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NATURAL GAS ALLOCATION POLICY

General provisions

Article 1

- (1) The Natural Gas Allocation Policy determines the principles of calculating natural gas available at the Terminal.
- (2) The Natural Gas Allocation Policy has been prepared in accordance with the relevant legal regulations of the Republic of Croatia.
- (3) The Natural Gas Allocation Policy has been prepared and shall be applied in accordance with the principles of transparency, non-discrimination of Terminal Users as well as clarity, objectivity, and rationality.
- (4) The Operator shall exercise the right of ownership over the quantity of natural gas remaining in the pipeline connecting the Terminal, necessary to maintain uninterrupted operation of the Terminal.
- (5) The quantity of natural gas in the Terminal, belonging to each Terminal User and the Operator, shall be calculated individually.
- (6) The quantity of natural gas shall be calculated in units of energy (kWh).

Definitions


Article 2

- (1) Reporting Period – period during which natural gas inventory is taken at the Terminal.
- (2) Other definitions of the Natural Gas Allocation Policy shall be applied as determined in the Rules of operations of LNG terminal (Rules).

Calculation of LNG discharged from an LNG Carrier to the Terminal

Article 3

- (1) In accordance with procedures and conditions set out in the Surveyor shall prepare a Quality and Quantity Report specifying the following information:
 - General cargo information (name of the LNG Carrier, the LNG Carrier voyage, cargo discharge Terminal, the Terminal User or the authorized representative exercising the right of ownership over the cargo);

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- Measurement data on the quantity of cargo in the LNG Carrier's tanks before and after the cargo discharge;
- LNG volume (m³) in the LNG Carrier's tanks prior to and after cargo discharge;
- LNG temperature in the LNG Carrier before LNG discharge;
- LNG density determined at the temperature specified in the previous item;
- Average lower calorific value of the LNG, and quality parameters;
- Quantity of natural gas returned to the LNG Carrier during LNG loading, and calculation thereof;
- Quantity of natural gas consumed by the LNG Carrier during LNG discharge, and calculation thereof;
- Quantity of natural gas consumed by the LNG Carrier during transportation of LNG, and calculation thereof;
- Quantity of LNG discharged to the Terminal, in units of energy (kWh), volume (m³) and mass (kg).

(2) Based on the Quality and Quantity Report prepared by the Surveyor, the Operator shall prepare a Cargo Acceptance Certificate signed by the representatives of the Operator and the Terminal User. The Cargo Acceptance Certificate shall define the quantity of LNG in units of energy (kWh) and volume (m³).

Article 4

After stoppage of LNG discharge prior to the completion of LNG discharge upon the request of the Operator to unmoor the LNG Carrier from the Terminal in cases provided for in the Rules, the Cargo Acceptance Certificate shall be prepared only for the LNG quantity that was actually discharged from the LNG Carrier to the Terminal. After remooring of the LNG Carrier, the remaining LNG quantity discharged from the LNG Carrier to the Terminal shall be determined according to the procedures specified in Article 3 of this Natural Gas Allocation Policy.


Calculation of LNG regasified at the Terminal

Article 5

(1) The total quantity of LNG regasified at the Terminal per Gas Day shall be determined at entry point into the transmission system by measurement devices installed in the Gas Metering Station (GMS).

(2) The Terminal User shall provide the Operator with Daily Nomination for the purpose of allocating the quantity of gas at the Delivery Point (the form of which shall be published by the Operator on its website).

Article 6

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(1) The total actual quantity of LNG regasified per Gas Day shall be assigned to Terminal Users in proportion to the Daily Nominations, and calculated according to the formula provided below. If a Terminal User fails to submit a Daily Nomination, the quantity of LNG nominated for regasification on a Gas Day shall be deemed equal to the quantity specified for a respective Gas Day in the latest approved Monthly Schedule, or the Annual Schedule.

(2) The total actual quantity of LNG regasified per Gas Day shall be assigned to Terminal Users according to the following formula:

$$D_i^P = D^P \times \frac{U_i^P}{\sum_i^n U_i^P}$$

Where:

D_i^P – Quantity of natural gas regasified at the Terminal per Gas Day for a certain Terminal User (kWh),

D^P – Total quantity of gas regasified at the Terminal per Gas Day (kWh),

U_i^P – Regasification capacity of the Terminal nominated by a certain Terminal User (kWh),

n – Number of Terminal Users.

Article 7

(1) LNG quantity in units of energy (kWh) shall be calculated according to the following formula:

$$E = V_{SGD} \times d \times Hm$$

Where:

E – LNG quantity indicated in energy value (kWh),

V_{SGD} – LNG quantity indicated in units of volume (m^3) at the measuring temperature,

d – Average density of LNG (kg/m^3) at the average volume measurement temperature,

Hm – Average lower calorific value of LNG (kWh/kg).

(2) The regasified natural gas quantity in units of energy (kWh) shall be calculated according to the following formula:

$$E = V_{GD} \times Hm$$


Where:

E – Natural gas quantity indicated in energy value (kWh),

V_{GD} – Natural gas quantity indicated in units of volume (m^3),

Hm – Average lower calorific value of LNG (kWh/m^3).

(3) The LNG quantity indicated in units of mass (kg) shall be calculated according to the following formula:

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$$M = V_{SGD} \times d$$

Where:

M – LNG quantity indicated in units of mass (kg),

V_{SGD} – LNG quantity indicated in units of volume (m^3) at the measuring temperature,

d – Average density of LNG (kg/m^3) at the average volume measurement temperature.

(4) Natural gas quantity indicated in units of mass (kg) shall be calculated according to the following formula:

$$M = V_{GD} \times d$$

Where:

M – Natural gas quantity indicated in units of mass (kg),

V_{GD} – Natural gas quantity indicated in units of volume (m^3),

d – Average LNG density (kg/m^3).

Article 8

During the inspection of the measurement equipment installed in the GMS or when a GMS malfunction is identified, the quantity of LNG regasified over that period in the Terminal shall be determined based on the data obtained from measurement devices installed aboard the Floating LNG Storage and Regasification Unit behind the regasification unit, taking into account the deviations of the quantity of natural gas located in the pipeline connecting the Terminal.

Calculation and Accounting of Gas Loss at the Terminal

Article 9

(1) Every day, the Operator shall calculate the estimated quantity of gas loss at the Terminal per Gas Day, as follows:

Total Gas Loss of the Terminal per Gas Day shall be determined according to the following formula:

$$G^P = K^0 - K^1 + P^P - D^P$$


Where:

G^P – LNG quantity consumed per Gas Day for the technological needs of the Terminal (kWh),

K^0 – LNG quantity in the Terminal at the beginning of a Gas Day (kWh),

K^1 – LNG quantity in the Terminal at the end of a Gas Day (kWh),

P^P – LNG quantity accepted to the Terminal per Gas Day (kWh),

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D^P –Quantity of natural gas regasified in the Terminal per Gas Day (kWh).

(2) Total Gas Loss of the Terminal per Gas Year shall be determined according to the following formula:

$$G^G = \sum_i^n G_i^P$$

G^G – Total Gas Loss of the Terminal per Gas Year (kWh),

G_i^P – Total Gas Loss per Gas Day (kWh),

$i \in [1; n]$,

n – Number of days in a Gas Year

(3) Allowable Gas Loss shall be determined on the basis of the following formula:

$$DG^G \leq 0.02 \times P^G$$

Where:

DG^G – Allowable Gas Loss per Gas Year (kWh),

P^G –LNG quantity accepted to the Terminal per Gas Year (kWh).

(4) Unallowable Gas Loss shall be determined on the basis of the following formula:

$$NG^G = G^G - DG^G$$

Where:

NG^G – Unallowable Gas Loss per Gas Year (kWh),

G^G – Total Gas Loss per Gas Year (kWh),


DG^G – Allowable Gas Loss per Gas Year (kWh).

Article 10

(1) On every business day of the Terminal, the Operator shall determine the quantity of the virtually stored LNG belonging to each Terminal User at the beginning of each Gas Day, based on the following formulas and principles:

The quantity of virtually stored LNG belonging to each Terminal User at the beginning of each Gas Day shall be calculated in accordance with the following formula:

$$S_i^0 = S_i^{0-1} - D_i^{P-1} - G_i^{P-1} + P_{Pi} + dP_p^0 + dP_f^0 - A_i - N_i$$

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Where:

S_i^0 – Quantity of virtually stored LNG belonging to a certain Terminal User at the beginning of a Gas Day (kWh),

S_i^{0-1} – Quantity of virtually stored LNG belonging to a certain Terminal User at the beginning of the previous Gas Day (kWh),

D_i^{P-1} – Quantity of regasified LNG in the previous day for a certain Terminal User (kWh),

G_i^{P-1} – Gas loss of a Terminal User per previous Gas Day (kWh),

P_{Pi} – Quantity of LNG accepted to the Terminal from a certain Terminal User, or planned to be accepted to the Terminal (kWh) as a part of a Terminal User's schedule that had previously been approved by the Operator, depending on what was later approved by the Operator,

dP_p^0 – On a Gas Day, when the amended LNG quantity of a certain Terminal User is planned to be accepted to the Terminal, and such quantity has been approved by the Operator. It is the difference between the amended LNG quantity planned to be accepted to the Terminal for a certain Terminal User and a certain LNG quantity previously planned to be accepted to the Terminal for the certain Terminal User, as described in the description of P_{Pi} ,

dP_f^0 – On a Gas Day, when the LNG quantity of a certain Terminal User accepted to the Terminal and approved by the Operator, the difference between the actual LNG quantity accepted to the Terminal for a certain Terminal User and the last planned LNG quantity used for the purpose of calculating the virtually stored LNG quantity, in accordance with the situation defined in the description of P_{Pi} ,

A_i – Quantity of natural gas lost during an accident or failure, assigned to a certain Terminal User (kWh),


N_i – Difference (shortage or surplus) of LNG established during inventory taking and assigned to a certain Terminal User (kWh),

$i \in [1; n]$,

n – Number of Terminal Users.

(2) If the Terminal User begins using the LNG Regasification Service after that Terminal User's LNG quantity has been accepted to the Terminal, or if a Terminal User has already been using the LNG Regasification Service and the remaining quantity of the virtually stored LNG of that Terminal User is sufficient for the use of the service (including the Terminal User's gas loss), then the respective Terminal User's LNG quantity accepted to the Terminal for the purpose of calculating the virtually stored LNG quantity shall be considered accepted on the final Gas Day of the LNG discharge.

(3) If the Terminal User begins using the LNG Regasification Service before that Terminal User's LNG quantity has been accepted to the Terminal, or if the Terminal User has already been using the LNG Regasification Service and that Terminal User's remaining LNG quantity is insufficient for the use of the service (including the Terminal User's gas loss), then, for the purpose of calculating the virtually stored LNG quantity, the next LNG quantity planned to be accepted in the approved schedule of that Terminal User shall be relocated to the Gas Day on which the remaining virtually stored LNG quantity is insufficient for the use of the service.

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Article 11

(1) The allocation of the Total Gas Loss on a business day of the Terminal to each Terminal User shall be determined on every Gas Day by the Operator on the basis of the following formula:

$$G_i^P = G^P \times \frac{R_i^n}{\sum_i^n R_i^n}$$

Where:

G_i^P - Terminal User's gas loss per Gas Day,

G^P – Total Gas Loss at the Terminal per Gas Day,

R_i^n – Total quantity of regasified LNG of a certain Terminal User per Gas Day (kWh),

$i \in [1; n]$,

n – Number of Terminal Users.

(2) The allocation of Total Gas Loss per Gas Year, as well as allowable and unallowable loss for each Terminal User, shall be determined by the Operator on each Gas Year on the basis of the following formula:

$$G_i^G = G^G \times \frac{P_i^G}{\sum_i^n P_i^G}$$

Where:

G_i^G - Terminal User's gas loss per Gas Year,

G^G – Total Gas Loss at the Terminal per Gas Year,

P_i^G – Total yearly gas quantity accepted to the Terminal for an individual Terminal User that includes transactions on the Secondary Market (kWh),

$i \in [1; n]$,

n – Number of Terminal Users.

$$DG_i^G \leq 0.02 \times P_i^G$$

Where:


DG_i^G – Terminal User's Allowable Gas Loss per Gas Year,

P_i^G – Total yearly gas quantity accepted to the Terminal for an individual Terminal User that includes transactions on the Secondary Market (kWh),

$i \in [1; n]$,

n – Number of Terminal Users.

$$NG_i^G = G_i^G - DG_i^G$$

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Where:

NG_i^G – Terminal User's Unallowable Gas Loss per Gas Year,

G_i^G – Terminal User's gas loss per Gas Year,

DG_i^G - Terminal User's Allowable Gas Loss per Gas Year,

$i \in [1; n]$,

n – Number of Terminal Users.

Article 12

Where the LNG regasification is not carried out in the Terminal due to a fault of the Terminal User, the Total Gas Loss of the Terminal per Gas Day shall be assigned to the Terminal Users responsible for disrupting the regasification process, in proportion to the LNG quantity nominated by them, and shall be calculated according to the following formula:

$$G_i^P = \frac{G^P \times U_i^P}{\sum_{i=1}^k U_i^P}$$

Where:

G_i^P - Gas loss per gas day of a Terminal User responsible for disrupting the regasification process in the Terminal (kWh),

G^P – Total Gas Loss at the Terminal per Gas Day (kWh), calculated in accordance with Article 9(1) of this Natural Gas Allocation Policy,

U_i^P - LNG quantity nominated for LNG regasification by the Terminal User responsible for disrupting the LNG regasification process in the Terminal (kWh),


$i \in [1; k]$,

k – Number of Terminal Users responsible for disrupting the LNG regasification process in the Terminal.

Article 13

In the cases where the LNG discharge operation continues for more than one (1) Gas Day, the Total Gas Loss at the Terminal shall be calculated as follows: the LNG quantity in the Terminal shall be measured prior to and after the LNG discharge, and the Total Gas Loss at the Terminal shall be determined for the whole LNG discharge period. The calculation of the Total Gas Loss at the Terminal after the end of LNG discharge shall be carried out according to the normal procedure until the end of the current Gas Day. The Total Gas Loss at the Terminal during LNG discharge shall be proportionally allocated to the respective Gas Days during which LNG discharge for Terminal Users was performed, in accordance with Article 11 of this Natural Gas Allocation Policy.

Article 14

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The Total Gas Loss at the Terminal per Gas Day due to a certain Terminal User, calculated pursuant to Article 12 of this Natural Gas Allocation Policy, shall be subtracted from the LNG quantity in that Terminal User's account. The Total Gas Loss incurred by the respective Terminal User in the course of the reporting month shall be indicated in the natural gas calculation report for the reporting month for that Terminal User, as prescribed in Article 18 of this Natural Gas Allocation Policy.

Article 15

(1) Total Gas Loss at the Terminal in situations when the provision of services is suspended due to maintenance of the Terminal (except where the need for this maintenance of the Terminal arose due to a fault of a Terminal User or force majeure) shall be included in the accounting of Total Gas Loss per Gas Year.

(2) Terminal Users shall be compensated by the Operator for the unallowable loss at the Terminal.

(3) The Operator shall, simultaneously with sending the accounting at the end of the Gas Year, compensate to Terminal Users the Unallowable Gas Loss accumulated during the Gas Year, calculated *mutatis mutandis* pursuant to the following formula:

$$C_i = NG_i^P * W$$

Where:

C_i – Quantity to be compensated to a certain Terminal User in EUR,

NG_i^P – Terminal gas loss for a certain Terminal User (kWh), accumulated in the course of a Gas Year, in the cases indicated in Article 15 of this Natural Gas Allocation Policy,

W - The CEGH gas index value for the day on which the compensation is to be paid (price determined according to CEGHIX reporting index for the day preceding the day for which the compensation is to be paid);

$i \in [1; n]$,


n - Number of Terminal Users,

The GCV to NCV conversion factor is 0.901.

Calculation of the Loanable LNG Quantity

Article 16

(1) The procedures for the transfer of Loanable LNG Quantity, returning the Returnable LNG Quantity and the calculation thereof shall be regulated by the Joint Terminal Use Agreement. The scope of such transactions shall be based on the physical cargo storage, i.e. the actual LNG quantity available at the Terminal and calculated for each Terminal User, according to Article 17 of this Natural Gas Allocation Policy.

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(2) Cargo borrowing and/or returning for the previous Gas Day shall be prepared by 11 AM of the next business day.

(3) The Terminal User loaning LNG shall be assigned, in accordance with the terms and provisions of this Policy, the following: the Total Gas Loss at the Terminal attributable to regasified LNG quantity, LNG shortage/surplus established during the inventory and attributable to the Loanable LNG Quantity, the Total Gas Loss at the Terminal due to the fault of the Terminal User, and the Allowable Loss.

(4) The Loanable/Returnable LNG Quantity shall include the regasified LNG quantity attributable to the LNG Borrower, the Total Gas Loss of the Terminal attributable to the regasified LNG quantity, LNG shortage/surplus established during the inventory and attributable to the Loanable LNG Quantity, the Total Gas Loss at the Terminal due to the fault of the Terminal User, and the Allowable Loss.

Natural Gas Calculation Balancing

Article 17

Every business day, the Operator shall determine the actual LNG quantity available at the Terminal at the end of each Gas Day for each Terminal User according to the following formula:

$$K_i^1 = K_i^0 + P_i^P - D_i^P - G_i^P - R_i^P + L_i^P$$

Where:

K_i^1 – LNG quantity for a certain Terminal User at the end of a Gas Day (kWh);

K_i^0 – LNG quantity for a certain Terminal User at the beginning of a Gas Day (kWh), which shall correspond to the LNG quantity for a certain Terminal User at the end of the previous Gas Day;

P_i^P – LNG quantity discharged to the Terminal per Gas Day for a certain Terminal User (kWh);

D_i^P – LNG quantity regasified per Gas Day for a certain Terminal User (kWh);

G_i^P – Total Gas Loss at the Terminal per Gas Day for a certain Terminal User (kWh);

R_i^P – Available (received) LNG quantity of a certain Terminal User per Gas Day (kWh);


L_i^P – Returnable (returned) LNG quantity of a certain Terminal User per Gas Day (kWh);

$i \in [1; n]$,

n – Number of Terminal Users.

Article 18

(1) For operational management purposes, the Operator shall send on each business day by e-mail a Report of natural gas calculation, indicating the LNG quantity owned by a certain Terminal User at the beginning and at the end of the Gas Day, the LNG quantity that has been

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accepted to the Terminal, the quantity that has been regasified, the Loanable and Returnable LNG Quantity, as well as the Total Gas Loss of the Terminal User.

(2) Upon the expiry of the reporting month, during the first 10 (ten) business days of the following month, the Operator shall send by e-mail to Terminal Users a Report of natural gas calculation for the reporting month, indicating the LNG quantity owned by a certain Terminal User during the reporting month, the LNG quantity that was accepted to the Terminal, the regasified quantity, the Total Gas Loss of the Terminal User as well as inventory results attributed to a certain Terminal User, which must be signed by the Terminal User within 3 (three) business days following the Report date.

(3) Upon the expiry of the Gas Year, during the first 10 (ten) business days of the following month, the Operator shall send by e-mail to Terminal Users a Report on natural gas accounting for the reporting year, indicating the LNG quantity owned by a certain Terminal User during the accounting Gas Year, the LNG quantity that was accepted to the Terminal, and the quantity regasified in the accounting Gas Year, the Total Gas Loss of the Terminal User in the accounting Gas Year, the inventory results attributed to a certain Terminal User in the accounting Gas Year, as well as the indication of the Unallowable Loss accumulated during the accounting Gas Year.

Natural Gas Inventory

Article 19

(1) The Operator shall carry out an inventory of natural gas stored in the Terminal at least once per year, following the procedure established by legal regulations. If necessary, the Operator shall carry out extraordinary "cargo to cargo" inventory and inventories after the expiry of the Joint Terminal Use Agreement. For calculation purposes, the Operator shall carry out monthly inventories of natural gas.

(2) The Operator shall inform Terminal Users about the planned inventory not later than 10 (ten) calendar days before the beginning of the inventory.


(3) The representatives of Terminal Users shall have the right to participate in the inventory. Terminal Users shall inform the Operator about their intention to participate in the inventory not later than 5 (five) calendar days before the beginning of the inventory.

Article 20

An extraordinary inventory in the Terminal can be carried out after the receipt of a reasonable request from the Terminal User, following the procedure described below:

1. Terminal Users understand that, in order to ensure uninterrupted and efficient operation of the Terminal, the Operator's possibilities to carry out the inventory are limited.

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2. The Terminal User that wants extraordinary inventory to be carried out at the Terminal shall submit to the Operator a request for the performance of extraordinary inventory (Annex no. 1 to the Natural Gas Allocation Policy). In the request for the performance of extraordinary inventory, the Terminal User shall state the objective reasons for the request, and indicate the desired date and time of the inventory. The Terminal User shall submit the request to the Operator not later than 20 (twenty) calendar days prior to the desired inventory date indicated in the request.

3. After receipt of the request for performing extraordinary inventory, the Operator shall make a decision on its approval or refusal within 5 (five) calendar days after the date of receipt of the request.

4. After adopting a decision to approve the request, the Operator shall inform Terminal Users about the planned extraordinary inventory, its date and time not later than on the business day following the date of adopting the decision.

5. After adopting a decision to refuse the request, the Operator shall inform the Terminal User, specifying the reasons for refusing the request to perform extraordinary inventory, not later than on the business day following the date of adopting the decision.

Article 21

(1) For inventory purposes, the inventory period shall be the period from the date of completion of the latest inventory carried out at the Terminal to the date of beginning the current, annual or extraordinary inventory.

(2) The General Manager of the Operator shall set the date and time of the inventory by virtue of an order, establish the inventory commission and appoint a chairman of the inventory commission.


(3) During the inventory, the actual quantity of natural gas stored in the FSRU and the connecting pipeline shall be determined.

Article 22

The shortage (surplus) of LNG established during the inventory shall be assigned to Terminal Users in proportion to the regasified LNG quantity to which they are entitled during the inventory period, according to the following formula:

$$N_i = N \times \frac{D_i^P}{\sum_i^n D_i^P}$$

Where:

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N_i – Shortage (surplus) of LNG for a certain Terminal User (kWh),
 N – Total shortage (surplus) of LNG established during the inventory (kWh),
 D_i^P - Quantity of gasified natural gas for a certain Terminal User in the Terminal during the reporting period (kWh),
 $i \in [1; n]$,
 n – Number of Terminal Users.

Article 23

When LNG regasification is not performed at the Terminal, LNG shortage (surplus) established during the inventory shall be assigned to Terminal Users in proportion to the LNG quantity to which they are entitled at the beginning of the Gas Day, according to the following formula:

$$N_i = N \times \frac{K_i^0}{\sum_i^n K_i^0}$$

Where:

N_i – Shortage (surplus) of LNG belonging to a certain Terminal User (kWh),
 N – Total shortage (surplus) of LNG established during the inventory (kWh),
 K_i^0 – LNG quantity belonging to a certain Terminal User at the beginning of the Gas Day (kWh),
 $i \in [1; n]$,
 n - Number of Terminal Users.

Article 24


(1) After a shortage exceeding the Allowed Measurement Uncertainty has been established, the inventory commission can initiate an investigation in order to provide an official explanation of the difference.

(2) After carrying out the LNG inventory, the inventory commission shall prepare an inventory summary and documents concerning the LNG quantity measurements, the established shortage (surplus) and the assignment to Terminal Users. The inventory summary shall be signed by all members of the inventory commission who have participated in the inventory.

(3) The corrections listed below shall be made in the natural gas calculation documents of the Operator, on the basis of the documents prepared and approved by the inventory commission:

1. The LNG quantity in the calculation documents shall be decreased adequately to the LNG shortage assigned to a certain Terminal User in accordance with Article 22 of this Natural Gas Allocation Policy. For this quantity, the Operator shall prepare a natural gas write-off document, which shall be signed by the Operator and the representatives of Terminal Users.

2. The LNG quantity in the calculation documents shall be adequately increased to the LNG surplus assigned to a certain Terminal User pursuant to Articles 22, 23 and 24 of this Natural

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Gas Allocation Policy. For this quantity, the Operator shall prepare a natural gas acceptance document, which shall be signed by the Operator and the representatives of Terminal Users.

3. The virtually stored LNG quantity belonging to a certain Terminal User shall be increased or reduced due to the surplus or shortage established during the inventory.

Calculation of Natural Gas in Cases of Accidents or Failures at the Terminal

Article 25

(1) The investigation of accidents or failures that occurred at the Terminal shall be conducted according to the procedure established by the legal regulations of the Republic of Croatia.

(2) The Operator shall immediately, but not later than within 4 (four) hours after the accident or failure detection, inform the relevant Croatian authorities and Terminal Users about the accident or failure at the Terminal, and publish a notice on the Operator's website.

(3) An investigation commission shall be established for the purpose of conducting an investigation of the accident or failure at the Terminal, as provided in the relevant legal regulations of the Republic of Croatia.

(4) The natural gas quantity lost during the accident or failure, and the quantity of LNG not regasified as the result of the accident or failure shall be calculated during the investigation of the accident or failure.

(5) After the accident or a failure at the Terminal has been investigated, the certificate of the form established by legal regulations shall be drawn up and signed by all the members of the commission who participated in the investigation.


Article 26

(1) The corrections listed below shall be made in the natural gas calculation documents of the Operator on the basis of the accident or failure investigation certificate prepared and approved by the investigation commission:

1. The entire quantity of natural gas lost as the result of an accident or failure shall be assigned to Terminal Users, in proportion to their LNG quantity in the Terminal at the beginning of the Gas Day when the accident or failure occurred, and calculated according to the formula provided below:

$$A_i = A \times \frac{K_i^0}{\sum_i^n K_i^0}$$

Where:

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A_i - Quantity of natural gas lost during the accident or failure, assigned to a certain Terminal User (kWh),

A – Total quantity of natural gas lost during the accident or failure (kWh),

K_i^0 – LNG quantity for a certain Terminal User at the beginning of the Gas Day when the accident or failure occurred (kWh),

$i \in [1; n]$,

n – Number of Terminal Users.

2. The natural gas quantity in the calculation documents shall be reduced adequately with regard to the quantity of natural gas lost during the accident or failure, and assigned to a certain Terminal User in accordance with Article 26(1)(1) of this Natural Gas Allocation Policy. The Operator shall prepare a natural gas write-off form for this quantity, which shall be signed by the Operator and the representatives of Terminal Users.

3. If the investigation commission determines that the accident or failure occurred at the Terminal due to the fault of the Operator, the Operator shall reimburse the quantity of natural gas owned by a certain Terminal User and lost during the accident or failure according to the formula listed below:

$$C_i = A_i \times W$$

Where:

C_i – Quantity to be reimbursed to a certain Terminal User (EUR),

A_i - Quantity of LNG lost during the accident or failure, to be assigned to a certain Terminal User (kWh), calculated according to Article 26(1)(1) of this Natural Gas Allocation Policy,

W – CEGH gas index value on the day for which compensation is to be paid (price determined according to CEGHIX reporting index for the day preceding the day for which the compensation is to be paid),

$i \in [1; n]$,

n – Number of Terminal Users.


4. The LNG quantity not regasified as the result of the accident or failure shall be calculated as the difference between the actually regasified LNG quantity and the LNG quantity requested to be regasified in accordance with the Monthly Schedule within the period between the accident or failure and the restart of the Terminal operation:

$$S = \sum_i^n U_i^A - D^A$$

Where:

S – LNG quantity not regasified as a result of the accident or failure (kWh),

U_i^A - LNG quantity requested to be regasified in the period between the accident or failure and the restart of the Terminal operation, in view of the quantity of LNG to be regasified according to the Monthly Schedule,

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D^A - LNG quantity regasified within the period between the accident or failure and the restart of the Terminal operation (kWh),
 $i \in [1; n]$,
 n - Number of the Terminal Users.

(2) Damage suffered due to non-regasification of an LNG quantity during the accident or failure shall be reimbursed according to the procedures established by the Rules, the General Terms and Conditions and the Terminal Use Agreement.

Tax Liabilities Related to the Terminal Management

Article 27

(1) Terminal Users shall be liable for the proper settlement of tax liabilities applicable to their cargo, including but not limited to customs duties, VAT, import VAT and/or excise duties, as well as for the compliance with customs and/or excise procedures, according to the conditions and procedures established by legal regulations.

(2) In case of establishing a customs warehouse and/or a tax warehouse for taxable goods, the Operator shall be responsible for the fulfilment of liabilities applicable to the owners of the customs warehouses and/or the owners of tax warehouses for taxable goods, according to the conditions and procedures established by legal regulations.

Final Provisions

Article 28

(1) The Operator shall prepare, approve and publish this Natural Gas Allocation Policy together with the Rules. The provisions of this Natural Gas Allocation Policy shall not be subject to negotiations between the Operator and Terminal Users.

(2) Amendments to this Natural Gas Allocation Policy shall be made after changes to the legal regulations regulating natural gas calculation, the provisions of other related legal regulations and/or processes in progress at the Terminal, having an effect on natural gas calculation.

Sector director

Ivan Fugaš