contract concluded between A1 Bulgaria EAD and ICGB AD (Internet access). Bulgargaz EAD and Bulgartransgaz EAD has also concluded contracts with A1 Bulgaria EAD with a different subject from that of the contract concluded between A1 Bulgaria EAD and ICGB AD. In Bulgaria, as mentioned above, A1 Bulgaria EAD, as a company providing public electronic communication networks, cannot refuse access to the communications services it offers.

BEH EAD has signed a contract with SuperHosting.BG EOOD with the subject of renewing a hosting plan for its corporate website <https://bgenh.com>. Bulgartransgaz EAD has also signed a contract with SuperHosting.BG EOOD for hosting the company's website. As mentioned above, domain registration is not considered a corporate IT service related to the activity of natural gas transmission or IT system or equipment within the meaning of Directive 2009/73/EC.

ICGB AD, Bulgargaz EAD, Bulgartansgaz EAD and BEH EAD receive legal services from Buzeva & Partners Law Firm. ICGB AD has concluded a Framework Agreement dated 19.03.2018 and an Annex for its supplementation dated 27.12.2018 with AD Buzeva and Partners with subject - (BUSINESS SECRET)*. The framework agreement is complemented by (BUSINESS SECRET)* on the same issues. The conclusion of this contract is legally and economically expedient in view of the fact that this company (BUSINESS SECRET)*. In this sense, the scope of the concluded Framework Agreement is limited only to (BUSINESS SECRET)*, i.e. before COD and respectively before the start of the natural gas transmission activity. At present, (BUSINESS SECRET)*, in which Law Firm „Buzeva and Partners“ represents ICGB AD. Law Firm Buzeva and Partners has submitted a Declaration dated 20.12.2021, stating that it provides legal services to BEH EAD, Bulgargaz EAD and Bulgartransgaz EAD, which are part of the VIU. In this regard,

the representative of the law firm declares that in consulting these companies the involved teams do not disclose and do not use confidential information that became available to them on while providing legal services to ICGB AD, and that it has taken the necessary measures to ensure the confidentiality of the information of ICGB AD. The law firm undertakes to keep confidential and not to disclose or distribute information to the VIU and its parts.

Bulgargaz EAD has concluded a contract with the Law Firm Bouzeva & Partners (BUSINESS SECRET)*.

BEH EAD has concluded a contract with Buzeva & Partners Law Firm (BUSINESS SECRET)*.

Bulgartransgaz EAD has concluded 2 agreements with Buzeva & Partners Law Firm (BUSINESS SECRET)*.

As can be seen from the above, all the cited agreements have different subject and scope of the legal services provided compared with those specifically defined under the contract with ICGB AD. In view of the above and in view of the declaration submitted by the law firm and measures taken to ensure the confidentiality of the information of ICGB AD from VIU and its parts, NRAs accept that there is no conflict with the requirements of Article 17, paragraph 2 (h) of the Gas Directive.

After analyzing the information provided by ICGB AD, the NRAs confirm that the company uses completely independently both the IT systems and equipment it needs and corporate services, including legal, accounting and IT services to carry out its core business on natural gas transmission. After examining the documents submitted by ICGB AD and the information from BEH EAD, Bulgartransgaz EAD and Bulgargaz EAD, NRAs accept that despite the existence of concluded existing contracts, under which the person providing legal services under contract with ICGB AD provides legal services to VIUs or other parts of them, the necessary guarantees for compliance with the requirements for independence of ITO are provided.

NRAs have concluded on the basis of evidence submitted that the requirements for independence are met, as ICGB AD uses independently the necessary legal, accounting and information services, and that ICGB AD and VIU or any part of it uses stand-alone information technology systems and equipment, premises, which are clearly marked as distinct from those of the VIU, and security systems in terms of access to them, as well as different external contractors or external consultants for these systems in terms of access to them.

11. NRAs confirm that the requirement of Article 17, paragraph 6 of Directive 2009/73/EC (Article 81g, paragraph 12 of the Energy Act of the Republic of Bulgaria and Articles 22 para 3 and 89 of Greek Energy Law) that the bills of transmission system operators shall be subject to audit by an auditor other than that of the vertically integrated undertaking or any part thereof has been met.

In this regard, the company has submitted: Appendix № 67 - Letter of Audit Commitment № 2021-198 dated 22.11.2021 by Grant Thornton Ltd.

The annual financial statements of ICGB AD are subject to mandatory independent financial audit in observance of the requirements under Art. 37 of the Accounting Act of the Republic of Bulgaria. The mandatory independent financial audit for 2021 was performed by Grant Thornton OOD, and the audit was completed at the end of February 2022. At present, ICGB AD is not a party to a legal relationship for conducting an independent audit. In this regard, the company plans to select an auditor to audit the Annual Financial Statements for 2022, ensuring full compliance with the requirements of Art. 17, paragraph 5 of the Gas Directive, by applying a procedure under Art. 67 and Art. 68 of the Internal Rules for Management of the Public Procurement Cycle of ICGB AD, the content of which is stated

above in this preliminary decision. These provisions ensure that no contract can be concluded with tenderers for the provision of services covered by the independence requirements without sufficient guarantees to comply with the ban on simultaneous servicing of the company and VIU or its parts thereof.

12. The requirements of Article 18, paragraphs 6 and 7 of Directive 2009/73/EC (Article 81 and paragraph 3 and paragraph 4 of the Energy Act of the Republic of Bulgaria and Article 18 of the Greek Energy Law) are met and all commercial and financial relations between the vertically integrated undertaking and the transmission system operator, including loans granted by the operator to VIUs, to be carried out on market terms and the operator to submit for approval by the regulatory authority all commercial and financial agreements with VIUs.

Pursuant to Art. 38, para. 1, item 12 of the draft Articles of Association of ICGB AD, the Management Board notifies the EWRC and/or all other competent authorities in accordance with applicable laws and submits for approval all relevant agreements for provision of services to VIU, the Compliance Programme, as well as all other relevant documents and transactions in compliance with applicable laws.

With regard to the trade and financial relations between VIU and the operator of the transmission network, ICGB AD claims that it is not a party to trade and financial agreements with VIU, which are subject to approval by the regulatory authorities. In this regard, it should be borne in mind that ICGB AD has submitted information on a loan agreement concluded between the company and BEH EAD dated 10.10.2019 for a period of 25 years (Agreement, Appendix № 28). Pursuant to this agreement, BEH EAD, in its capacity as a lender, grants to ICGB AD, in its capacity as a borrower, a loan in the amount of EUR 109,900,000.00 (one hundred and nine million and nine hundred thousand euros) granted to BEH EAD by The European Investment Bank through a Financing Agreement dated 10.10.2019 with the EIB, for the purpose of financing the borrower for the Interconnector Greece-Bulgaria project, in line with the terms of the agreement. The Agreement fully reproduces the terms of the Financing Agreement. The loan is planned to be disbursed at a fixed interest rate, thus ensuring predictability of cash flows and minimizing the potential credit risk for the company. In addition, a grace period of up to 7 years is provided until the principal repayment period begins. The applicable interest rate is determined before the payment of each individual tranche and in view of the provided state guarantee for the project it will be more favorable than the market interest rates that ICGB AD can achieve.

According to item 23.6. of the Agreement, the Borrower shall enter into and refine the Special Pledge Agreement with the Lender no later than 150 days from the date of the agreement, dated 10.10.2019, and the Borrower shall complete any registration, submission or similar formalities necessary to ensure the validity, binding effect and feasibility of the special pledge agreement for the Borrower. In this regard, a Special Pledge Agreement was concluded on 07.07.2020 (Appendix № 68) between ICGB AD, as a pledgor and BEH EAD, as a pledgee, with subject pledged receivables (all receivables from bank accounts, all commercial and future receivables, including under pre-capacity reservation agreements and/or gas transmission contracts) as collateral for the payment of all secured receivables. An Agreement for opening and servicing a special account dated 14.08.2020 was concluded between (BUSINESS SECRET)*, BEH EAD and ICGB AD (Appendix № 69).

In view of the terms of the Loan Agreement of 10.10.2019, which fully comply with the terms of the Financing Agreement of 10.10.2019 between the EIB and BEH EAD, NRAs accept that the transactions between BEH EAD and ICGB AD are concluded under market conditions. On the other hand, NRAs consider that the cited transactions are not subject to subsequent approval in the current procedure for certification of ICGB AD as ITOs, as they

were concluded before licensing the company to carry out the activity of natural gas transmission on the territory of the Republic of Bulgaria and before submitting the company certification application, respectively, the funds were disbursed in tranches in 2020 and 2021. In addition, a Guarantee Agreement has been concluded between the Republic of Bulgaria, as the Guarantor, and the European Investment Bank, as the Beneficiary, under the Financing Agreement of 10 October 2019 between the EIB and BEH EAD funding the Interconnector Greece-Bulgaria project (Ratified by a law adopted by the 44th National Assembly of the Republic of Bulgaria on December 6, 2019 - SG, issue 99 of 2019, in force since August 3, 2020, Appendix № 70). In this sense, these transactions are aimed at financing the implementation of the IGB project through BEH EAD as a shareholder, and are not subject to assessment for compliance with the requirements for independence of ICGB AD.

III. THE EUROPEAN COMMISSION OPINION

On 29.06.2022 EWRC and RAE received Commission Opinion C(2022) 4656 final of 28.06.2022 pursuant to Article 3 of the Regulation (EC) № 715/2009 and Article 10 (6) of Directive 2009/73/EC – Greece and Bulgaria – Certification of ICGB AD as transmission system operator for gas. The European Commission has the following comments:

As an overall comment, the Commission notes that EWRC and RAE in their draft joint decision state at several places that ICGB still has to fulfil certain requirements, before EWRC and RAE take their final certification decision. In this regard, EC points out that if any of such requirements not have been fulfilled at the time EWRC and RAE take their final certification decision, then the decision should be made conditional to the requirement being met within a clearly defined and reasonable deadline to be set in the final certification decision.

1. Assets, equipment, staff and identity of the ITO

1.1. The Commission agrees with EWRC and RAE that ICGB employs, at the latest once the planned staff increase has taken place, a sufficient number of qualified staff members to handle day-to-day core activities. EC considers that the final certification decision should include as condition that the required additional staff is recruited as planned.

1.2. The Commission welcomes the clear rules for procurement including guarantees that external service providers to not provide relevant services to any other part of the VIU and notes that, with some exceptions, existing contractors comply with this requirement. The Commission finds the reason for those exceptions credible. For one lawyer, the draft joint certification decision of EWRC and RAE does not provide a justification for the exception. However, according to the supporting documents provided by EWRC and RAE this lawyer was contracted solely for representing ICGB related to getting access to a forestry road, hence it appears to be a similar case as Buzeva & Partners Law Firm: a specific task linked to the construction phase of the IGB pipeline.

1.3. The Commission notes that ICGB provided assurance that it does not receive services from other parts of the VIU. The Commission disagrees with the approach taken by EWRC and RAE that no analysis is needed on the existing service agreement between ICGB and IGI Poseidon S.A., since ICGB stated that the agreement is “not active”, without providing further details. EC points out that since it cannot be excluded that this agreement is activated again, the final certification decision should set as condition that the agreement is terminated.

1.4. The Commission is of the opinion that overall ICGB fulfils the requirements in Article 17 of Directive 2009/73/EC related to avoiding confusion between the identity of ICGB and the identity other parts of the VIU. However, regarding the sublease agreement with DEPA, hence with another part of the VIU, EC disagrees with EWRC and RAE this is acceptable since ICGB is required to take any necessary measures in order to avoid creating any

confusion in respect of its premises and the separate identity of the operator. According to the Commission, it is not made clear how this can be achieved in practice in case of such a sublease and a general reference that ICGB has to comply with the applicable legal requirements should not replace concrete and tangible conditions. EWRC and RAE state that ICGB shall bear the obligation to not renew the sublease agreement without providing further explanations as regards when this would end the hosting of ICGB on the premises of another part of the VIU. Therefore, The Commission concludes that ICGB should be required to terminate the sublease agreement.

1.5. As regards the Rules for the Provision of Services by an ITO to VIUs, the Commission has a few comments:

Article 11 appears to refer to the above described contracts with A1 Bulgaria EAD, SuperHosting.BG EOOD and VIP SOD EOOD, but the relevance of mentioning those contracts in this context is unclear. The relevance of Article 16 is unclear and it should either be deleted or the “may” be replaced by “shall” to avoid that it is an opening to ICGB receiving services from other parts of the VIU. In Article 17, the purpose of the phrase “unless this is necessary for the conclusion of a commercial transaction” is unclear and appears to be rather wide, which could increase the risk that services provided by ICGB to other parts of the VIU discriminate between system users. The Commission also notes that Article 22 refers to a “procedure described below in this section”, but there is no further article in section IV. Finally, EC points out that §1(3) of the Final Provisions in its current form does not appear to clearly stipulate that any amendment to the Rules for the Provision of Services by an ITO to VIUs requires approval by EWRC and RAE.

2. Independence of the ITO, its management and its staff

2.1. The Commission disagrees with EWRC’s and RAE’s plan to tolerate that the fourth member of the Management Board would be appointed without fulfilling the requirement of having not exercised any professional position or responsibility, interest or business relationship, directly or indirectly, with any part of the VIU, or with its controlling shareholders, other than the ITO, for a period of six months before the appointment to the Management Board. The Commission does not find EWRC’s and RAE’s justification for such a deviation from the requirements under Article 19 of Directive 2009/73/EC convincing. EC point out that it is not evident why it should place impediments to the imminent operation of the IGB pipeline if this specific nominee is not appointed to the Management Board or if one of the four posts in the Management Board remains vacant for six months.

2.2. The Commission regrets that ICGB has not provided information about the nominee for the post as Compliance Officer and hence EWRC and RAE could not include an assessment if the nominee for this key role in ICGB would meet the requirements under Article 21 of Directive 2009/73/EC in their draft joint certification decision. As is the case for several other requirements not yet fulfilled by ICGB at the time the draft joint certification decision was finalised, EWRC’s and RAE’s final certification decision should be made conditional to the appointment of a Compliance Officer with sufficient independence and professional capacity, hence the appointment of a person who can be approved by EWRC and RAE in accordance with Article 21 (2) of Directive 2009/73/EC.

3. Ongoing monitoring

The Commission recalls the obligation set out in Article 10 (4) of Directive 2009/73/EC for regulatory authorities to monitor the continued compliance of TSOs with the unbundling requirements of Directive 2009/73/EC. The Commission invites EWRC and RAE to continue monitoring the case also after the adoption of the final certification decision in order to satisfy itself that no new facts emerge which would require a change of its assessment.

Pursuant to Article 3 Regulation (EC) No 715/2009, EWRC and RAE shall take utmost account of the above comments of the Commission when taking the final decision regarding the certification of ICGB, and when they do so, shall communicate their decision to the Commission.

IV. FINAL CONCLUSIONS, ADDITIONAL REQUIREMENTS AND MONITORING SCHEME

EWRC and RAE, taking the utmost account of the EC Opinion, conclude and set requirements, as follows:

1. Should any of the requirements set in the Preliminary Joint Decision on certification of ICGB AD not have been fulfilled at the time EWRC and RAE adopt the present Final Joint Certification Decision, this Decision is considered conditional to all the requirements being met and official proof thereof being submitted by ICGB AD to NRAs not later than 31 August 2022, without prejudice to the following specifically set conditions to be met at the corresponding deadlines specified herein below. In this same term ICGB AD is obligated to submit the amended Compliance Programme, as specified above in Chapter II, Paragraph 6.2.
2. ICGB AD has to submit official proof of completion of all necessary registration procedures as regards its Articles of Association and Corporate structure not later than 31 July 2022.
3. Further to the reasoning included above (Chapter II, Paragraph 7.3), ICGB AD is obligated to recruit the required additional staff as planned, in compliance with the independence requirement. Recruitment by any part of the VIU is not allowed.
4. The Service Agreement of 27.02.2018 signed between ICGB AD and IGI Poseidon S.A., which is already inactive, has to be officially terminated and official proof thereof be submitted by ICGB AD to NRAs not later than five business days after the receipt of the present decision.
5. In order to establish a clear and distinct corporate identity from the VIU, ICGB AD is obligated to terminate the Private Sublease Agreement, concluded with DEPA International Projects S.A. on 28.12.2021 and submit proof thereof not later than 31 August 2022. In the same term, if necessary for the activity of the company, ICGB AD shall seek appropriate headquarters, premises or work space which are not associated with any part of the VIU and shall notify the NRAs of the new premises, providing relevant documentation and conclusive evidence of the lack of any association with any part of the VIU in accordance with Article 17, para. 4 of Directive 2009/73/EC. The Authorities may raise objections within a month from the submission of a completed file. ICGB AD shall fully comply with the Authorities' decision.
6. With regards to the Rules for the Provision of Services by an ITO to VIUs, ICGB AD is obligated to amend and submit the amended Rules for the Provision of Services not later than 31 July 2022, as follows:
 - 6.1. As the relevance of Article 16 is unclear, it shall either be deleted or the “may” be replaced by “shall” to avoid that it is an opening to ICGB receiving services from other parts of the VIU;
 - 6.2. As in Article 17 the purpose of the phrase “unless this is necessary for the conclusion of a commercial transaction” is unclear and appears to be rather wide, this phrase shall either be deleted or amended in order to prevent increasing the risk that services provided by ICGB to other parts of the VIU discriminate between system users;
 - 6.3. As Article 22 in its current form refers to a “procedure described below in this section”, but as there is no further article in section IV, Article 22 shall be amended and refer to the procedure in section V.

6.4. Paragraph 1 (3) of the Final Provisions shall be amended and clearly stipulate that any amendment to the Rules for the Provision of Services by an ITO to VIUs requires approval by EWRC and RAE.

6.5. Article 11 should be amended so as to reflect the reasoning accepted in the Preliminary Joint Certification Decision (Chapter II, paragraph 10.2), adopted also by the Commission's Opinion (Chapter III, point 1.2), for the contracts with A1 Bulgaria EAD, SuperHosting.BG EOOD and VIP SOD EOOD.

The Authorities may raise objections within a month from the submission of the amended Rules for the Provision of Services. In case no objections have been raised in this term, the Rules for the Provision of Services by an ITO to VIUs are considered approved by NRAs.

7. Mr. Diomidis Liberis shall not be designated as Member of the Management Board due to the fact that his current professional position within the HELPE Group contravenes the independence requirement (pre-six-months' period), pursuant to para. 8 of Article 19 of the Directive 2009/73/EC. ICGB AD has to submit for approval to the NRAs another adequate candidate who fulfils the requirements of independence and professional capacity, not later than five business days after the receipt of the present decision, along with full documentation in regard to the fulfillment of the requirements. The Authorities may raise objections within two weeks of this submission.

8. ICGB AD has to submit for approval to the NRAs the nominee for the post of Compliance Officer not later than five business days from the receipt of the present decision, along with full documentation in regard to the fulfillment of the independence and professional capacity requirements. The Authorities may raise objections within two weeks of this submission.

9. NRAs shall monitor and assess the fulfillment of the above conditions in the context specified therein and shall continue monitoring the case also after the adoption of the present final certification decision in order to safeguard that no new facts emerge which would require a change of its assessment, further to the provisions set out in Article 10 (4) of Directive 2009/73/EC.

V. Effect of the Final Joint Certification Decision

All conditions, terms and procedures set in this Decision have to be met by ICGB AD. ICGB AD shall fully comply to the instructions, guidelines and decisions of the Authorities.

Otherwise, the present certification decision shall lose its effect and shall be considered revoked and penalties may be imposed by NRAs in accordance to national rules and legislation and further to the Joint Decision on Exemption, unless the NRAs decide that any delay is due to major obstacles beyond the control of ICGB AD.

In view of the above, the National Regulatory Authorities of the Republic of Bulgaria and the Hellenic Republic, namely the Energy and Water Regulatory Commission and the Regulatory Authority for Energy have established that ICGB AD complies with the certification criteria on the basis and pursuant to Article 9 (10) in conjunction with Article 10, paragraphs 1, 4, 5 and 6 of 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, transposed into the Energy Act of the Republic of Bulgaria and the Greek Energy Law, pursuant to Art. 3 of Regulation (EC) № 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks, Section 4.1. of the Final Joint Decision on the application for exemption of ICGB AD dated August, 2018, adopted by Decision № P-BO-2 of 08.08.2018 of EWRC and Decision № 768/2018 of RAE and amended with Decision № P-BO-1 of 20.03.2020 of EWRC and Decision № 568 of 12.03.2020 of RAE respectively, as well as Decision № P-

BO-1 of 20.05.2021 of EWRC and Decision № 424 from 13.05.2021 of RAE, art. 21, para. 1, item 27, art. 81a, para. 1, para. 2 and para. 6, Art. 81k, para. 1 of the Energy Act of the Republic of Bulgaria, in connection with Art. 98, Art. 102, para. 1 and para. 2, item 2 and item 4 of Ordinance №3 of 21.03.2013 for Licensing of Energy Activities; Art. 14, 18, 19, 20, 22, para 3, 61, 62, 64, 76 and 89 of the Greek Energy Law, as well as RAE's Decision no. 1412/2011 „Guidance on Transmission System Operators; Certification Procedure“

THE REGULATORY AUTHORITIES JOINTLY DECIDE TO:

I. 1. Certify ICGB AD as an Independent Transmission Operator for gas, with UIC 201383265, with registered office and address of management: Sofia, p.c. 1000, Vazrazhdane district, 23 George Washington Street under the conditions set out above in Chapter IV in the decision.

2. Approve the ICGB AD Compliance Programme under the conditions set out above in point 1 of Chapter IV in conjunction with paragraph 6.2 of Chapter II in the decision.

II. The decision to be notified to the European Commission and published together with Commission Opinion C(2022) 4656 final of 28.06.2022 pursuant to Article 3 of the Regulation (EC) № 715/2009 and Article 10 (6) of Directive 2009/73/EC – Greece and Bulgaria – Certification of ICGB AD as transmission system operator for gas.