

## Zagreb Franjo Tuđman Airport's Incentive Program ("Incentive Program")

### Purpose

This Incentive Program aims to establish rules and conditions for the traffic growth at Zagreb Franjo Tuđman Airport (ZAG) operated by International Zagreb Airport Jsc. ("Airport managing body"), which is subject to the tariff system in effect.

### Beneficiaries

The Incentive Program is aimed at all commercial airlines that operates or intends to operate at ZAG and which fulfil all the requirements and criteria set forth in this program.

### General Conditions

Airlines that intend to benefit from the Incentive Program should submit an operation plan covering the operational period subject to Incentive Program.

1. The Incentive Program will be in effect starting from January 1<sup>st</sup>, 2022.
2. The applicants cannot submit an application corresponding to its operations carried out prior to the submission of the application.
3. The Incentive Program is available for commercial international and domestic flights only.
4. The incentives to be granted under this Incentive Program shall not be implemented prior to the satisfaction of the conditions set out in section "Special Conditions" of this Program.
5. An airline may qualify for only one incentive model per each route at a time, except the supplementary incentive models (Models VI and VII).
6. The Operation Plan is the document that supports the entire application process, in particular for the purposes of monitoring the airline during the period that the Incentive Program is implemented.

## Incentive Models

### 1. Year-round Scheduled New Destination Incentives (Incentive Model I) :

- Airlines applying for the Year-round Scheduled New Destination (Incentive Model I) shall ensure that the proposed route will be operated nonstop at least two (2) times in a week for a period of minimum twelve (12) months uninterrupted on a scheduled basis.
- Long-haul flights (with a flight time of 7 hours or more) are entitled to benefit the Incentive Model I, in case the route is operated with at least thirteen (13) flights in any given six (6) months period on a scheduled basis and at least one leg is operated directly (without a stop).
- The destination in consideration should not have been served nonstop on scheduled basis during the last twelve (12) months immediately prior.
- The applicant airline should maintain at least 95% of its existing flight services and frequencies (within the last 12 months) from/to ZAG (if any).
- The Promotional Period, for the purposes of this Incentive Model I, shall be maximum thirty-six (36) months for the new destination.
- The incentives granted shall be calculated in accordance with the following table:

<b>Year-round Scheduled New Destination Incentive (Incentive Model I)</b>			
<b>Fees</b>	<b>Period</b>		
	<b>1<sup>st</sup> year</b>	<b>2<sup>nd</sup> year</b>	<b>3<sup>rd</sup> year</b>
<b>Landing Fee</b>	<b>100%</b>	<b>50%</b>	<b>25%</b>
<b>Passenger Service Charge</b>	<b>40%</b>	<b>20%</b>	<b>10%</b>

- Airline will continue to make regular payments during the incentivized period. If the Airline fulfils the requirements of Incentive Model I, Airport managing body will calculate the discount amount and issue a credit note within thirty (30) days after every twelve (12) months.

**2. Year-round Frequency Increase on Existing Destination Incentives (Incentive Model II) :**

- Airlines applying for Year-round Frequency Increase on Existing Destination (Incentive Model II) shall ensure that the proposed route will be operated with at least two (2) additional frequencies per week for a period of minimum twelve (12) months uninterrupted on a scheduled basis.
- Long-haul flights (with a flight time of 7 hours or more) are entitled to benefit the Incentive Model II, in case the route is operated with at least thirteen (13) additional flights in any given six (6) months period on a scheduled basis and at least one leg is operated directly (without a stop).
- The Promotional Period, for the purposes of this Incentive Model II, shall be maximum twenty-four (24) months for the incremental flights.
- The incentives granted are related only to the charges associated with the operations of the incremental number of flights.
- The applicant airline should maintain at least 95% of its existing flight services and frequencies (within the last 12 months) from/to ZAG (if any).
- The incentives granted shall be calculated in accordance with the following table:

<b>Year-round Frequency Increase on Existing Destination (Incentive Model II)</b>		
<b>Fees</b>	<b>Period</b>	
	<b>1<sup>st</sup> year</b>	<b>2<sup>nd</sup> year</b>
<b>Landing Fee</b>	<b>50%</b>	<b>25%</b>
<b>Passenger Service Charge</b>	<b>10%</b>	<b>5%</b>

- Airline will continue to make regular payments during the incentivized period. If the Airline fulfils the requirements of Incentive Model II, Airport managing body will calculate the discount amount and issue a credit note within thirty (30) days after every twelve (12) months.

### 3. Seasonal Scheduled New Destination Incentives (Incentive Model III) :

- Airlines applying for the Seasonal Scheduled New Destination (Incentive Model III) shall ensure that the proposed route will be operated nonstop at least thirty-six (36) times in any given six (6) months uninterrupted on a scheduled basis.
- The destination in consideration should not have been served nonstop on scheduled basis during the last twelve (12) months immediately prior.
- The applicant airline should maintain at least 95% of its existing flight services and frequencies (within the last 12 months) from/to ZAG (if any).
- The Promotional Period, for the purposes of this Incentive Model III, shall be maximum 12 months.
- The incentives granted shall be calculated in accordance with the following table:

<b>Seasonal Scheduled New Destination (Incentive Model III)</b>	
<b>Fees</b>	<b>Period</b>
	<b>12 months</b>
<b>Landing Fee</b>	<b>100%</b>

- Airline will continue to make regular payments during the incentivized period. If the Airline fulfils the requirements of Incentive Model III, Airport managing body will calculate the discount amount and issue a credit note (or transfer it to the airline's bank account in case the airline decides to terminate operations) within thirty (30) days after the end of operations.

#### 4. **New Charter Destination Incentives (Incentive Model IV) :**

- Airlines applying for the New Charter Destination (Incentive Model IV) shall ensure that the proposed route will be operated nonstop at least thirteen (13) times in any given three (3) months period on charter basis.
- The destination in consideration should not have been served nonstop neither on scheduled nor on charter basis regularly during the last twelve (12) months immediately prior.
- The applicant airline should maintain at least 95% of its existing flight services and frequencies (within the last 12 months) from/to ZAG (if any).
- The Promotional Period, for the purposes of this Incentive Model IV, shall be maximum 12 months.
- The incentives granted shall be calculated in accordance with the following table:

<b>New Charter Destination (Incentive Model IV)</b>	
<b>Fees</b>	<b>Period</b>
	<b>12 months</b>
<b>Landing Fee</b>	<b>50%</b>

- Airline will continue to make regular payments during the incentivized period. If the Airline fulfils the requirements of Incentive Model IV, Airport managing body will calculate the discount amount and issue a credit note (or transfer it to the airline's bank account in case the airline decides to terminate operations) within thirty (30) days after the end of operations.

## 5. Seasonal to Year-round Incentives (Incentive Model V) :

- Airlines applying for the Seasonal to Year-round (Incentive Model V) shall ensure that the proposed route will be operated nonstop at least two (2) times in a week for a period of minimum twelve (12) months uninterrupted on a scheduled basis.
- The applicant airline must be operating seasonal scheduled flights on the route subject to the Incentive Model V at the time of application.
- The applicant airline should maintain at least 95% of its existing flight services and frequencies (within the last 12 months) from/to ZAG (if any).
- The Promotional Period, for the purposes of this Incentive Model V, shall be maximum 12 months for incremental flights.
- The incentives granted are related only to the charges associated with the operations of the incremental number of flights.
- The incentives granted shall be calculated in accordance with the following table:

<b>Seasonal to Year-round Incentives (Incentive Model V)</b>	
<b>Fees</b>	<b>Period</b>
	<b>12 months</b>
<b>Landing Fee</b>	<b>100%</b>
<b>Passenger Service Charge</b>	<b>10%</b>

- Airline will continue to make regular payments during the incentivized period. If the Airline fulfils the requirements of Incentive Model V, Airport managing body will calculate the discount amount and issue a credit note within thirty (30) days after completion of twelve (12) months.

**6. Supplementary Long-haul Incentives (Incentive Model VI) :**

- Any airline to operate long-haul flights (with a flight time of 7 hours or more) to/from ZAG and to apply any of the Incentive Models I-V shall benefit the Supplementary Long-haul Incentives (Incentive Model VI).
- The applicant airline must fulfil the requirements of applied Incentive Model I-V in order to be entitled for Incentive Model VI.
- The incentives granted are related only to the charges associated with the flights subject to Incentive Model I-V.
- The incentives granted shall be calculated in accordance with the following table:

<b>Supplementary Long-haul Incentives (Incentive Model VI)</b>	
<b>Fees</b>	<b>Period</b>
	<b>Valid through the applied Incentive Model I-V</b>
<b>Passenger Service Charge</b>	<b>30%</b>

- Airline will continue to make regular payments during the incentivized period. If the Airline fulfils the requirements of Incentive Model VI, Airport managing body will calculate the discount amount and issue a credit note (or transfer it to the airline's bank account) together with the applied Incentive Model I-V.

**7. Supplementary Based Aircraft Incentive (Incentive Model VII) :**

- Airlines applying for the Supplementary Based Aircraft Incentive (Incentive Model VII) shall ensure that the aircraft subject to Incentive Model VII operates either at least 300 scheduled rotations in any given 6 months or 500 scheduled rotations in any given 12 months or 10 scheduled rotations and stays overnight in any given week at ZAG during (or covering, if the incentive period is less) the incentive period to/from ZAG.
- The incentives granted are related only to the charges associated with the flights operated by the based aircraft and subject to Incentive Models I-V.
- The applicant airline must fulfil the requirements of applied Incentive Model I-V and must operate at least 90% of its flights subject to Incentive Model I-V with the based aircraft, in order to benefit Incentive Model VII.
- The incentives granted shall be calculated in accordance with the following table:

<b>Supplementary Based Aircraft Incentive (Incentive Model VII)</b>	
<b>Fees</b>	<b>Period</b>
	<b>Valid through the applied Incentive Model I-V</b>
<b>Centralized Infrastructure – Terminal</b>	<b>100%</b>
<b>Centralized Infrastructure – Ramp</b>	<b>100%</b>

- Airline will continue to make regular payments during the incentivized period. If the Airline fulfils the requirements of Incentive Model VII, Airport managing body will calculate the discount amount and issue a credit note (or transfer it to the airline's bank account) together with the applied Incentive Model I-V.

## **8. Parking Fee Discount For Based Aircraft:**

- Airlines can enjoy 25% discounted parking fee in case the aircraft subject to the parking service is based at ZAG (either operates at least 300 scheduled rotations in any given 6 months or 500 scheduled rotations in any given 12 months or 10 scheduled rotations and stays overnight in any given week at ZAG during (or covering, if the parking period is less) the parking period to/from ZAG).
- Parking fee discount is applied directly on the respective invoice, no application is needed to benefit the discount.
- Unlike the incentives mentioned in this incentive program, parking fee discount is a permanent discount without a certain period.

## **Applications**

1. Airlines shall apply to the Airport managing body for the Incentive Program, with a minimum notice period of thirty (30) calendar days prior to the date set for the first operation.
2. Applicant airline shall submit the Operation Plan of which the sample form is attached as Appendix-I hereto, where it shall lay out the proposed operating plan, including a detailed description of service to be introduced, if applicable, such as:
  - a. Number and timetable of respective flights
  - b. Destination
  - c. Days of operation
  - d. Type of aircraft and number of seats
  - e. Start and (if exists) end date of operations

## **Final Incentive Decision**

The Airport managing body shall decide on the eligibility of an applicant airline for this Incentive Program depending whether an applicant airline fulfils requirements set out in this Schedule 1. However even in that case the Airport managing body has the right to reject or suspend the applicant airline from the Incentive Program, when the following circumstances occur:

- When the applicant airline is subject of an acquisition, merger or sale, unless the airline can demonstrate that the number of seats offered as part of all operations serving ZAG will not be affected.
- If the airline does not operate at least 90% of the submitted schedule
- If the airline cannot ensure the prompt payment of any outstanding invoices at ZAG.
- If the airport capacity is restricted. Currently there are no capacity limitations but MZLZ reserves its right to update the peak period times where the capacity is limited by publishing sixty (60) days prior notice in its official web site.

## **Final Decision**

- Applicant airlines will be notified regarding the final decisions of their applications within a period of fifteen (15) working days from the receipt date of their application
- Airport managing body's decision shall be final and cannot be subject to objection.

### **Special Conditions**

1. The applicants for the Incentive Program must be approved by the Airport managing body by entering into a signed aviation incentive agreement that governs the specific conditions for the Incentive Program, which shall include, including but not limited to, the following information:
  - a. Operating Plan;
  - b. Duration of the Incentive Program;
  - c. Method and deadline for awarding the incentives;
2. Changes in the incentive program and/or peak period times will not have effect on flights which already have a signed agreement in effect and benefit the incentives.

### **Sanctions**

Any airline that manipulates its flight program each IATA Season, with or without cooperation with other airlines in order to qualify for the Incentive Program will be disqualified, and the Airport managing body shall have no obligation to conclude aviation incentive agreement and/or any other obligation that could arise from or in connection to the Incentive Program.

## APPENDIX I

### INCENTIVE PROGRAM APPLICATION FORM

<b>1- NAME OF THE AIRLINE</b>	
<b>2- DESTINATION</b>	
<b>3- SCHEDULED ARRIVAL TIME (UTC)</b>	
<b>4- SCHEDULED DEPARTURE TIME (UTC)</b>	
<b>5- FLIGHT TIME</b>	
<b>6- DAYS OF OPERATION</b>	
<b>7- START DATE OF OPERATIONS</b>	
<b>8- END DATE OF OPERATIONS</b>	
<b>9- TYPE OF AIRCRAFT</b>	
<b>10- AIRCRAFT SEAT CAPACITY</b>	
<b>11- AIRCRAFT MTOW</b>	
<b>12- TYPE OF INCENTIVE APPLIED FOR</b>	