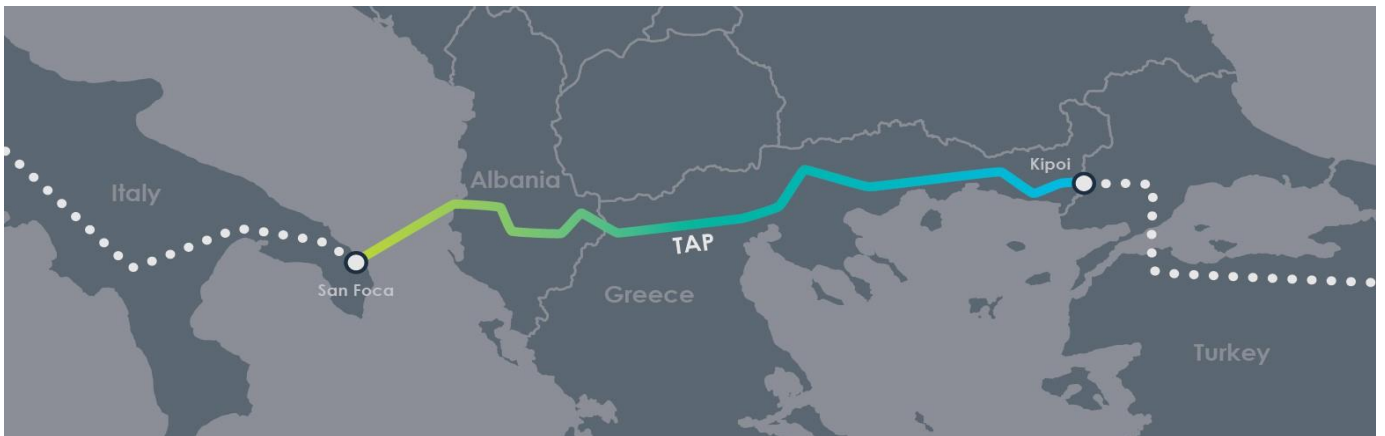




Trans Adriatic
Pipeline



Italy Livelihood Restoration Procedure



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1. Introduction

This Livelihood Restoration Procedure describes the up to date approach to land management during operations land reinstatement and TAP AGs Livelihood Restoration and Transitional Support (LATS) Program. This procedure details compensation entitlements and additional mitigation measures intended to address any economic disruptions and/or displacement during the operation of the TAP pipeline, consistent with Italian law listed in Section 3.1 and standards of financial institutions listed in Section 3.2.

This procedure is subordinate to and shall be read in conjunction with TAP AG Environmental and Social Management Manual (Ref. 1) which provides an overview of all TAP AG environmental, socio-economic and cultural heritage aspects and how impacts are identified, avoided, mitigated or managed in accordance with TAP AG commitments.

This document contains requirements in addition to any legal requirements applicable to TAP AG (arising from national and/or EU legislation and the ESIA approvals in place), and therefore no such provision has any effect whatsoever on the fulfilment of these legal obligations by TAP AG. This document includes additional requirements formulated by, and incumbent on, TAP AG and, therefore, does not give any right to third parties and are not enforceable by any third party beyond any legal rights they may have in accordance with applicable laws.

1.1 Scope

This procedure is applicable to the TAP AG owned and operated facilities in Italy, i.e. a pipeline right of way (105 km) pipeline traversing the Adriatic Sea to the Italian coast, the micro-tunnel site near the town of San Foca, the pipeline right of way (8.2 km), Pipeline Receiving Terminal (PRT) and back-up control centre in Brindisi.

This document supplements the Livelihood Restoration Plan (LRP) Italy (Ref. 2) issued in April 2016, which in turn built on the Livelihoods Restoration Framework (Ref. 3) dated March 2013.

Livelihood Restoration Procedure was developed following completion of construction activities. The document will be further updated, if deemed necessary (e.g. to reflect further organisational changes in roles and responsibilities, during operations phase)

1.2 Purpose

The purpose of this Italy Livelihood Restoration Procedure is to:

- summarise livelihood impact prevention, restoration activities and management processes relevant to the TAP operations phase during the implementation of the LATS program (Ref. 4).
- to meet TAP AG obligations under the livelihood restoration and stakeholder engagement commitments of the approved TAP Environmental and Social Impact Assessments (ESIA) for Italy (Ref. 5).



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1.3 Abbreviations and Definitions

Abbreviation	Definition
AGI	Above Ground Installation
APRC	Agricultural Productivity Restoration Completion
BVS	Block valve station
CTA	Common Terms Agreement
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EPC	Engineering, Procurement and Construction
ESIA	Environmental and Social Impact Assessment
E&S	Environmental & Social
EU	European Union
FRV	Full Replacement Value
Ha	Hectares
IEMG	Independent External Monitoring Group
IESC	Independent Environmental & Social Consultants
IFC	International Finance Corporation
LATS	Livelihood Assistance & Transitional Support
LEA	Land Easement and Acquisition
LM	Land Management
LRP	Livelihood Restoration Plan
O&M	Operations and Maintenance
PAH	Project-affected Household
PAP	Project-affected Person(s)
RFA	Rapid Field Assessment



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Abbreviation	Definition
PR	Performance Requirement
PRAP	Productivity Restoration Action Plan
PTR	Perennial Tree Restoration Form
RSIP	Route Social Impact Plan
RSIR	Route Social Impact Register
RoW	Right of Way
SGMT	Stakeholder and Grievance Management Tool
TAP	Trans Adriatic Pipeline
TAP AG	Trans Adriatic Pipeline AG
TU	Presidential Decree 8, June 2001, No. 327.

Term	Definition
Stakeholder	Any person, group or organization who may be affected by or may affect TAP operations.
Vulnerable Person(s)	People who may be functionally limited in their ability to participate in consultation and decision-making about the project, in their physical capacity to adapt to new circumstances, their ability to restore their livelihoods. Vulnerability is characterised by higher risk and reduced ability to cope with shock or negative impacts. It may be based on socio-economic condition, gender, age, disability, ethnicity, or other criteria that influence people's ability to access resources and development opportunities.

1.4 Roles and Responsibilities

TAP AG leadership team with headquarters in Switzerland includes roles such as the Operations Director, who shall support the roles and responsibilities presented below.

1.4.1 TAP Operations and Maintenance Country Manager

Land Management (LM) following hot commissioning activities, the introduction of hydrocarbons, and during operation and maintenance of TAP pipeline systems in each host country has been delegated to Operations and Maintenance Country Manager(s), who, inter alia, shall be responsible for:



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- Ensuring compliance with applicable urban and land planning legislation, Lenders and ESIA requirements
- Management of Right of Way, including infringement resolution
- Ensure implementation of livelihood restoration procedure outlined in Section 3 of this document.
- TAP Operations and Maintenance Country Manager(s) shall support:
 - -Land Management activities including coordination of lease, acquisition and management of required land, acquisition and management of relevant rights on land, their preservation, extension, renewal and termination.
 - - Implementation of TAP Grievance Management Procedure
 - - Land management activities related to land entry (Ref. 7)
-

1.4.2 TAP Land Management Lead

TAP Land Management Lead shall be responsible for:

- Completion of the livelihood restoration program including LATS monitoring, evaluation and close out for all project affected land (completed for all countries of TAP operation)
- Implementation of TAP Grievance Management Procedure (Ref. 6), including Reporting and leading of resolution of land related grievances and facilitating the coordination and closure of all the other non- land related ones
- Completion of monitoring by Independent External Monitoring Group (IEMG)
- Integrating stakeholder engagement initiatives from the landowner/user engagement, grievance management and livelihood restoration programs
- Land management activities to support land entry (Ref. 7) and infringement resolution (Ref. 8), including leading land entry and exit related engagement (Ref. 7) and managing land entry refusal in collaboration with TAP Management and TAP Legal Teams.
- Coordinating and monitoring the review of compensation payment rates on regular basis
- - Land Management of Right of Way, including coordination of lease, acquisition and management of required land, acquisition and management of relevant rights on land, their preservation, extension, renewal and termination.
-

1.4.3 TAP Country Operations and Maintenance Engineer(s)

TAP Country Operations and Maintenance Engineer(s) shall be responsible for fulfilment of his/her deliverables under Land Entry procedure (Ref. 7) and Infringement Management Procedure (Ref. 8).

1.4.4 TAP Country Grievance Advisor(s)

The Country Grievance Advisor(s) shall be responsible for:



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- Acting as the primary point of contact with the complainant(s)
- Ensuring effective operation of grievance management process including registration and investigation of grievances
- Undertaking grievance reporting
- Submitting proposals for review of grievances by external specialists when necessary
- In-country coordination of the of the grievance management process
- Assigning a work stream single point of contact, contacting them by email with a copy of the grievance and requesting them to assess the factual accuracy
- Uploading the grievance into SGMT upon receipt of the response from the work stream single point of contact and agreeing the proposed measures with the work stream single point of contact.

1.4.5 TAP Stakeholder Manager

The TAP Stakeholder Manager shall be responsible for:

- Ensuring effective operation of stakeholder engagement process
- Coordinating and supporting the Operation & Maintenance Country Manager and the Country Representative in the interface with municipality representatives and institutional stakeholders
- Supporting local management with TAP representation in key stakeholder engagement meetings in host countries as well as with identification, monitoring, communication and management of emerging stakeholder issues and risks, including potential mitigation plans where required.
- Coordinating the maintenance of stakeholder engagement records (dashboard) with the input by the O& M (Operation & Maintenance) team, regarding Right of Way issues and other TAP functions (such as Land management team and legal team), regarding enquiries by project affected persons
- Interface with the TAP communications team to inform them of feedback from stakeholder engagement programs.



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2. References

Ref No	Document Title	Document Number
1	Environmental and Social Management Manual	CAL00-TAP-QHSE-Y-TMT-0001
2	Livelihood Restoration Plan Italy	IAL00-PMT-660-X-TTA-0001
3	Livelihood Restoration Framework Italy	TAP-LEA-PL-0004
4	Livelihood Assistance and Transitional Support (LATS) Implementation Plan	CAL00-PMT-660-X-TTA-0001
5	Environmental and Social Impact Assessment Italy	IAL00-ERM-643-Y-TAE-1011
6	Grievance Management Procedure	CAL00-TAP-QHSE-Y-TPA-0002
7	Land Entry Procedure	CAL00-TAP-AMA-X-TPA-0075
8	Infringement Management Procedure	CAL00-TAP-AMA-X-TPA-0074
9	Stakeholder Engagement Procedure	CAL00-TAP-SKE-X-TPA-0001
10	Record Retention Guidelines	CAL00-TAP-LEG-X-TPA-0001
11	Compensation Principle Italy for LEA	TAP-LEA-MA-0002

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3. Italy Livelihood Restoration Procedure

3.1 Legal Framework

This section provides a summary of those provisions in Italian law (including related amendments) that pertain to land easement and acquisition and generally relevant to projects such as TAP. It is not a comprehensive list of all Italian land legislation.

Table 1: Key Italian Legislation Pertaining to Land Easement Acquisition

Title in English	Key Issues Addressed
Consolidated Act on Expropriation Procedure	<p>Presidential Decree 8, June 2001, No. 327.</p> <p>Gas pipeline authorisation and expropriation procedure - expropriation procedure governing law.</p> <p>Art. 52-<i>bis ff.</i> provisions applicable to pipelines.</p>
Common rules for the internal market in electricity and natural gas	<p>Legislative Decree 1 June 2011, No. 93. Published in the Official Gazette of the Italian Republic 28 June 2011, No. 148</p> <p>Authorisation procedure for priority pipelines - priority criteria for pipelines consistent with the national energy strategy.</p>
Marzano Law on the reorganisation of the energy sector	<p>Law 23 August 2004, No. 239. Published in the Official Gazette of the Italian Republic 11 September 2004, n. 215</p> <p>Agreements with local entities</p> <p>Art. 1, paragraph 5: Regions and local entities affected by the construction and operation of an energy infrastructure have right to enter into specific agreement aimed at identifying proper environmental compensation and balance measures consistent with the objectives of the national energy policy.</p>
Environmental Code	<p>Legislative Decree 3 April 2006, No. 152. Published in the Official Gazette of the Italian Republic 14 April 2006, No. 88</p> <p>EIA Procedure - Infrastructures subject to the EIA procedure falling under the national or the regional competence (submarine pipelines and pipelines longer than 40 km and having a diameter equal or larger than 800 millimetres).</p>
Regional Law on EIA and VINCA procedures	<p>Apulia Regional Law 12 April 2001, No. 11. Published in the Official Bulletin of Apulia Region 12 April 2001 n. 57</p> <p>EIA and VINCA Procedures - Pipelines no longer than 20 km are subject to the EIA screening procedure (<i>Procedura di Verifica di Assoggettabilità a VIA</i>) carried out by the Region.</p>



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Title in English	Key Issues Addressed
Regional Law on VINCA procedure	Regional Executive Board Resolution 14 March 2006, No. 304 14 March 2006, n. 304. Published in the Official Bulletin of Apulia Region 30 March 2006, No. 41 VINCA Procedures - Phases of the assessment procedure.
Code of Administrative Proceedings	Law 2 July 2010, No. 104. Published in the Official Gazette of the Italian Republic 7 July 2010, No. 156 Judicial protection before the Administrative Court - Rules regulating the appeal before the Regional Administrative Courts.
Ratification of the United Nation Convention on the Law of the Sea	Law 2 December 1994, No. 689. Published in the Official Gazette of the Italian Republic 19 December 1994, No.295 Rights and jurisdiction of the Coastal State over the territorial sea, the exclusive economic zone and the continental shelf Articles 2 and 3: rights and jurisdiction of the Coastal State on territorial sea Article 79: the Coastal State may not impede the laying or maintenance of cables or pipelines on the continental shelf, without prejudice for its right to explore and exploit the continental shelf and its natural resources and prevent, reduce and control the pollution from pipelines.
Civil Code	Royal Decree 16 March 1942, No. 262 Published in the Official Gazette of the Italian Republic 4 April 1942, No. 79 Governs the civil relations among private parties.
Law No. 590/1965	Law 26 May 1965, No. 142. Published in the Official Gazette of the Italian Republic 9 June 1965, No. 142. Agricultural pre-emption rights: Article 7: Agricultural Pre-Emption Right of the Adjacent Farmer Article 8: Agricultural Pre-Emption Right.

3.1.1 Key Principles of Italian Legislation Pertaining to Land Acquisition

Based on the legal opinion issued by Studio Delli Santi in May 2015 (see details in Livelihood Restoration Plan Italy, Ref. 2) and MoED advice, the recommended process for land acquisition in Italy following the issuance of the Single Authorization (that has been issued by MoED on May the 20th 2015) is the following:

- Send a registered letter to all the landowners informing them that the Project has been approved and TAP AG intends to enter into an amicable agreement process to purchase and/or lease their land and requesting that the landowner contact TAP to start the negotiation process
- Seek to reach negotiated settlements wherever possible through a series of meetings to present and review TAP's offer to the landowner



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- Send a copy of the agreement by registered mail either confirming their acceptance of TAP AG's offer, in instances where there is no response or a refusal to accept TAP AG's offer, the expropriation procedure is described.

The expropriation process is summarized as follows¹:

- Under the Single Authorization process, TAP AG files the request of Preliminary Expropriation Needs (i.e., Vincolo Preordinato all'Esproprio) specifying with proper technical documents the Project affected land. This step was completed in October 2014;
- With the Single Authorization, the Project is declared a Public Utility, and the Preliminary Expropriation Needs are imposed on the Project affected area. This decree was issued on May the 20th, 2015;
- TAP publishes this decree in two newspapers (one local and one national) and on the official board of the Municipality of Melendugno and Region of Apulia. This step was completed on July the 16th 2016;
- In cases where expropriation is necessary, TAP will require the MoDE to issue an expropriation decree under the urgent procedure (as per art. 22 Expropriation law 327/01) specifying the compensation proposed to the landowner;
- MoDE accepts the compensation as calculated by TAP and issues the Expropriation Decree;
- TAP provides a copy of the expropriation decree to the affected landowner specifying the date of the entrance onto their land;
- TAP enters onto the land to take possession and executes its land rights as per decree. Minutes are drawn, including an asset inventory. If the landowner is present, s/he is allowed to sign the minutes, otherwise it can be signed by TAP and two witnesses;
- TAP registers the land rights acquired and can begin work from the date of the occupation;
- Landowner may accept the proposed compensation of TAP or can call for an arbitration procedure with three experts: one appointed by the landowner, one appointed by the MoED and the last one appointed by the Local Court (Tribunale di Lecce). TAP shall deposit to the National Escrow account the proposed compensation amount.
- At the end of the arbitration process the outcome will be disclosed through a MoED sentence and any further compensation required will be deposited into the National Escrow Account by TAP.

The Italian Constitution and the Expropriation Law are generally in line with Human Rights Protection Principles as contained in the Universal Declaration of Human Rights, and private property is guaranteed by the Constitution. In particular article 42 of the Italian Constitution expressly states: "*La proprietà è pubblica o privata. I beni economici appartengono allo Stato, ad enti o a privati.*

La proprietà privata è riconosciuta e garantita dalla legge, che ne determina i modi di acquisto, di godimento e i limiti allo scopo di assicurarne la funzione sociale e di renderla accessibile a tutti [cfr. artt. 44, 47 c. 2].

La proprietà privata può essere, nei casi preveduti dalla legge, e salvo indennizzo, espropriata per motivi d'interesse generale.

¹ Further details provided in Livelihood Restoration Plan (LRP) Italy (Ref. 2)



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La legge stabilisce le norme ed i limiti della successione legittima e testamentaria e i diritti dello Stato sulle eredità.”

[English courtesy translation:

“The Italian property is public or private. Economic properties belong to the Italian State, public or private institutions.

Private property is recognized and granted by Law, which determines the procedures of purchase, use and limits with the aim of to ensure the social function and make it accessible to everyone [cf. art. 44, 47 c.2].

Private property could be expropriated in those cases provided by Law, and with the exception of compensation, for reasons of general interest.

Law established the regulations and limits of the legitimate and testamentary succession and the right of the State on inheritance.”]

Rights in property, whatever their nature (ownership, usufruct), are registered in the Italian Public Real Estate Register (i.e. *Conservatoria dei Pubblici Registri Immobiliari*) and in the National Cadastre System.

The right to private property is guaranteed. Property may be acquired by donation, inheritance, purchase, or any other usual means provided by the Civil Code. The law may provide for expropriations or limitations in the exercise of a property right only for public interest.

Expropriation or limitations to a property right that are equivalent to expropriation are permitted only against fair compensation. For disagreements related to the amount of the compensation, the procedure under article 21 of Presidential Decree 8, June 2001, No. 327 will apply.

3.1.2 Rights, Transactions and Registration

Registration

The transfer of ownership, easement or other land right is completed only after the registration of such land right in the Italian Public Real Estate Register (i.e. *Conservatoria dei Pubblici Registri Immobiliari*).

In case of two transactions competing for the same right, due to omission or deliberate act, the right belongs to the person who first registered the deed at the registration office regardless of the date on the deed. Only final deeds are registered in the Italian Public Real Estate Register (i.e., *Conservatoria dei Pubblici Registri Immobiliari*), while option deeds are not.

Prior to any transfer the buyer needs to verify for each plot in question whether a) there are deeds specifying ownership, rights etc., b) these deeds are up-to-date, c) these deeds are subject to a third-party land rights that would conflict with the transfer and/or the desired land use and/or d) there are any lawsuits pending that dispute ownership or claiming rights on the relevant plot. Lawsuits are registered in the “Claims Book” kept in every provincial land registry and are mostly up to date as failure.

Mortgages and legal seizures are also registered in special land registry books and will continue to exist even after the land is sold to a third party if not settled prior to the transfer of title deeds. Similarly, in cases of negotiated acquisitions, land leases - depending on their duration and terms - are transferred to the buyer.

Usufruct

Usufruct is a subordinate property right of limited duration, usually for a person's lifetime, consisting of enjoying the use and fruits (profit) derived out of a third-party property, keeping however its essence intact. The relevant usufruct rights to a Project are those where usufructuaries' must give their consent



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for the transfer or creation of land rights on the land on which they have a usufruct right and where they are entitled to be compensated for loss of use and/or profits of such land, such as rent, crops etc.

Easement Rights

Easements can consist of positive rights (affirmative easements), for example a pathway across two or more properties, which allows the beneficiary to carry out works on the property to which the easement refers. Such rights of way can be agreed to be floating in the sense that there does not necessarily need to be a fixed location, route or method to exercise the right of way. For example, a right of way may allow crossing a field without any visible path at any desired location within a given plot.

Easements can also consist of negative rights (negative easement), for example building restrictions to ensure view, light etc. or tolerance obligations for dust, emissions etc. resulting from a neighbouring estate. In TAP's case, rights to carry out works, cross lands or build structures on parts of an estate would be affirmative easements; while building and other land use restrictions would be negative easements.

Option to Purchase

Option agreements as per Article 1331 of the Italian Civil Code, i.e., the agreement to transfer land or right over land within a given timeframe for a given amount, has to be in the same form of the final deed which causes the transfer of the land or of the right on the land to be effective (Articles 1350 and 1351 of the Italian Civil Code: Preliminary (option) agreements have the same form as the final agreement). The option deed can grant rights of access to the relevant plot including soil investigations, test excavations etc. before the execution of the final deed. Option deeds can also specify that the final deed may cover a smaller parcel than the option deed; thus, once the final Pipeline route has been determined, the final deed can accommodate this reduced footprint. Finally, the option deeds should specify the procedure to accommodate changes in the land use status of the parcel in question.

Option deeds can also be agreed when a) the property is not registered yet, b) transfer prohibitions have not been resolved (illegal structures etc.) and c) legal actions are pending. In these cases, the option deeds contain terms relating to the settlement of pending obligations etc. before execution of the final deed. The amount for an option agreement and/or the final deed can be freely negotiated, and the option agreement often represents a portion of the final price. All costs related to the land acquisition process are payable in their entirety by the buyer.

Expropriation in the Case of the TAP Project

It is important to note that at any point while the expropriation process is on-going the owner has the possibility to continue negotiation and reach agreement with the beneficiary of the expropriation process, informing the expropriating agency.

The details of the expropriation process, the legal framework guiding forced easement/temporary use, and the asset valuation prepared by independent valuers, is provided in Livelihood Restoration Plan Italy (Ref. 2), which is available via the TAP AG website.

Claims and Grievances

There is no formal grievance mechanism, though court appeal procedures exist. All people, who have rights or claims on land covered by the cadastre, benefit from rights set forth in legislation on cadastre creation/completion, including the right to object to registrations of others in the cadastre. This means that in case they are of the view that land acquisition conflicts with their rights, they have the opportunity to raise a complaint a) at the stage of cadastre preparation and b) at a special Complaints Committee (Articles 6 and 7 of Law 2308/1995).

TAP AG has operationalized a grievance mechanism, which is outlined in Section 3.8.



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3.2 Operations Standards

The TAP pipeline is a critical component of Europe's strategy for energy security and diversity. Gas supply reduces reliance on coal for energy and is considered a transitional step towards a low-carbon economy. The TAP pipeline has implemented good international practices throughout and the project has aligned with the standards of international financial institutions such as:

- The European Bank of Reconstruction and Development (EBRD), specifically performance requirements 1 to 6, 8 and 10
- European Investment Bank (EIB) Environmental and Social Standards
- International Finance Corporation (IFC) Standards 1 to 6 and 8 including onshore and offshore specific environmental, health and safety guidelines
- The Equator Principles 3
- The Organisation for Economic Co-operation and Development (OECD) Common Approaches.

These standards aim to ensure that adverse impacts on people, their rights, livelihoods, culture and environment are avoided or, where avoidance is not possible, minimized, offset and/or compensated. This includes providing targeted assistance and opportunities to restore and, where possible, improve the production levels and the income earning capacity for those experiencing temporary or permanent loss of income as a result of project land acquisition and/or land use restrictions. The provision of short-term transitional support is also recommended, as necessary.

3.3 Construction Phase Summary

3.3.1 Land Reinstatement

The TAP Project construction phase defined objectives and procedures for reinstatement of the land following completion of construction. The overall objective is to return the land to pre-project conditions, return the land to the landowner and support the restoration, if not improvement, of production and livelihoods as soon as possible.

Following completion of construction, the EPC Contractors were required to reinstate the pipeline construction corridor. This involved the following activities:

- Restoration of the original contours
- Topsoil that had been removed and stored separately was placed back on the (former) construction corridor
- Land irrigation and drainage infrastructure, damaged roads and/or other networks and facilities, which were disturbed or moved during construction, were reconstructed.

Photographic records of the route were made, where necessary, before and after the works, as well as the infrastructure and roads used for the Project, and any associated infrastructure which was damaged. All pipeline marker posts were located in a way that interference with agricultural activities was minimised.

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3.3.2 Construction Phase Impacts

A total of 32 hectares of land was leased on a temporary basis during construction, and a total of 18 hectares permanently acquired. Restrictions during operations shall apply to 34 hectares of land.

Table 2 summarizes the type and area of land impacted by the TAP pipeline, and the nature of the impact.

Table 2: Land Impacts

Type of Impact	Irrigated Agriculture	None-Irrigated Agriculture
Leased Land (Total = 32 ha)		
Construction corridor (18m) 14 ha	1,5	12,5
Work camps 18 ha (PRT-MT)	12	6
Pipe Yard Areas (area in Brindisi Port)	0	0
Total leased land	13,5	18,5
Household male	2	89
Household Female	0	103
Household other	0	3
Total Households	2	195
Ownership Restrictions on Land (Total = 34 ha)		
Safety Zone A (ownership restriction zone-8 m) 7 ha	0,8	6,2
Safety zone B (building prohibition zone - 40 m) 27 ha	3	24
Total land area with ownership restrictions	3,8	30,2
Permanently Acquired Land (Total = 18 ha):		
TSA-PRT	17,9	0
Block valve stations	0	0,1
Total amount of permanently acquired land	17,9	0,1

Extent of Impact on Land Parcels

Most land parcels were only partially impacted by construction. The greatest majority (72%) had less than 50% of their land parcel affected by the construction corridor. Table 3 groups the number of land parcels, according to the extent to which each parcel was impacted by construction.



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Table 3: Extent of Project Impact on Land Parcels

Percentage of Land Parcel Affected	Number of Parcels	Number of Households	Percentage of the Total Parcels	Percentage of the Total Households
0-20% land parcel	93	132	41%	36%
21-40% land parcel	43	92	20%	25%
41-50% of land parcel	26	59	12%	16%
51-70% of land parcel	11	20	5%	6%
71-90% of land parcel	10	22	4%	6%
More than 90%	40	42	18%	11%
Total	223	367	100%	100%

Table 4: Project Impacts on Cultivated Parcels

Percentage of Land Parcel Affected	Total		Annual Crops		Perennial Crops		Total Annual & Perennial crops other cadastral land classification	
	Parcels	House holds	Parcels	House holds	Parcels	House holds	Parcels	House holds
0-20% land parcel	93	132	7	10	61	87	25	35
21-40% land parcel	43	92	2	16	39	70	2	6
41-50% of land parcel	26	59	3	3	21	52	2	4
51-70% of land parcel	11	20	2	4	7	10	2	6
71-90% of land parcel	10	22	0	0	8	18	2	4
More than 90%	40	42	20	20	11	13	9	9
Total	223	367	34	53	147	250	42	64

Impacts on Annual and Perennial Crop Cultivation

The asset verification process undertaken in 2017 (that was used as the basis for construction phase LRP cut-off date) and 2020 indicated that of the affected area entitled to compensation 52 ha of land was under cultivation.

Impacts to Structures/Attachments

Within the construction-affected land area, structures (i.e., fences, dry stone walls – wells – dry stone buildings “Pagghiara”) on the land that were impacted by construction were either fully reinstated or compensated at full replacement value. TAP AG’s EPC Contractors were responsible for ensuring



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irrigation systems continue supplying water to the unaffected portions of the land parcel. As part of the land reinstatement process, EPC Contractors reconnected any affected irrigation systems in the Zone B (building restriction zone) area and ensured they are fully functional as part of land exit and land return.

3.4 Operations Phase Livelihood Restoration Management

3.4.1 Operations Phase Land Use Restrictions

Table 5 below sets out the long-term operations phase land use restrictions associated with zones A and B of the pipeline corridor and consistent with Italian legislation and the easement and compensation agreements (where applicable).

Table 5: Operations Phase Land Use Restriction Zones

Zone	Description	Nature of Restriction Italy
Zone A (or ownership restriction zone)	8 metres strip with the pipeline at its centre (4 metres from the centre line either side)	No buildings of whatever nature No deep ploughing, No trees with deep roots
Zone B (or building prohibition zone)	40 metres strip with the pipeline at its centre (20 metres from the centre line either side)	No residential buildings

In Italy after 20 m there are no restrictions for buildings. Italian legislation (Ministerial Decree of the Ministry of Economic Development and Ministry of Interior 17 April 2008) provides safety criteria during the pipeline project phase: pipeline has to be 100 m distant from residential areas with more than 300 persons, as well as from hospitals, schools, hotels, business centres, offices or entertainment and/or public festivals involving more than 100 persons.

In line with good practice for similar pipeline projects, the restricted corridors are not purchased from their current owners. Rather, easement rights are acquired from current landowners by the pipeline operator to accommodate long-term operational restrictions (servitù) but land ownership does not change, and most activities can continue normally. The acquisition of easement rights from current owners is subject to appropriate compensation based on full replacement value of the land and that takes account of the diminished potential of the restricted land.

3.4.2 Land Entry and Exit

A detailed Land Entry Procedure (Ref. 7) has been developed which guides the key steps in land entry and exit. During Operations Phase, land entry may be classified according to three scenarios, reflecting the nature of activities to be undertaken:

- Scenario 1 - Patrolling and non-intrusive inspection
 - In this scenario, there are no impact on assets, crop productivity or soil/ground profile and drainage, and access is either by foot only, or driving is on established tracks that



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are not cultivated or existing roads. All landowners are notified in advance regarding the planned patrolling schedule and the need to undertake non-routine patrols

- Scenario 2 - Entry with disturbance
 - In this scenario, entry to and adjacent to the established ownership restriction zone for maintenance or other works may result in excavations and impacts to crops and productivity. In such case, reinstatement works may also be required. Notification is provided at least 7 days in advance to both the landowner and land user
- Scenario 3 - Emergency Response Entry
 - In this scenario, no advance notification is possible. Depending on the extent of works required, there may be disturbance to assets, including cultivated land.

In the case of Scenario 2 and 3, the steps to be followed are outlined in detail in the Land Entry Procedure (Ref. 7).

The key steps in relation to compensation, land entry, reinstatement and exit are summarized in Section 3.5.5

Every effort shall be made to avoid impacts to land or to fixed assets that have not been compensated in advance. In the case of any unplanned impacts on land or damage to assets and standing crops that may occur under any of the scenarios, the landowner/user shall be identified, followed by reinstatement and compensation, if applicable.

Reinstatement activities are not required as part of routine inspections / foot patrols, and the patrolling personnel shall satisfy themselves on exiting the land parcel that no assets have been impacted. Should unplanned damage or impact occur during Scenario 1, the patrolling personnel shall follow the procedures as described in Land Entry above and detailed in the Land Entry Procedure (Ref. 7).

Following completion of required works under Scenarios 2 and 3, the site personnel, subject to any applicable legal restrictions, shall reinstate impacted lands to the condition prior to entry, including any specific measures documented in the Land Entry Protocol. Following reinstatement of the parcel, a Land Exit Protocol shall be signed with the landowner.

Any PAP with an unresolved reinstatement issue, and/or who refuses to sign the Land Exit Protocol, may lodge an official complaint through TAP AG grievance mechanism under Grievance Management Procedure (Ref. 6) and ultimately file an official complaint through the local courts. The Land Management Team shall be the point of contact for any post land exit reinstatement related grievances.

All parcels entered under Scenarios 2 and 3, and parcels that had been subject to unplanned damage or impact under Scenario 1, shall be monitored as “high-risk”. In accordance with the LATS Program, Land Productivity Restoration Action Plans shall be developed and implemented for such high-risk parcels of cultivated land. A site visit shall be completed at the end of the cropping session for a period of up to 5 years as of /starting from land exit or until the productivity has been fully restored.

The key principles in relation to land entry related engagement are summarised in Section 3.7.2.

3.5 Compensation Entitlements

3.5.1 Compensation Principles

Key principles of the TAP AG land and easement acquisition and access strategy are detailed within Compensation Principle Italy for LEA (Ref. 11) and include the following:

- Compliance with Italian law and international standards listed in Section 3.2



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- Avoidance of physical displacement and minimisation of economic displacement
- Compensation for land and crops based on full replacement value and paid in advance of construction. Full replacement value shall include related transaction costs
- Land required on permanent basis for Above Ground Installations for the Pipeline Receiving Terminal, Block Valve Station, and Access Roads will be purchased from its current owners at FRV Full Replacement Value by TAP
- Land required on a temporary basis for the pipeline construction corridor and other temporary facilities will be leased by TAP for the duration of construction. Once construction is completed, temporarily rented land will be restored to its original condition (to the extent practicable) and reinstated to the owner
- Owners of land that are subject to additional easement and/or restrictions shall be compensated based on the designation of the Land (i.e. agriculture or constructible) as categorized in the applicable town-planning scheme (i.e. Piano Regolatore Generale, herein PRG)
- Users of Land that are affected due to the TAP Project shall be compensated for lost farm income (full replacement value) of any standing crops, and possible reinstallation costs that are impacted by Project installations
- Orphan land, i.e. land that is severed or bisected by TAP Project, and the portion of the plot that is not directly impacted (acquired or rented by TAP AG) but rendered uneconomic; unviable; and/or inaccessible (either permanently or temporarily), shall be compensated
- TAP AG shall endeavour to enter into agreements with affected landowners and land users wherever possible
- Where no agreement is reached with affected landowners, TAP may resort to forced easement, temporary occupation and acquisition, according to the process described in TU. Expropriated landowners have the right to claim compensation proposed by TAP under a negotiation process set in TU;
- All affected people shall have access to TAP AG's grievance mechanism
- Vulnerable people shall be identified and if required shall be provided with all necessary assistance in relation to Land Easement & Acquisition and Livelihood Restoration activities
- Landowners shall be entitled to a minimum compensation payment
- The date of the census and asset verification survey establishes the cut-off date for the determination of assets eligible for compensation.

3.5.2 Eligibility

Those eligible for compensation, i.e., due to operational and maintenance activities creating disturbance and associated livelihood impacts and not provisionally compensated during the construction state, include the legitimate owners and users/tenants of land required by the Project on a permanent, temporary and/or restricted use basis at the cut-off date, i.e., on the date of the census and asset verification survey.



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3.5.3 Entitlements

Permanently Acquired Land

Compensation for permanently acquired land shall include the following three elements, as applicable:

- Purchase of land at Replacement Value
- Compensation for any standing annual or perennial crops at full replacement value
- Compensation at replacement cost to be paid to the Owner for impacts to any improvements and/or enhancements on the land (irrigation and/or drainage structures, sheds, wells, etc.).

Easements

Zone A (Ownership Restriction Zone)

Zone A (ownership restriction zone) is not purchased by TAP AG but is subject to a long-term easement and /or ownership restrictions (as the case may be). Restrictions associated with this Zone A shall be compensated as below:

- The first meter will be compensated at 100% of the Project Land Acquisition Rate
- The remaining seven (7) meters will be compensated at 100% of the Land Acquisition Rate, if it is zoned ‘constructible’, and 25% of the Land Acquisition Rate if zoned agricultural

Zone B (Building Prohibition Zone)

Similarly, Zone B (building prohibition zone) is not purchased by TAP AG is subject to long term restrictions. Associated restrictions shall be compensated accordingly:

- If zoned ‘constructible’, the land will be compensated at 100% of the Project Land Acquisition Rate
- If zoned ‘agricultural’ the land will be compensated at 12.5% of the Project Land Acquisition Rate

Temporary Additional Land Take

Temporary land take includes land occupied on a temporary basis for operational and maintenance purposes and then reinstated to pre-take condition and handed back to the owner. TAP AG shall not purchase land required temporarily for operations but if needed, e.g., in case TAP AG does not have already Relevant Rights over such Land, TAP will seek to enter into lease agreements with current landowners.

TAP AG, subject to any applicable legal restrictions, will reinstate land required temporarily for operations / maintenance works to its previous condition. Where such land is agricultural, reinstatement will seek to restore it to its pre-take agricultural productivity.

Compensation shall include the following elements, as applicable:

- Lease of Land: The Project Land Rental Rate is calculated as 1/12th of the land replacement value per year, in line with usual practice; in the typical case where the land is needed for two years, the Project Land Rental Rate will be equal to 1/6th of the land replacement value, or 1/6th of the Project Land Acquisition Rate; In cases where the land is needed for 4 years the Project Land Rental rate will be equal to 1/3rd of the land replacement value or 1/3rd of the Project Land Acquisition rate. In cases where the rental period exceeds 4 years (i.e., in the case of the Olive Tree Storage Land), the Project Land Rental Rate will be equal to 1/12th of the Project Land Acquisition Rate multiplied by the number of years of the rental period.



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- Crops: Compensation for any standing annual or perennial crops at the Project Crop Rate.

Orphan Land

Temporary occupation of land by TAP operations and maintenance may leave sections of land on either side where agricultural activities can normally be continued. There will be cases, however, where the remaining part becomes too small to make cultivation economically viable. Similarly, access to the remaining land may be restricted, making cultivation during maintenance works impractical or uneconomic.

Where small remaining plot parts become uneconomic as a result of either purchase or temporary occupation, such land plots shall be eligible for compensation as “orphan land” subject to conditions.

Whether a parcel qualifies as “orphan land” shall be reviewed by TAP AG on a case-by-case basis, based on a request lodged by the landowner and/or land user. The following criteria shall be considered in this review:

- Size, dimensions and shape of the orphaned part of the plot
- Nature of any access restrictions
- Size and nature of mechanical equipment typically used for cultivation on this plot and whether such equipment reasonably can be used given the size, shape and dimensions of the orphaned part of the plot
- Potential restrictions to irrigation or drainage during the period of maintenance works.

Compensation for Orphan Land, once recognised as such, shall be based on the same entitlements as the main affected piece of land:

- Same entitlements as permanently acquired land if the piece of land is orphaned permanently, in this case the land is also purchased with the project affected land and might be used by TAP and Contractor;
- Same entitlements as temporarily occupied land if the piece of land is orphaned temporarily for the construction phase only.

In cases where the permanently acquired land represents a minor portion of the original land that is bisected by the project works (for instance when an access road splits the land in two disjointed portions), TAP will award the landowner 10% of the FRV Full Replacement Value applied to the remaining surface of the land according to expropriation practice and Italian law. To be noted that, during the construction phase, no orphan land was identified in Italy.

Entitlement Matrix

An Entitlement Matrix, summarizing all compensation eligibility and entitlements relevant to the Operations Phase, is shown below as Table 6.



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Table 6: Entitlement Matrix

Type of impact	Type of Compensation
<p>Purchase of land Permanent facilities (PRT, BVS and permanent Access Roads)</p>	<p>To Landowner: Purchase of land including any standing attachments on the land (i.e. perennial trees, irrigation and/or drainage structures, sheds, wells) at Full Replacement Value (FRV)</p> <p>To Land User (either third party or Landowner): Compensation for loss of standing crops at full replacement value.</p>
<p>Temporary use of land Construction Corridor - Microtunnel Construction Site – Olive tree temporary storage</p>	<p>To Landowner: Compensation for land at a rate of 1/12 FRV Full Replacement Value for each year with a minimum rental period of 2 years for pipeline works, and 4 years for microtunnel and Olive tree temporary storage area, renewable.</p> <p>Compensation to the owner of any standing attachments on the land (i.e., perennial trees, annual crops, structure, etc.)</p> <p>To Land User: Compensation for lost farm income at full replacement value.</p>
<p>Orphan Land</p>	<p>Subject to case-by-case review, land that is severed or bisected by TAP, and the portion of the plot that is not directly impacted (acquired or rented by TAP) but rendered uneconomic; unviable; and/or inaccessible (either permanently or temporarily), will be compensated.</p>
<p>Long term Easement and Restriction in Zone A</p>	<p>100% of the land replacement value for 1m width.</p> <p>For the remaining 7m width:</p> <ul style="list-style-type: none"> In land deemed constructible: 100% of the land replacement value In land deemed agricultural: 25% of the land replacement value
<p>Long term Easement and Restriction in Zone B</p>	<p>In land deemed constructible: 100% of the land replacement value</p> <p>In land deemed agricultural: 12.5% of the land replacement value.</p>



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Type of impact	Type of Compensation
Restrictions in Zone C	Case by case review where and when the need arises.
Minimum Compensation	To Landowner: For Owners that are entitled to a total compensation of less than 500€ per parcel, their payments will be increased to a minimum compensation of 500€ per parcel

3.5.4 Compensation Values

Compensation Values Study

TAP AG engaged the services of an independent valuer to undertake a study of market values and replacement costs along the pipeline route. The methodology that was utilised is described in the following sub-sections.

The consultant reviewed the in-country methodologies employed in Italy for valuation purposes and identified all applicable rates used by agencies of the Central Government and local governments involved in negotiated or compulsory land acquisition activities.

Values according to State Decisions and the methodology used to establish them, were further reviewed by the consultants against the following criteria:

- Methodology of Calculation, and whether it can reflect current market conditions
- Collection of applicable data
- Categorisation of Land affected by the pipeline corridor per sections having similar qualities
- Consolidation of Replacement Values per section for land, attachments and crops
- Establishment of applicable replacement values (Acquisition, Easement and Rental) for the consolidated sections
- Information about official Inflation Rates in Italy for previous five years
- Information about factors that influence affected asset values throughout time.

Additional activities related to the values study included:

- Development of a Replacement Values calculation formula
- Development of an adjustment formula for specific categories of lands, assets and crops within sections to fine – tune Compensation Values for individual cases within Sections according to their specific qualities
- Development of an update formula for all replacement values for the adjustment of proposed values after the end of the study for the construction and operation period
- Development of a Geodatabase incorporating some of the above information.

Land Values

The replacement value of agricultural land is defined as the market value of land of equal productive use or potential, located in the vicinity of the affected land, plus the cost of preparation to levels similar



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to or better than those of the affected land. The replacement value of land in urban settings is defined as the market value land of equivalent area and use, with similar or improved infrastructure and services. Any transaction costs, such as registration and transfer taxes are included in the calculation of replacement value.

In Italy, land is categorized as constructible, agricultural or public utility. The general designation of constructible land is for residential or business purpose, with values increasing from lowest (business purpose) to highest (downtown area). Constructible land in the Project area is categorized as Zone D. All agricultural land is categorized as Zone E, with limited construction permitted. Public utility land is categorized as Zone F.

Land Valuations, in accordance with the international standards listed in Section 3.2, have been based on the collection of comparable valuations, derived from past transactions or prices offered, and have been fine-tuned according to their individual characteristics in order to support the benchmark process for the establishment of Compensation Values.

With respect to replacement values for land, the TAP AG established the following:

- Criteria for categorisation of affected Land into five (5) Categories by prevailing use: two (2) agricultural and three (3) non-agricultural. Individual parcels within each Category can be further fine-tuned using criteria such as constructability, irrigation, slope, accessibility, façade along a major road, accessibility to Public Utility Grids, size, distance for nearest locality, soil constitution
- Reference Comparable Data in the different cadastral or geographic zones and the cost of transaction (cost of registration and any taxes, fees, rights, etc. payable on top of the land value)
- A calculation of current replacement values for the different types of Rights transferred based on official Transaction Costs.

Annual Farm Income

An inventory of standing Annual and Perennial Crops was established, and a survey carried out regarding current yields, producers' prices and production costs for each of the identified crops. Based on the results of this survey, the Annual Farm Income of each affected Crop was generated. For perennial crops, additional information was collected, such as typical growth periods and evolution of yields within their growth period. These factors additionally influenced the perennial crops farm income value characteristics in order to support the benchmark process.

Crop Valuation

The replacement value of annual crops is based on typical yields and market prices, which have been gathered for all main crops in the Project area. The replacement value of perennial crops is based on the income lost during the period required to re-establish the perennial tree or plant, or, in the case of temporarily relocated olive trees, the period of temporary relocation plus the period for full recovery of normal yield following replanting.

Replacement Values of Crops have been based on collected Yields, Producers Prices and Construction Costs gathered for all crops in the local community intersected by the TAP Project. Specifically, the Replacement Value for Perennial Crops has been based on Farm Income lost during the period required to re-establish the farm to its previous Yield level, and to eternity, for trees that will need to be permanently uprooted.

The rate of compensation for lost assets is calculated at full replacement cost, which is the market value of the assets plus any transaction related costs.



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Attachments / Structures

All impacted attachments will be compensated at Full Replacement Value. Depreciation of assets will not be taken into account.

Taxes and Subsidies

TAP shall directly pay any registration or other real estate taxes/duties arising from the subscription of amicable land rights agreement. Additional personal income taxes will be applied to the landowners with respect to the amount of the compensation, as their taxable income will be increased accordingly. Such personal income taxes cannot be offset or reimbursed by TAP in any case. The specific methodology for applying this may vary depending on the type of compensation payment (Land Acquisition; Land Rental; Easements/Restrictions; Crops; Structures; etc.).

Reviews of Compensation Methodologies & Values

In 2018 and 2019, TAP commissioned an independent review of crop methodologies and valuations in all three countries of operation, in order to review the appropriateness of the original valuation process and determine if the rates offered were still adequate. In all cases the review findings were that TAP AG compensation values were appropriate, and in virtually all cases exceeded market rates and at least met replacement value, in accordance with national laws and international standards. In 2025, the review of crop methodologies and valuations in all three countries of operation was undertaken.

The aim of the report was to assess the applicability of the compensation values that have been provided by TAP since 2014. The report investigated the status and trends of the olive oil sector and the land market linked to olive cultivation and implemented a synoptic comparative analysis of all the affected cadastral holdings with respect to TAP compensation. Following the completion of the report, it was suggested that compensation values (land and crops) used by TAP can still be used without any changes. The conclusion was based on current olive oil and land market conditions, the Xylella epidemic, EU support schemes, ESG sustainability considerations and relevant local factors.

AP AG shall review crop compensation rates on a regular basis (indicatively every 5 years), in order to ensure values remain appropriate, taking into account inflation and other market factors. Land compensation values will be reviewed on a case-by-case basis, if necessary, as acquisition of additional land during operations and maintenance phase is not foreseen.

3.5.5 Land Entry / Exit related Compensation

All compensation payments adhere to the principles and approach defined in Section 3.5.1, accounting for the nature of required access (i.e. duration) and anticipated impacts. In general, compensation shall be provided for:

- Disruption/Disturbance Allowance – a nominal rate shall be paid in recognition of the disturbance of normal agricultural livelihood activities caused by the entry. The nature of the disturbance varies by the stage of the cropping season but could include disruption of access and/or ploughing across the parcel, loss of seed, fertiliser, pesticide, etc. applied to the affected land.
- Lease of Land – entry and associated works shall be treated as a temporary lease of land covering the period from entry to completion of reinstatement. The duration of the lease shall be calculated on a monthly basis and as such, shall be not less than one (1) month. In calculating the lease period, the duration of access, works and disturbance shall be rounded up to the next whole month. Lease rates shall be based on those used during construction (i.e. 12.5% of land value per annum).



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- Compensation for assets recorded by TAP during the pre-land entry asset inventory. A minimum compensation payment shall apply.

If the landowner/user agrees to the compensation offered, a Land Entry Protocol shall be signed with the affected landowner/user. For Scenario 3 (Emergency Response Entry), the Land Entry Protocol shall be necessarily signed retrospectively. The Land Entry Protocol shall refer to a Land Entry inventory of affected assets of the parcel that is disturbed by the entry.

If the landowner/user disagrees with the compensation offered, the TAP grievance process will be utilised to support a resolution. Grievances submitted by the landowner/user for instances where agreement is not reached shall be recorded in the SGMT. Any compensation not claimed by the landowner/user shall be held in escrow.

Every effort shall be made to avoid impacts to land or to fixed assets that have not been compensated in advance. In the case of any unplanned impacts on land or damage to assets and standing crops that may occur under any of the scenarios, the landowner/user shall be identified, followed by reinstatement and compensation, if applicable.

3.6 Livelihood Assistance & Transitional Support (LATS)

3.6.1 LATS Objectives

TAP AG recognizes that compensation provided in accordance with applicable legislation for acquisition of land rights may not always guarantee complete restoration of production and/or livelihoods.

Accordingly, in addition to the compensation to PAPs due on the basis of applicable legal provisions, TAP AG has developed the Livelihood Assistance and Transitional Support (LATS) strategy and program, targeted at all landowners, co-owners and users whose land has been acquired permanently, temporarily leased and/or affected by easement restrictions for construction, and operations and maintenance phases.

LATS has two main aspects:

- A **Livelihood Assistance** aspect aimed at restoring if not improving the livelihood activities affected by TAP
- A **Transitional Support** aspect aimed at providing support to households who may be more adversely affected by project impacts than others and/or who may be limited in their ability to claim or take advantage of LATS components.

The overall **goal** therefore is to support Project-Affected Households (PAH), and particularly those at an elevated risk of experiencing adverse livelihood impacts, to fully restore, if not improve, their production, income and livelihoods.

To achieve the overall goal, the LATS program in Italy has the following key **objectives**:

- A. Facilitate a return to farming on parcels affected by temporary land access as soon as possible
- B. Promote the restoration and improvement of agricultural productivity of affected parcels
- C. Ensure that those households who have been affected by permanent land acquisition can source and acquire replacement land should they wish to do so and are no worse off than pre-project situation
- D. Ensure that growers of deep-rooted perennial crops substantially impacted by easement restrictions are no worse off than pre-project situation



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- E. Identify, monitor and, where appropriate, provide transitional support to vulnerable (both pre-existing and project-induced) households in livelihood and income restoration
- F. Promote livelihood diversification by supporting an innovation, enterprise and market linkages program targeting Project-Affected Households, particularly those substantially impacted by permanent land acquisition and/or easement restrictions.
- G. Monitor and provide assistance to fishers' businesses in Italy nearshore areas to ensure any impacts are avoided and that these activities benefit from the Project as much as possible

3.6.2 LATS Livelihood Assistance

The Livelihood Assistance aspect targets two key categories of Project-Affected Households, specifically (i) households cultivating annual crops on the affected parcel, and; (ii) households cultivating perennial crops on the affected parcel.

The objective is to ensure that all previously cultivated parcels are properly reinstated and returned to the landowner/user with potential productivity restored to at least their pre-Project level. This component is directly linked to successful land reinstatement and return of the land to the landowner/user. Where households lose significant amounts of land permanently, or where perennial tree growers are significantly affected by easement restrictions, additional interventions are included.

The key components are discussed below, in relation to the various program objectives.

Objective A: Facilitate a return to farming on parcels affected by temporary land access as soon as possible

A1. Restoration of Parcel

This occurs as part of the land exit protocol, whereby O&M Contractor restore the topsoil, surface features and topography, and working infrastructure on the affected parcel to pre-Project conditions.

A2. Parcel and Easement Demarcation

Construction activities may have been associated with the loss of established (traditional) means of identifying farm boundaries (e.g., trees, rocks, etc.). Therefore, depending on context, namely where boundary infringements occur, the Project assisted farmers to re-establish markers to delineate farm boundaries.

A3. Land Reinstatement Verification

Once the Land Exit protocol is signed for a parcel, the Land Management Team, through the LATS Contractor undertaking Farm Consultation & Productivity Monitoring, undertake a Reinstatement Verification visit, which examines the reinstatement of each parcel from an agricultural perspective, including checking the surface area and topsoil, noting concerns which may affect agricultural productivity. The Land Reinstatement Verification Team includes an agronomist and an engineer at a minimum.

Results of the inspection are included in the Farm Consultation & Productivity Monitoring Forms, including photographic evidence. All findings are recorded in the LATS Parcel Tracker. The Parcel Tracker notes reinstatement issues per parcel, including severity level, and recommendations for resolution. Remedial actions are confirmed and reflected in Productivity Restoration Action Plans for these parcels, which are agreed with the Farmer, and may include activities by the LATS Contractor, and/or farmer.



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Any PAP with an unresolved reinstatement issue, and/or who refuses to sign the Land Exit Protocol, may, if desired, lodge an official complaint through TAP AG grievance mechanism as per Grievance Management Procedure (Ref. 6), and can also decide to ultimately file relevant action/claim in the competent courts. The LM Team shall be the point of contact for any post land exit reinstatement related grievances.

During the operations phase any ongoing or emerging issues with land reinstatement shall be continually monitored through the LATS Program as part of Productivity Monitoring. Where reinstatement issues are identified by the LATS team, a joint task force of LM Team and E&S Team shall determine the most appropriate actions to address the issue. Any interventions shall be recorded and monitored as part of Productivity Restoration Action Plans.

Objective B. Promote the restoration and improvement of agricultural productivity of affected parcels

B1. Engagement & Information

In tandem with the engagement with the PAH during land reinstatement verification and land exit, the LATS program is outlined to the PAH, including the timetable for consultations and interventions per plot. The aim is to establish a LATS-focused working relationship with PAH emphasising:

- TAP AG commitment to ensuring land reinstatement and achieving livelihood restoration and potentially improvement
- The role and responsibilities of farmers and TAP AG in this process.

B2. Agricultural Consultations

Individual consultation meetings with perennial crops growers will be offered to provide recommendations for those PAHs who intend to resume cultivation on their parcel following reinstatement and return of their affected landholdings. The contents of the consultations may include recommendations regarding agronomic practices and to address specific issues associated with post-exit land restoration and/or productivity as well as general agricultural extension applicable to the whole farm that may result in improved productivity.

PAH are contacted by telephone and invited to participate in a consultation session to be organized close to where they reside. Efforts are made to schedule the consultations on a day and at a time and place most convenient for the PAHs. Those who are interested but unable to attend the consultation meetings are scheduled for a face-to-face meeting at a time that suits their schedule.

Households deemed potentially vulnerable by virtue of the proportion of their parcel/total landholding affected by the pipeline corridor shall be particularly targeted for supplementary one-on-one agricultural consultations, including general advice on farming practices.

B3. Agricultural Inputs

The provision of agricultural inputs to promote a return to farming and restoration of productivity includes:

- Provision of fertiliser on a case-by-case basis, as recommended by the TAP external agronomist to promote replanted tree growth and survivability
- Replacement tree seedlings for all non-olive trees affected (i.e. felled and removed) in the pipeline construction right of way

TAP has developed a comprehensive approach to the management of olive trees presented in the Olive Tree Management Plan approved by Ministry of Environment and available on the Italian Ministry of Environment webpage (Trans Adriatic Pipeline - Gasdotto Albania-Italia - Documentazione - Valutazioni e Autorizzazioni Ambientali - VAS - VIA - AIA (minambiente.it)).



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The objective of the Olive Tree Management Plan is to ensure the relevant precautions are implemented to support mitigating the *Xylella f.* bacteria and ensure the appropriate care and maintenance of the olive trees that required temporary relocation to enable the construction of the TAP pipeline. TAP has also developed a livelihood restoration program to support the affected olive tree owners, for all trees that were relocated to the specially designed nursery area.

The key steps in the olive tree management plan are as follows:

- All olive trees within the especially reduced 18m wide construction corridor that needed to be temporarily relocated were identified and an inventory prepared with information on the tree location and size. At the start of this process, 2109 olive trees were identified as potentially requiring relocation. Following further assessment of the construction works and further reduction of the working area 351 olive trees did not require relocation. The 351 trees not relocated only qualified for the 6-year loss of profit compensation package.
- Prior to the relocation of 1,758 olive trees to a specially designed nursery area isolated from the external ambient (canopy), all trees were:
 - Sprayed with the insecticide required by national regulation
 - Sampled and tested for *Xylella f.* bacteria
 - Pruned in preparation for the transplanting
 - Isolated from the surrounding ambient by means of an anti-insect net that has been removed once the trees have been cut down or transported to the canopy
- 569 infected olive trees were cut down as per order issued by the regulator. These trees were not relocated and only qualified for the 6-year loss profit compensation package
- 1189 trees confirmed as not infected by *Xylella f.* bacteria were transported to the specially designed nursery area
- Trees were cared for and maintained in the nursery area
- Prior to relocation of the olive trees from the nursery area back to their original location, trees were tested again for *Xylella f.* bacteria. If a tree was confirmed as infected with the *Xylella f.* bacteria it was cut down as per legislation - to date 361 trees have been cut down. The compensation package is provided in Table 7.
- 828 trees confirmed as not infected by *Xylella f.* bacteria will be transported back to their owner's land and replanted
- Once replanted, TAP will implement a five-year monitoring, care and maintenance program to promote the health of the trees and return of productivity

TAP is supported by highly competent and experienced arboriculture specialists throughout the olive tree management program. Eligibility and livelihood support entitlements associated with the olive tree livelihood restoration program are provided in Table 7 below.

Table 7 Olive Tree livelihood restoration program components



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Category	Compensation package				
	Lost income during construction storage period and following replanting	Loss income for replanted trees after custody in nursery area	Compensation for replacement tree	Sapling (<i>Xylella f.</i> resistant) provided	Tree monitoring, care and maintenance package for 5 years after tree replanting
Tree infected with <i>Xylella f.</i> when in custody of TAP and cut down as required by legalisation	Yes – 6-year loss profit	No	Yes	Yes ¹	Yes ²
Tree removed from landowner property, stored in nursery area, tested to confirm no infection by <i>Xylella f.</i> then transplanted and not infected with <i>Xylella f.</i> within 2 years after replanting	Yes – 6-year loss profit	Yes – 3-year loss profit	No	No	Yes
Tree removed from landowner property, stored in TAP nursery area, transplanted and dies within 2 years after replanting	Yes – 6-year loss profit	Yes – 3-year loss profit	Yes – if tree dies within 2 years after replanting	Yes ¹	Yes ²
Notes:					
¹ If the replacement tree dies within 2 years another replacement tree will be provided.					
² All replacement trees will include a fixed 5-year maintenance service, beyond the end of 1Q 2026 a lump sum payment will be provided for the remainder of the 5-year maintenance period.					

B4. Farm Consultations & Productivity Monitoring

The productivity monitoring program shall be implemented over a 5-year period, starting from signing of a Land Exit Protocol for any given parcel. Accordingly, in Year 1 following return of the land, the Project shall implement Farm Consultation & Productivity Monitoring Program to identify and address physical

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issues with the land, ascertain the nature of crop growth, occurrence, if any, of reduced productivity, provide initial agronomic advice to the farmer, and agree any further actions.

The Farm Consultation & Productivity Monitoring requires 1-3 farm visits within a cropping season to assess:

- The occurrence of any post-reinstatement physical land issues with restoration, e.g., subsidence, levelling/ponding, compaction, soil mixing, etc.
- Crop growth, with a view to comparing growth of crops located in and outside the Right of Way (RoW).

Year 1 Farm Consultation & Productivity Monitoring allows the program to:

- Facilitate, where required, demarcation of parcel boundaries (where these have been disturbed) as well as location of the pipeline and 8m easement
- Reiterate the land use restrictions in the 8 m easement and implement corrective measures where required
- Provide agricultural extension targeting both restoration of productivity as well as improved agronomic practices with the potential to improve productivity of the affected parcel and more generally across the farmer's total landholding
- Assess the extent of post-reinstatement land restoration issues and the need for corrective actions (which may include development of Productivity Restoration Action Plans)
- Assess the nature and extent of productivity issues and thereby inform the design of interventions (which may include development of Productivity Restoration Action Plans)
- Assess farmer awareness, understanding and perception of reinstatement and production impacts and their relationship to restoration of livelihoods.

The following shall be considered during the process of assessing parcel productivity:

- Productivity on a comparable control site
- External factors with the potential to affect productivity (i.e., climate conditions, farming techniques employed, agronomic practices, plant diseases, etc.)
- During harvest, comparison of crop yields with available agricultural data on typical yields for the crop type and area, as well as direct comparisons of the yield from areas both affected and unaffected from the same parcel
- Feedback from the PAH on noticeable differences in crop viability and growth rate
- Expert opinion of the agronomist conducting the monitoring.

Based on the results of Farm Consultation & Productivity Monitoring, LATS defines specific corrective actions and/or livelihood restoration measures to be agreed with PAP, which may include:

- Corrective measures for post-reinstatement issues with land restoration (subsidence, levelling, etc.)
- Targeted restoration measures according to nature of problems affecting productivity (agronomic advice, provision of inputs etc.)
- Compensation for lost productivity post-reinstatement.

All corrective actions shall be developed in Productivity Restoration Action Plans (PRAPs), agreed with the farmer, and tracked in the dedicated LATS Parcel Tracker.



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Objective C. Ensure that those households who have been affected by permanent land acquisition can source and acquire replacement land should they wish to do so and are no worse off than pre-project situation

C1. Permanent Land Acquisition Impact Assessment

The TAP pipeline requirement to the PRT and a block valve station in Italy necessitated limited permanent land acquisition. While the Livelihood Restoration Plan (Ref. 2) sets out compensation principles for permanent land acquisition, it was recognised that compensation only will not necessarily support livelihood restoration. Further, best practice in land acquisition and resettlement suggest that where permanent land acquisition occurs, securing replacement land is the preferred strategy for promoting livelihood restoration. Finally, it is also recognised that farmers renting land subject to permanent land acquisition may experience difficulty in securing access to alternative land.

LATS implemented a survey of households affected by Project permanent land take to assess impacts on total landholding and farming system, household use of compensation (e.g. acquisition of replacement land) and potential residual impacts on household livelihoods and incomes.

C2. Replacement Land Acquisition and Preparation

Based on the results of the survey, LATS prepared an assistance program to affected households in the identification and acquisition of replacement land. The program applied to:

- Owners who have lost all or a significant portion of their productive land due to TAP AG required permanent land-take and
- Users who may have lost land they were renting.

Owners and users assisted in acquiring replacement land also benefit from all of the agricultural consultations and inputs as outlined under Objective B.

However, the conclusion of the impact assessment undertaken under Objective C1 above was that no households affected by permanent land take wished to replace the affected landholding.

C3. Additional Inputs

In cases where households' permanent land loss may not be fully replaced by replacement land and agricultural inputs, they are fast-tracked for alternative income generating activities, including support, as part of LATS Innovation, Enterprise & Market Linkages Program, outlined below under Objective F. This may include assistance in enhancing the production and/or market value of remaining land parcels; introducing new or enhancing existing cultivation on landholdings owned by PAH outside the Project area; exploring alternative income generating activities, and providing the support required (i.e. training,) to transition to these new activities.

Objective D. Ensure that growers of deep-rooted perennial crops substantially impacted by easement restrictions are no worse off than pre-project situation

D1. Agricultural Consultations

On-going agricultural extension promotes improved practices and monitors growth/mortality. The agricultural extension and productivity program for perennial trees is implemented for up to five years following distribution and planting of perennial tree seedlings. In this sense the emphasis of the program is on promoting better management through agricultural extension which will, in turn, lead to better productivity. While it will not be possible to monitor productivity, the program shall monitor mortality (and provide replacement trees where appropriate).

D2. Agricultural Inputs

Agricultural inputs are detailed in item B.3 above.



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3.6.3 LATS Transitional Assistance

TAP AG identified the existence of pre-project vulnerability associated with socio-economic indicators, as part of engagements from the earliest stages of the Project. Throughout the LEA process support has been provided to these vulnerable households through various means including:

- Organization of information meetings and contract signing, where necessary for land acquisition related agreements, with vulnerable PAPs in their homes and in the presence of family members or others within the PAHs support network
- Provide assistance to PAPs, who have been willing to sign agreements but were unable to do so because e.g., they lack the necessary documentation (e.g., assistance could consist in expediting procedures for recognition of compensation beneficiaries)
- Transportation facilitation when necessary, e.g., to meet with notaries so as to process compensation payments
- Accompanying and monitoring TAP AG O&M Contractors land entry to:
 - reinforce messages delivered to PAHs during the Land Acquisition Process
 - provide support and information as required
 - continue to nurture the good relationships established with affected PAHs and communities.

Beyond the preceding, this component of the LATS program is aimed at assessing to what extent there are on-going project-related impacts affecting households with pre-existing vulnerabilities, specifically their ability to re-establish their farming system, livelihoods and income. Where impacts have been identified, appropriate mitigation measures (for example, acceleration in the delivery of LATS component programs, or other support) are implemented.

Objective E. Identify, monitor and, where appropriate, provide transitional support to vulnerable (both pre-existing and project-induced) households in livelihood and income restoration

E1. Identification of Vulnerable Farming Households

Various categories of potentially vulnerable households have been identified including:

- Project-Affected households identified as vulnerable and who may be more adversely affected by project impacts than others and/or may be limited in their ability to claim or take advantage of project benefits and for whom livelihood restoration following completion of project activities may be more challenging
- Project-Affected Households cultivating annual crops and for whom % of parcel affected and/or % of total landholding affected indicate potential vulnerability in re-establishing pre-project farming activities
- Project-Affected Households without land documentation and who, as a consequence, may experience delays in receiving land-related compensation, where entitled to such compensation
- Project-Affected Households affected by permanent land acquisition.

The Transitional Support Program focuses on identification and monitoring of households categorised as at an elevated risk of being disproportionately affected by Project Land Easement and Acquisition, and where appropriate providing accelerated and/or enhanced individualized, time-bound support.



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This component is being implemented as follows:

- **Identification:** A vulnerability risk assessment tool is applied so as to guide identification of potentially vulnerable households that are included on a ‘vulnerability watchlist’. The tool considers sensitivity to risk (i.e. pre-existing vulnerability), level of exposure to risk/adverse impacts (i.e. the portion of their parcel effected and the type of crops they cultivate), and capacity to adapt to change or deal with economic stress (i.e. other income sources or assets). In addition to the risk assessment tool, potentially vulnerable households are identified in the field by social field monitors and farm monitoring teams and incorporated into the vulnerability watchlist.
- **Screening and Home Visit Assessment:** The Project undertakes home visits to households on the ‘Vulnerable Watchlist’ (i.e., those Identified as ‘at risk’) to collect information to assist in assessing the extent to which the Project has affected them and to make recommendations regarding appropriate forms of transitional support.

Initial home visits have been organized to accomplish the following:

- confirm the validity of the information used to determine that a household is considered Vulnerable Person (i.e. degree of household reliance on affected parcel for livelihood/income)
- explore whether the household faces specific challenges in re-starting agricultural activities
- explore the PAH’s perception of how the Project has affected them
- define any additional support the household requires in order to access fully the benefits of LATS (i.e. individualized agricultural consultation at their home; assistance with distribution of fertilizer or planting of tree seedlings)
- identify exceptional cases where the level of pre-existing vulnerability together with project-induced vulnerability requires additional short-term assistance or precludes the household taking full advantage of the LATS program. In this case, tailored additional supports shall be developed per household (e.g. income support until the next growing season; medical assistance).

E2. Tailored Additional Supports

Based on home visits and assessment, LATS determines what, if any, assistance is to be provided to Vulnerable Households.

Any additional assistance needs to be tied to vulnerability and project impacts, target specific outcomes that can be measured and be associated with a clear exit plan.

For the majority of households, the main project impact is the loss of annual crop cultivation associated with temporary construction-phase land take. While the Livelihood Assistance program aims to support a return to annual crop cultivation through re-instatement, agricultural extension and provision of inputs, it is recognised that certain farmers may be more significantly impacted and as a consequence require fast-tracking on to the LATS program, and more intensive and/or longer periods of support and/or monitoring to confirm a return to pre-disturbance yields.

For households cultivating annual crops, the Project has established defined ‘potential vulnerability’ on the basis of the % of total landholding affected. Using this criterion, the TAP AG shall identify the landholders cultivating annual crops who require monitoring, and based on the results thereof, further support.



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Households cultivating perennial tree crops may be affected by the Project's temporary, construction-phase land access requirements during which perennial trees in the ROW were removed temporarily or permanently. While Affected Households are compensated for the loss of trees and productivity and provided with replacement trees under the Livelihood Assistance program, it is recognised that:

- The planting and re-establishment of trees may take many years before pre-project production levels are reached
- Where the easement occupies a significant % of the parcel and the household's total landholding is limited, it may in fact not be possible to restore perennial tree-based production and income streams to pre-project levels.

Accordingly, where the scale of impact on the area planted to perennials and the productivity of trees felled to make way for construction is above a threshold area/number (i.e., % of total landholding affected) and/or where the easement represents a significant % of the total landholding, perennial tree farmers shall be identified as 'potentially vulnerable' and subject to monitoring.

For the majority of identified vulnerable households fast-tracking onto LATS program, combined with more intensive inputs, advice and monitoring, shall be appropriate.

E3. Land Titling & Registration Support

In some cases, where PAPs, who were willing to enter into bilateral agreements with TAP in the process of land acquisition (e.g., for easement agreements) and lacked the necessary requirements for this (e.g. relevant land title documentation), TAP offered the opportunity to expedite relevant procedures for recognition of beneficiaries of compensation for such PAPs before competent authorities/courts.

3.6.4 Business Support

The LATS program includes a further complementary component, concerning business innovation and market linkages.

Objective F. Promote agricultural livelihood diversification by supporting an innovation, enterprise and market linkages program targeting Project-Affected Households, particularly those substantially impacted by permanent land acquisition and/or easement restrictions

F1. Financial Management Training

Established resettlement practice recommends the provision of financial training to recipients of compensation so as to provide advice for alternatives / best / appropriate use and investment of compensation.

LATS will offer recipients of land compensation (where the compensation is over a threshold minimum value) with an opportunity to participate in financial management training.

The financial management training offer will include workshops designed and facilitated by a contracted implementing partner. Subjects include:

- Basic principles of household financial management
- Management of assets and liabilities
- Cash flow principles
- Tax considerations for farmers
- Social Security rules for farmers



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- Estate planning
- Establishing financial goals - savings, investments and other financial instruments
- Basic investment techniques.

F2. Innovation Advice, F3. Business Development Support and F4. Market Linkages

As part of TAP AG's ongoing engagement on livelihood issues, several consultations have been held with households to ascertain their interest in support for business development, innovation and strengthening of market linkages. This program continued in 2020, 2021 and 2022.

The purpose of the Business Support, Innovation and Market Linkages Programs is to assist interested PAPs in enhancement and diversification of agriculture-based livelihoods, as a means to restore and/or improve the livelihoods of Project-Affected Households.

The program objectives will include:

- Identifying households with an interest in developing agriculture livelihood-based innovations, enterprise development and/or market linkages interventions
- Assessing proposed interventions to ensure they are adapted to the context of PAH and that they have the potential for success and will contribute to livelihood restoration and/or improvement
- Designing, planning and delivering support packages responding to agreed PAP proposals.

To support preparation of proposals a study will be completed in 2020 and 2021 by a dedicated LATS implementing partner, including follow up visits with households to reconfirm interest in the program and gather additional data and information, including:

- Reconfirmation of interest
- Nature of existing business activities and performance, accounts, debts
- Nature of any investments in business development to date, including funding sources
- Details on business proposals and any supporting data

Proposals shall be assessed taking into account:

- Type of project and market opportunities
- Potential contribution to livelihood
- Capacity of potential beneficiary
- Requirements for successful project delivery
- Schedule / minimum time to deliver results
- Budget.

Following agreement with TAP AG, the Contractor shall work with PAPs to implement final agreed business proposals.

Objective G. Monitor and provide assistance to fishers businesses in Italy nearshore area to ensure any impacts are avoided and that these activities benefit from the Project as much as possible

TAP AG has undertaken engagement and assessment of livelihood activities around nearshore project components, with particular focus on potential impacts on fishing. A fishers' engagement and support



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program has been developed and has been implemented involving working with fishing cooperatives that operate in the nearshore areas focusing on vessel renovation and upgrade.

Italy focused on objectives B, D and G mostly.

LATS Objectives Implementation in Italy

LATS Objectives	Interventions and implementation timeframe
<p>Objective B: Promote the restoration and improvement of agricultural productivity of affected parcels</p>	<p>Specific measures for Xylella fastidiosa</p> <p>Replacement of damaged trees</p> <p>Special measures during olive transplanting</p> <p>Productivity /mortality monitoring & ongoing consultations</p> <p>Project phase: 2016 – 2021</p> <p><i>-Temporary storage</i></p> <p><i>-Monitoring and care of the trees under the canopies</i></p> <p><i>-Reinstatement of the survived Olive trees on the original locations (2021)</i></p> <p><i>-Replacement of the dead trees with Xylella f.-resistant specimens (2021)</i></p> <p>-Operation phase: 2021 – 2026</p> <p><i>-Monitoring and care after the reinstatement (5 years until 2026)</i></p> <p><i>-Replacement of any dead trees after 2 years (2023) of monitoring/maintenance.</i></p> <p><i>-Olive trees removal and new trees installation</i></p>
<p>Objective D: Ensure that growers of deep-rooted perennial crops substantially impacted by easement restrictions are no worse off than pre-project situation</p>	<p>Specific measures for Xylella fastidiosa</p> <p>Replacement of damaged trees</p> <p>Special measures during olive transplanting</p> <p>Productivity /mortality monitoring & ongoing consultations</p> <p>Project phase: 2016 – 2021</p> <p>Operation phase: 2021 - 2024</p>
<p>Objective G. Monitor and provide assistance to fishers’ businesses in Italy nearshore area to ensure any impacts are avoided and that these activities benefit from the Project as much as possible</p>	<p>Environmental monitoring, seasonal restrictions, support programs including fishers’ focused program</p> <p>2018-2019</p> <p>2020-2023 (“Sulla stessa Barca” project)</p>



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3.6.5 LATS Monitoring and Evaluation

LATS has developed a comprehensive set of indicators to monitor all the interventions outlined above. LATS key performance indicators shall be reported in accordance with Appendix 1 of the ESMM (Ref. 1).

In addition to productivity monitoring, discussed in detail above, indicators shall be assessed against targets on a quarterly basis. Targets shall be developed and detailed in bi-annual Country LATS reports. Indicators concerning reinstatement and productivity shall be recorded per parcel, with corrective actions noted and tracked.

When agricultural extension and productivity monitoring confirm that productivity has been restored, if not improved, an Agriculture Productivity Restoration Completion (APRC) form shall be completed.

If the PAH remains unsatisfied and refuses to sign the Agriculture Productivity Restoration Completion Form, despite members of the TAP AG Team and supporting technical service company agreeing that productivity has indeed been restored to at least pre-construction levels, an unsigned copy of the APRC Form shall be sent to the PAH by registered mail as evidence of TAP AG's effort to engage the PAH in the Agriculture Productivity Verification Process. The completion/filling out of the APRC form shall represent the end of LATS agricultural productivity program for the farmer.

To support closure of the fisheries support program, specific forms will be created, and engagement meetings completed to support discussion of its purpose and the same governance process used for the Agriculture Productivity Restoration Completion Form will be followed.

With regard to perennial tree cultivation, at the end of the monitoring period, farmers shall be requested to sign a Perennial Tree Restoration (PTR) Form.

The Completion Audit (see Section 3.9.4) by an independent consultant shall be supported by an end of program sample socio-economic survey. The sample survey shall select a proportion of cases which have been previously assigned as Level 1-3 in terms of severity and the level of further actions needed to restore productivity. Socio-economic factors shall be compared against baseline data to determine whether livelihoods and economic situations have been restored or improved.

In relation to LATS program, the Completion Audit shall have the following objectives:

- To establish the extent to which LATS implementation has facilitated the restoration and/or improvement of the livelihoods of households experiencing economic displacement as a result of the Project construction and operational phase land access requirements
- Based on the above define the need for further interventions to achieve the livelihood restoration and/or improvement objective or confirm that livelihood restoration and/or improvement has been achieved and allow the LATS program to be closed.

Monitoring and evaluation of this procedure as a whole is discussed further in Section 3.9.

3.6.6 Route Social Impact Plan

Every effort during construction, operations and maintenance works is made to minimize impacts to assets and businesses outside the construction Right of Way, including through extensive mitigation measures during these works. However, some residual impacts may affect certain structures and business operations outside the RoW given their proximity to construction works, access roads, and other Project Infrastructure. Given the potential for such social impacts outside the Project RoW, the Route Social Impact Plan (RSIP) proactively seeks to:



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- **Identify** all assets and businesses in the Project’s Social Area of Influence potentially impacted by construction activities
- **Prioritize** sites for further assessment, engagement and mitigation as appropriate
- **Assess** all aspects of prioritized sites, including an assessment of risk to the asset/stakeholder
- **Plan** appropriate assessment & mitigation as required, including site-specific plans (containing the site assessment, technical surveys, stakeholder engagement, communication plan and mitigation measures)
- **Engage** with potentially affected owners and users of identified assets, as appropriate, in order to take a proactive approach to managing impacts
- **Manage** the mitigation of identified impacts during construction and ensure the maintenance and/or restoration of affected livelihoods as applicable
- **Monitor** planned and implemented mitigation measures to ensure positive outcomes for affected stakeholders and the Project.

A key aspect of the RSIP is the Route Social Impact Register (RSIR), which is a simple database used to identify potentially affected assets, gather information, and prioritize further assessment. The Register consists of 3 levels:

- Level 1 – sites within the Project’s Area of Influence with no likely impact
- Level 2 – sites within the Project’s Area of Influence with potential impact
- Level 3 – sites within the Project’s Area of Influence with confirmed impact.

Following the identification of sites, discreet site visits are undertaken to medium/high risk sites to prepare Rapid Field Assessments (RFA) to assess the potential severity and likelihood of impacts and further populate the Register. Upon identification of a confirmed impact through an RFA, sites are elevated to Level 3. Where a site is elevated to Level 3 status, the Rapid Field Assessment findings are reviewed, and an individual Site File prepared for the site. The Site File includes the following:

- Assessment, including Rapid Field Assessment key findings, and additional data gathered
- Communication Plan, for engagement with potentially impacted parties and other stakeholders
- Additional investigations (e.g. expert assessments, including veterinary, noise, dust etc.)
- Final agreed mitigations, schedule, budget and responsibilities.

Rapid Field Assessments shall be undertaken where maintenance works may be undertaken during operations and managed through the Route Social Impact Register.

3.7 Stakeholder Engagement

TAP AG has disclosed its Stakeholder Engagement Procedure (Ref. 9) and Grievance Management Procedure (Ref. 6) on its website. This section summarises the engagement associated with TAP AG’s Livelihood Assistance and Transitional Support (LATS) program and engagement associated with TAP AG Operations that require access to undertake planned maintenance activities or respond to an emergency.



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TAP AG will undertake communications and awareness campaigns for landowners/user within its vicinity to raise awareness of the TAP pipeline location and associated precautions to maintain its safe operation.

3.7.1 LATS-related Stakeholder Engagement

The LATS program has been designed to address livelihood impacts resulting from construction of TAP. As such, it is a key social and stakeholder management tool for the post-construction and early operational phases. It shall be the main engagement with project-affected persons and households in the early operational phase, and a means to comprehensively address social and livelihood impacts and risks.

Several tools have been developed by TAP AG to support the implementation of LATS and related stakeholder engagements. These include:

- Vulnerable Household Watch List
- Parcel Tracker
- Route Social Impact Register (RSIR).

The Community Livelihood Indicator was developed to help TAP AG better understand the communities along the pipeline RoW and identify priority areas for engagement and implementation of the LATS program.

The Vulnerable Household Watch List identified and helped TAP AG monitor those PAHs considered to be 'vulnerable'. Special measures taken by TAP AG for this category of stakeholders, in relation to land access process before and during the first phase of construction, included home visits to review contracts and agreements, support with transportation to notaries/banks and meetings with extended family members to ensure there is a thorough understanding of the land access process. TAP AG Social Advisors also used this list to keep construction contractors informed of vulnerable PAPs who may require extra support through the land entry and exit process.

A Vulnerable Household Assessment Tool was also developed to help TAP AG identify PAPs who were at a higher risk of experiencing negative project impacts.

The Parcel Tracker has been developed to manage implementation of LATS agricultural assistance and monitoring programs. The Parcel Tracker records every affected parcel, and tracks provision of advice, inputs and monitoring of reinstatement and productivity issues. Where Productivity Restoration Action Plans (PRAPs) are required to address reinstatement or productivity issues, these are detailed in the Parcel Tracker.

The Route Social Impact Register (RSIR) manages effective responses to potential residual social impacts outside the RoW. The Register identifies assets and businesses in proximity to the Right of Way and other project infrastructure potentially impacted by operations and maintenance activities, assesses risks associated with those sites, and identifies cases for further assessment, engagement and mitigation as appropriate.

Stakeholder engagement as part of the LATS program occurs on a regular basis as part of the execution of various LATS initiatives by TAP and its LATS implementing partners:

- During post-construction phase visits to the household / land parcel to discuss the LATS program, and ascertain interest in agricultural or business development programs
- During visits to the land parcel by the LATS implementing partner to provide agricultural advice, inputs, or review reinstatement and productivity



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- During assessment of vulnerable households, ongoing monitoring of vulnerable households, and during delivery of transitional supports
- Engaging with households and businesses affected by residual impacts outside the RoW as part of the RSIR process
- During provision of business assistance through the business innovation and market linkages program.
- Engagement with households affected by permanent land-take will continue until the completion audit.

The LATS Program is discussed in detail at Section 3.6.

3.7.2 Land Entry / Exit related Engagement

Requirements for engagement with landowners and users during operations phase of TAP Pipeline is detailed within Land Entry Procedure (Ref. 7) which describes the processes TAP AG shall implement after Land Exit Protocol has been signed between the construction contractors and the landowner/user and in case entry to the Pipeline RoW is required for:

- Patrolling and routine non-intrusive inspection
- Testing, maintenance and/or repairs of the pipeline
- Emergency response.

The Land Entry Procedure incorporates the principles of TAP AG policies and processes associated with the livelihood restoration, biodiversity and cultural heritage management. Land Entry Procedure is discussed in further detail in Section 3.4.2. The procedure details the requirements for notification to affected landowners and users as part of land entry planning for each of the above scenarios as well as implementation of the Land Entry and Land Exit protocols similar to project construction phase.

For scenario 1 no notification will be provided; for scenario 2 notification will be provided by TAP AG; for scenario 3 the responsibility for notification will dependent on the nature of the emergency. For emergency response entries, where the public and private landowner / user cannot be notified in advance, they shall be notified as soon as reasonably practicable and not later than 24 hours after the emergency response entry. A record of all activities undertaken to notify the landowner /user of entry and details of activities performed shall be documented.

To support engagement with landowners and users whose assets are crossed by the TAP pipeline, TAP AG will:

- Maintain a GIS system which identifies and document parcels, asset owners/operators, competent authorities and local municipalities relevant to the TAP RoW with their contact details linked to the Stakeholder and Grievance Database (SGMT) that records engagement history with the stakeholder
- Seek to perform awareness briefing sessions/presentation, inviting the relevant stakeholder and interested parties.
- Maintain accessibility of GIS information to TAP AG operations and maintenance teams and train field workers in its use.

Information on landowners and users shall be kept up to date at all times. Data shall be maintained in accordance with the European and TAP host country personal data protection, confidentiality and security legislation.



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Similarly, to land entry, TAP AG has developed an Infringement Management Procedure (Ref. 8) that outlines the process of formal notification and engagement with landowners and/or users in the event of infringement of land use restrictions detailed in Section 3.4.1 of this document.

3.8 Grievance Mechanism

TAP AG's Grievance Management procedure (Ref. 6) is designed to manage any public and community concerns, complaints and requests related to TAP operations. The grievance mechanism is available at no cost and does not impede access to remedy through the judicial system.

TAP AG third party grievance mechanism aims to:

- Establish a quick, fair and consistent mechanism for receiving, investigating and responding to grievances from third parties
- Ensure the Grievance Management process is accessible to all TAP AG stakeholders, who can submit grievances at any time without fear of retribution and at no financial cost
- Respect the confidentiality of complainants
- Ensure the proper documentation of grievances and any further actions taken and
- Contribute to continuous improvement in social performance through the analysis of trends and the preparation and dissemination of lessons learned.

Complainants may submit a grievance in the following ways:

- By speaking to a TAP AG or contractor employee
- By submitting the online grievance form on TAP AG's grievance website page (<https://www.tap-ag.com/grievance>)
- By submitting a completed grievance form in one of the grievance boxes in TAP AG's regional offices and/or facilities (complainant can opt out from signing the carbon copy, which shall not affect grievance registration and processing)
- By sending an e-mail, letter and/or fax to TAP AG.

TAP AG Grievance Management Procedure (Ref. 6) is available on TAP AG website.

3.9 Monitoring and Evaluation

3.9.1 Overview

Monitoring and Evaluation are typically divided into three components, defined below:

- Input monitoring
- Output monitoring
- Outcome evaluation.

Input (or progress) monitoring: Measures whether inputs are delivered on schedule and as defined in the Livelihood Restoration Plan and supporting documents. Inputs are the services, resources or goods that contribute to achieving outputs and, ultimately, desired outcomes. Input monitoring is done internally on an on-going basis, often as part of the Project general management system or quality assurance system.



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Output (or performance) Monitoring: Measures the direct measurable results of the inputs, for example the number of people receiving compensation or completing livelihood restoration training course. Input and output monitoring together keep track of Project implementation efficiency and indicate whether changes need to be made to make the program operate more efficiently. Output monitoring is done internally.

Outcome (or impact) Evaluation: Defines the extent to which the Project inputs and outputs are achieving or are likely to achieve the objectives of a program. Examples of outcomes include the effectiveness of land reinstatement and / or livelihood restoration. Outcome evaluation, coupled with output monitoring results, indicate whether the program is genuinely working and should continue to be implemented as is, or whether fundamental changes have to be made. Outcome evaluation is usually carried out by an external monitor/evaluator.

Outcome evaluation often uses proxy (or indirect) indicators. Many people, for example, are reluctant to divulge their actual income. Proxy indicators can be used to help determine whether affected people are re-establishing (or improving) their livelihoods and standard of living. These kinds of indirect indicators may include nutritional status, school attendance, vacations taken or the purchase of certain items such as vehicles or household appliances.

3.9.2 Key Indicators

Livelihood restoration management compliance indicators listed in Appendix 1 shall be reported in accordance with Section 3.4.4 of the ESMM (Ref. 1).

Further detailed indicators have been developed for the individual LATS program components (Ref. 4).

3.9.3 IEMG Monitoring

TAP AG has established an Independent External Monitoring Group (IEMG) to provide advice, external accountability and assurance of the TAP AG social and environmental management in Italy.

The IEMG consists of social and environmental expertise. The IEMG social component shall be made up of a Social/livelihood Lead covering all three countries of operation, and a Social/Livelihood Italy national expert.

To support the monitoring and evaluation process, TAP AG provided background briefings to ensure all IEMG members are familiar with:

- TAP Project ESIA commitments and approval conditions
- TAP AG operations standards
- TAP AG social, environmental, cultural heritage, health, safety and workforce management plans and procedures
- The specific legislative/ regulatory frameworks within which TAP operates
- TAP internal monitoring and assurance data and IESC reports
- Project construction and operations.

The IEMG evaluation focused on the following key areas related to this procedure:

- Social impact management, stakeholder engagement and grievance management
- Compensation and livelihoods restoration, where applicable.

The IEMG geographical scope included:



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- All TAP pipeline above ground facilities (compressor stations, Pipeline Receiving Terminal etc.)
- All Project Right of Way lands
- All Project access roads, coastal areas and marine section
- Project-affected people, businesses and communities in the vicinity of the Project Right of Way
- Project-affected people who have raised grievances.
- The IEMG/Independent External Monitoring Group scope will not include consultation with individuals or organizations involved in current or pending litigation with TAP and /or its subcontractors.
-
- A summary of the monitoring visits completed is provided below in Table.

Country	Visit dates	Environmental scope	Social & livelihood scope
Albania	4Q 2019	Yes	Yes
	3Q 2022	No	Yes
	4Q 2022	Yes	Yes
Greece	1Q 2020	Yes	Yes
	3Q 2022	No	Yes
	4Q 2022	Yes	Yes
Italy	4Q 2019	Yes	Yes

3.9.4 Completion Audit

TAP AG committed to organise a completion audit in agreement with the Lenders. The Terms of Reference were prepared and submitted to Lenders and their Independent Environmental and Social Consultant (IESC) for their inputs. The commitment for a Completion Audit is outlined in the CTA (Common Terms of Agreement). The overall goal of the completion audit shall be to verify that this Livelihood Restoration Procedure as implemented has been effective in restoring Project affected peoples' standards of living and livelihoods. The completion audit will include fishers' business and agricultural households. Accordingly, the completion audit had the following general objectives:

- Assess the effectiveness of measures to avoid and minimize displacement impacts by comparing Project actual impacts on land and people versus those documented in the LRP
- Verify that all entitlements and commitments described in the LRP have been delivered
- Determine whether LRP measures have been effective in restoring or enhancing affected peoples' living standards and livelihood



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- Check on any systemic grievances that may have been left outstanding
- Identify any corrective actions necessary to achieve completion of LRP commitments.

The completion audit focused on livelihood restoration, as the independent monitoring (IESC and IEMG) and direct Lender monitoring have extensively covered the following aspects: measures to avoid and minimise displacement, compensation process; land access process, grievance management. Methods to assess whether livelihoods are restored shall be carefully devised. They shall mainly include quantitative surveys, resulting in a comparison with the baseline data. This shall be done over a statistically significant sample of affected households chosen from all interested components of the Project. Macro-economic factors shall be taken into consideration when interpreting the results of the comparison (for example inflation, real estate cost, general growth of the economy or recession).

In addition, the completion audit utilised qualitative approaches to gather data and assess household standards of living. Particular attention shall be paid to assessing the impact of land acquisition on the circumstances of vulnerable households.

The completion audit report presented conclusions on the effectiveness of livelihood restoration and identify any corrective measures that would be necessary to complete rehabilitation of PAPs. The Completion audit was undertaken in 2022. The executive summary of the Completion Audit Report was published in TAP website, and the Completion Audit Report was submitted to Lenders and their Independent Environmental and Social Consultant (IESC).

The completion audit may be undertaken on a rolling basis as various program components (compensation payment, LATS Programs) are completed at various geographical locations.



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4. Risk Assessment

N/A



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5. Records

Record	Document Code/Number	Generated By	Resp To Store	Storage Method	Location	Storage Period Prior to Disposition
LATS Parcel Tracker	As assigned in line with TAP Corporate Procedures	Land Management Team	Land ManagementLead	Electronic	Digital Storage	In line with TAP Record Retention Guidelines (Ref. 10)
Farm Consultation & Productivity Monitoring Form	As assigned in line with TAP Corporate Procedures	Land Management Team	Land ManagementLead	Paper / Electronic	Digital Storage	In line with TAP Record Retention Guidelines (Ref. 10)
Productivity Restoration Action Plans	As assigned in line with TAP Corporate Procedures	Land Management Team	Land ManagementLead	Electronic	Digital Storage	In line with TAP Record Retention Guidelines (Ref. 10)
Agricultural Productivity Restoration Completion (APRC) form	As assigned in line with TAP Corporate Procedures	Land Management Team	Land Management Lead	Paper / Electronic	Digital Storage	In line with TAP Record Retention Guidelines (Ref. 10)
Perennial Tree Restoration (PTR) form	As assigned in line with TAP Corporate Procedures	Land Management Team	Land ManagementLead	Paper / Electronic	Digital Storage	In line with TAP Record Retention Guidelines (Ref. 10)
Third Party grievance related records (Ref. 6)	As generated by SGTm	Grievance Advisor	Grievance Advisor	Paper Electronic	SGMT	In line with TAP Record Retention Guidelines (Ref. 10)



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Record	Document Code/Number	Generated By	Resp To Store	Storage Method	Location	Storage Period Prior to Disposition
Land Entry / Exit related records (Ref. 7)	As assigned in line with TAP Corporate procedures	Land Management Team	Land ManagementLead	Paper / Electronic	SGMT	In line with TAP Record Retention Guidelines (Ref. 10)
LATS KPIs	As assigned in line with TAP Corporate procedures	Land Management Team	Land Management Lead	Electronic	Digital Storage	In line with TAP Record Retention Guidelines (Ref. 10)



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6. Changes Since Last Revision

Summary of Changes (Brief)	Section	Page
<p>1.1 Scope Deleted (as not applicable): <i>By the end of Q1 2021 TAP will issue an update on the status of the construction phase Livelihood Restoration Plan (LRP) Greece (Ref. 2) as part of the Construction phase ESCH Close out Report published on TAG AG website.</i></p> <p><i>An updated Livelihood Restoration Procedure shall be developed following completion of all Livelihood Assistance and Transitional Support (LATS) Program assistance, which is anticipated to be in Q1 or Q2 2022.</i></p>	1.1	6
Roles and responsibilities chapter (1.4) amended	1.4	9-11
<p>3.5.4 Compensation Values - Reviews of Compensation Methodologies & Values</p> <p>This section was updated to provide context and main points (methodology and results) of the report that was prepared on the new proposed compensation values</p>	3.5.4	29
<p>3.6.3 LATS Transitional Assistance</p> <p>Added table: "LATS Objectives Implementation in Italy, which provides context for the implementation timeframe in Italy for applicable LATS Objectives</p>	3.6.3	41
<p>3.9.3 Monitoring and Completion Audit</p> <p>IEMG Monitoring: A summary of the monitoring visits completed is provided below in a Table, that was added</p> <p>Completion Audit: this part was updated to reflect the finalisation and disclosure of the completion audit report</p>	3.9.3	46
<p>Added:</p> <p>To be noted that, during the construction phase, no orphan land was identified in Italy.</p>	3.5.3 Entitlements Orphan land	26



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7. List of Appendices

Appendix 1 – Livelihood Restoration Management Compliance Indicators

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Appendix 1 Livelihood Restoration Management Compliance Indicators

Compliance Task		Compliance Indicator		Reporting Frequency	Target and successful implementation criteria
Task ID	Task Description	Indicator ID	Indicator Description		
LRP-CT-01	Monitor implementation of compensation process	LRP-KPI-01	Number of people having received compensation in the period with distribution by compensation type and by classes of amounts	Monthly	Trending indicator
LRP-CT-02	Monitor participation in Livelihood Assistance Programs	LRP-KPI-02	Number of PAPs participating in Livelihoods Assistance programs	Monthly	Trending indicator
LRP-CT-03	Monitoring participation of vulnerable PAH/PAP	LRP-KPI-03	- Number of vulnerable Project-affected people/households identified and screened for transitional support - % of identified vulnerable PAPs graduating from the transitional support program	Monthly	Trending indicator
LRP-CT-04	Monitor grievance resolution effectiveness	LRP-KPI-04	- % of closed grievances where PAPs indicate satisfaction with grievance process - % of closed grievances where	Quarterly	Trending indicator

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Compliance Task		Compliance Indicator		Reporting Frequency	Target and successful implementation criteria
Task ID	Task Description	Indicator ID	Indicator Description		
			PAPs indicate satisfaction with solution		
LRP-CT-05	Monitor livelihood restoration progress	LRP-KPI-05	- % of reinstated land parcels successfully re-cultivated - % of PAPs reporting a similar or improved household economic situation	Annually and at completion audit	Trending indicator
LRP-CT-06	Facilitate Livelihood Restoration Completion Audit in agreement with Lenders	LRP-KPI-06	Livelihood Restoration Completion Audit conducted as planned (100% yes, 0% no)	Once	Livelihood Restoration Completion Audit conducted as planned