

## MULTI-YEAR INCENTIVE PROGRAM FOR AIR TRAFFIC DEVELOPMENT AT BERGAMO – ORIO AL SERIO AIRPORT

*through the start-up and/or increase of air services to be launched within the IATA WINTER 2023/SUMMER 2024/WINTER 2024 seasons.*

### **PREAMBLE**

Sacbo S.p.A. is the managing company of Bergamo-Orio al Serio Airport.

Sacbo S.p.A. has a mixed shareholding structure, where the public shareholders do not exercise control and all airport's activities are self-financed without any access to state aid and/or any other form of public subsidies. Bergamo-Orio al Serio Airport, commercially known as "Milan Bergamo Airport", keeps the third position in the Italian ranking of busiest passenger airports, with over 15 million passengers handled in 2023.

Furthermore, Bergamo-Orio al Serio Airport plays a strategic role in the air cargo sector, being one of the main cargo airports in Italy and Europe.

The mission of Sacbo S.p.A is to undertake actions with the aim to develop the volume of its business, in order to efficiently use the airport infrastructure, to provide a more and more global connectivity, thus pushing the economic growth of the nearby areas and the eastern part of Lombardy Region.

The business development activity is mainly driven by the search of new Airlines able to offer both new direct routes (passengers or cargo) and connections to the main HUBs, such as to expand the number of destinations connected with Bergamo Airport.

The aim of this policy is to stimulate Airlines both to launch new air services and to increase the number of short-medium-long haul destinations reached with direct flights or to increase the weekly frequencies on the already active routes.

For this reason, Sacbo S.p.A decided to publish the *"Multi-year Incentive Program"* in compliance with the EU legislation in relation to incentives for the start-up of new routes (Communication from EU Commission 2014/C 99/03 of 4<sup>th</sup> April 2014, on State aids to airports and airlines) in case of use of public or national resources, as defined in paragraphs 14 and 15 of the art. 13 of the legislative decree of 23 December 2013, n. 145, converted with amendments in law on 21<sup>st</sup> February 2014, n. 9 as amended by art. 1 paragraph 7 of the legislative decree of 10<sup>th</sup> August 2023, n. 104, converted with amendments in law on 9<sup>th</sup> October 2023, n. 136, containing urgent measures to protect customers in relation to economic and financial activities and strategic investments.

The incentives related to flight activities are supplied by Sacbo S.p.A. in respect of the competition protection principles such as publicity, transparency and non-discrimination, as defined by the applicable Italian and EU laws, as well as in compliance with the development policies and strategies of Sacbo S.p.A.

The current policy, by giving appropriate publicity "to the criteria for granting incentives and to the requirements requested for the relevant access", has the goal to stimulate the commitment of Airlines to develop traffic to certain destinations in a way of sustainable development and growth by offering a guarantee of impartiality.

### **1. PURPOSES**

With the execution of the *"Multi-year Incentive Program"*, Sacbo S.p.A., in addition to the overall goal of increasing the volume of passengers and freight at Bergamo airport, aim to chase the following targets:

- Increase the level of international connectivity, both through direct flights and through new air services to the main global hubs.
- Increase the number of destinations connected with point-to-point flights.

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- Increase the weekly frequencies on the already served destinations to improve the overall offer to its customers.
- Reduce the seasonality on those markets with a strong seasonality component.

### **2. BENEFICIARIES**

This traffic development policy is addressed to all legal entities that satisfy the specific requirements, ensuring, in a transparent and non-discriminatory manner, identical opportunities to Airlines who intend to assume, towards Sacbo S.p.A., the herein defined commitment of a sustainable traffic growth and network development.

### **3. CRITERIA FOR GRANTING INCENTIVES**

#### **3.1. Types of incentives**

The amount of the incentive will be defined considering the number of passengers carried (paying departing passengers, differentiating between adults and children) or tons of freight handled (excluding road trucked cargo and transit freight) and subject to the achievement of the contractual targets.

The size of the incentive will depend on:

- Volume of traffic generated.
- Type of destination (short-medium range / long range).
- Strategic importance of the destination.
- Number of weekly frequencies operated.
- Type of aircraft used.
- Seasonality of the flight (if seasonal only or year-round).

#### **3.2 Target of the incentives**

This policy is applicable to all Airlines who decide to develop its network and traffic at Bergamo Airport with the aim to achieve the strategic goals as above defined.

These goals can be reached by the Airlines with a development plan including:

##### *a) launch of new destinations of strategic interest:*

- meaning destinations not served with scheduled flights yet.
- the amount of the incentive will be defined based on the criteria settled in this Paragraph, with specific reference to the strategic importance of the route/destination.

##### *b) growth on existing destinations defined as strategic by Sacbo S.p.A.:*

- meaning destinations already operated with scheduled services for which the Airline plans to increase its offer (in terms of additional weekly frequencies and/or seat capacity) compared to the previous IATA season.
- any destination already operated only on a seasonal basis for which the Airline intends to operate on a year-round basis.

#### **3.3 Incentive determination parameters**

Regarding scheduled passenger flights, the incentive cannot be less than €1.00 (one euro/00) per paying adult departing passenger, unless a lower amount is agreed between the parties and provided that the Airline reached the minimum number of weekly frequencies in the calendar year agreed with Sacbo S.p.A. The multi-year incentive agreements will have an overall duration linked to the strategic evaluation of the operation.

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In application of the chance of free entrepreneurial activity in the field of the incentive programs, Sacbo S.p.A. reserves the right to evaluate and provide further ways of support and/or co-marketing funds including, for example, additional contributions (so-called one-off success fee) in favour of those Airlines committed to expand their activities at Bergamo Airport with new flights and/or routes considered particularly strategic by the airport operator.

### 4. VALIDITY

This traffic development policy:

- is published on Sacbo S.p.A.'s website [www.milanbergamoairport.it](http://www.milanbergamoairport.it).
- can be cancelled/updated at any time.
- is written both in Italian and English (with prevalence of the Italian language in case of disagree).
- it needs a specific agreement between Sacbo S.p.A and the incentive's recipient to have effect.

The agreements signed in application of previous policies will remain in force until their ordinary termination date as defined in each agreement, except in case of contractual termination.

### 5. DURATION

This Policy aims to declare, in a transparent and fair manner, in such a way to ensure equal opportunities for all the Airlines involved, the "*Multi-Annual Incentive Program*" that Sacbo S.p.A. intends to start for the IATA WINTER 2023/SUMMER 2024/WINTER 2024 seasons. This policy is at the base of any incentive agreement that Sacbo S.p.A. will discuss with all the Airlines that will significantly contribute to the growth of Bergamo Airport according to the parameters herein defined.

### 6. ACCESS REQUIREMENTS TO THE INCENTIVE SCHEME

The Airlines interested in requesting the admission to the Multi- Annual Incentive Program must:

- have a regular air operator's certificate (AOC) issued by the relevant aeronautical authorities, including traffic rights if necessary.
- not be included in the EU safety list (i.e. the blacklist of Airlines banned from the entire area of the European Community).
- not have integrated in the last 2 years law or regulations violations and/or significant violations of the contractual obligations with Sacbo S.p.A.

### 7. SENDING METHOD TO REQUEST THE ADMISSION TO THE INCENTIVE PROGRAM

To request the admission to the "*Multi-Annual Incentive Program*", Airlines should send at the email address [aviation@sacbo.it](mailto:aviation@sacbo.it), a business development plan containing, as example but not limited to, the new routes to one of the destinations listed in the Annex A that they intend to launch in the reference IATA season and or the routes already operated that they intend to increase in the same IATA season, with a separate description for each of that of the :

- Start date.
- Seasonality.
- Weekly frequencies planned.
- Aircraft used.
- Any other information that the Airline considers useful for the evaluation of its business development plan.

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Anyhow, Sacbo S.p.A., reserves the right to request additional information or make additional checks to verify the reliability and financial solidity of the requesting Airline.

In the 30 days following receipt of the above documentation, Sacbo S.p.A., exercising its free entrepreneurial right for the purposes of granting incentives and assign them to the respective beneficiaries:

- Will review the business development plans received from the Airlines;
- Will evaluate the Airlines that presented the business development plans deemed most suitable to satisfy their needs, considering the global added value generated for the airport, with reference to the overall flights offer to and from Milan Bergamo Airport.

Any incentive agreement finalized with the Airline which include the provision of incentives under the conditions above described will be considered as confidential and under any circumstances cannot be additional with any other agreement with the same matter already in place between the chosen Airline and Sacbo S.p.A..

If two or more Airlines present business development plans relating to the same route, the choice of the Airline that will benefit of the incentives (incremental compared to the minimum value defined in previous Par.3) will be defined by applying the following evaluation criteria:

- Number of routes proposed in the overall business development plan.
- Total number of additional seats offered on the routes covered by the agreement based on Airline's business development.
- Market share of the Airline or number new airport(s) that will be linked with Milan Bergamo Airport and specified by the Airline in its business development plan, demonstrating also Airline's commercial strength on each specific market.
- Seasonality of the routes proposed in the business development plan.
- Type of aircraft that the Airline plans to use as proposed in the business development plan.

Sacbo S.p.A. reserves the right to make multiple negotiations in case of different Airlines aim to achieve the same objective, without prejudice to the right of Sacbo S.p.A. to choose one or more Airlines to sign an agreement with, in compliance with the criteria defined in this policy.

### **8. PAYMENT METHOD**

The incentives will be paid in compliance with the terms defined between the parties in the agreement signed between Sacbo S.p.A and the chosen Airline and provided that Airline fulfil its obligations in terms of traffic (target) agreed with Sacbo S.p.A.. The incentives will be paid according to the procedures defined in each agreement, in compliance with the incentive program policy and provided that the Airline has timely and regularly paid all the amounts due to Sacbo S.p.A.

In any case, the stipulation of agreements with the Airlines who will benefit of the incentives will be subject to the possession of all the requirements listed in previous Paragraph 6.

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Sacbo S.p.A. reserves the right to modify and/or update this Multi-Year Incentive Program depending on the evolution of market trends.

For information, contact the Aviation Commercial Management at the email address [aviation@sacbo.it](mailto:aviation@sacbo.it)

## ANNEX A

Exemplary and non-exhaustive list of new destinations eligible to the application of incentives

### **New strategic point to point short/medium-haul routes**

- I. Reggio Calabria
- II. Suceava
- III. London Heathrow
- IV. Reykjavík
- V. Prishtina
- VI. Skopje
- VII. Hannover
- VIII. Yerevan
- IX. Beirut
- X. Tunisi
- XI. Izmir

### **New point to point short/medium-haul routes considered of interest.**

All airports in the following states not yet served from BGY:

- I. ALGERIA
- II. ARMENIA
- III. AZERBAIJAN
- IV. BULGARIA
- V. CROATIA
- VI. EGYPT
- VII. GEORGIA
- VIII. LEBANON
- IX. MONTENEGRO
- X. SERBIA
- XI. SLOVENIA
- XII. SWITZERLAND
- XIII. TUNISIA

Countries like Russia, Ukraine and Belarus also remain of interest, temporarily not included in the list given the current situation of geopolitical instability.

### **New connections to Hub Airports (operated by Airlines that have a Hub in the connected airport or commercial agreements that allow passengers to take advantage of connecting flights)**

(Also valid for any destinations already mentioned)

European or non-European HUBs not yet served from BGY and able to offer connecting flights such as, by way of example and not limited to, Frankfurt, London Heathrow, Istanbul, New York, Doha, Abu Dhabi.

**New long-haul routes**

Any destination in:

- I. USA
- II. Canada
- III. Central America and Caribbean
- IV. Latin America
- V. Asia
- VI. Middle East and Gulf Area