

***Commercial Policy
of Network Development
for the Tuscany Airport System
(Pisa and Florence Airports)***

Florence, March 2024

Disclaimer

This Traffic Development Policy (hereinafter also referred to as the 'Policy') is referred to in the following legislation:

- European Community, on start-up aid for routes (Commission Communication 2014/C 99/03 of 4 April 2014 on State aid to airports and airlines) when using resources of a public nature;
- national, most recently enshrined in sections 14 and 15 of Article 13 of Decree-Law No. 145 of 23 December 2013, converted with amendments by Law No. 9 of 21 February 2014, as amended by Article 1, subsection 7 of Decree-Law No. 104 of 10 August 2023, converted with amendments by Law No. 136 of 9 October 2023, concerning urgent provisions to protect users, economic and financial activities and strategic investments.

This Policy represents an implementation tool for regulating the company's development policies, from which no obligation to negotiate arises from Toscana Aeroporti S.p.A., nor any subjective right or legitimate interest in the disbursement of incentives to carriers operating at the airports of Pisa and Florence.

The application of the policy itself is a decision related to the development policies of the management company, which has full discretion in terms of methods, timing, parameters, etc. in consideration of the free entrepreneurial initiative.

Foreword

Toscana Aeroporti S.p.A. - the management company of Pisa and Florence airports – is the company stemming from the merger of the two companies SAT S.p.A. and AdF S.p.A., managing the concessions of the “G. Galilei” Pisa Airport and “A. Vespucci” Florence Airport, respectively. The corporate merger process, which began in 2014, was completed on 1 June 2015, the effective date of the merger.

Toscana Aeroporti S.p.A. is a predominantly private capital company, listed on the Italian stock exchange, holder of special and exclusive rights such as the forty-year ENAC concessions for the management of the two airports.

To this end, Toscana Aeroporti S.p.A. intends to pursue the above-mentioned objectives by implementing targeted actions based on an incentive system (incentive) the entity of which will vary depending on the amount of air services that carriers will operate at the airport and on how much the operation is deemed to be of strategic interest for the airport of reference and the territory, in consideration of free entrepreneurial initiative. This intention is particularly relevant in the current context of continuous change and evolution following the crisis of the world macroeconomic system, which requires the adoption of stimulus measures for the reconstruction of pre-Covid traffic levels, the recovery of the growth gap, and the resumption of a constant evolution of air traffic to/from Tuscany airports.

1. Objectives

This policy will be applied coherently with the strategic priorities of the Tuscany airport system in order to:

- rebuild/recover traffic levels,
- develop the level of intercontinental/long-haul connectivity through direct services,

- increase European and non-European point-to-point connections (both in terms of new routes and increase of frequencies/capacity on existing routes),
- reduce the seasonality and redistribute off-peak traffic flows,
- develop new volumes of cargo and mail traffic,
- support passenger traffic volumes.

2. Beneficiaries

Toscana Aeroporti S.p.A. has defined the following Commercial Policy to incentivise its Network Development from the airports of Pisa and Florence, guaranteeing equal opportunities to carriers wishing to access it in a transparent and non-discriminatory manner, in compliance with the principles and regulations for the protection of competition indicated by national and community regulations.

3. Criteria for granting incentives

3.1 Types of incentives

This policy shall be applied to carriers that undertake to implement strategies for the development and growth of air activities at Pisa and/or Florence airports in order to achieve the objectives established in Section 1.

These strategies are defined in development plans by carriers that envisage the following:

- a. the opening of new destinations/operations of strategic value,
- b. the increase of operations on existing destinations, currently deemed as under-served by Toscana Aeroporti S.p.A.,
- c. multi-year consolidation and/or development plans for large volumes of passenger and cargo and mail traffic.

More specifically:

a) for the opening of new routes/operations of strategic value

- this is understood as a destination not served by scheduled passenger flights, a new operative base of an airline for point-to-point scheduled passenger flights and/or a new all-cargo operation;
- the duration of the incentive is variable and can be extended up to 5 years.

b) for increased operations on existing destinations deemed strategic by Toscana Aeroporti S.p.A.

- this is understood as a destination already operated by a scheduled carrier, for which the same carrier plans a significant increase (in terms of additional frequencies and/or capacity offered) compared to the previous IATA season, or the introduction of the same destination by another scheduled carrier,

- potential destinations already operated by a carrier, for which the carrier plans an increase of frequencies or operations, may be entitled to the same type of incentives as for the opening of new destinations,
- the duration of the incentive may vary from a single IATA season, extendable up to 3 years.

c) for multi-year consolidation and/or development plans

- this means agreements with operating carriers capable of sharing multi-year traffic development plans, for each individual airport, characterised by point-to-point traffic, thus highlighting the capacity to contribute to the effective growth of volumes and to the capillarity of the network (direct connectivity) of the airport, envisaging long-term consolidation/development of their presence for a period of no less than 3 years:

✓ passenger traffic:

a) for Florence airport (FLR), over 550.000 arriving and departing scheduled passengers on a yearly basis with a network of at least 6 destinations served with direct scheduled flights, to be agreed upon with Toscana Aeroporti S.p.A.;

b) for Pisa Airport (PSA), over 2,000,000 arriving and departing scheduled passengers on a yearly basis and a network of at least 15 destinations served with direct scheduled flights, to be agreed upon with Toscana Aeroporti S.p.A.;

- the duration of the incentive can be up to a maximum of 7 years.

3.2 Targets of the incentive

The amount of the incentive will be determined according to the number of passengers carried (departing paying passengers), and/or the number of flights and/or the capacity offered, or the kilograms of cargo/airmail (excluding road cargo services) carried, (excluding transit and non-paying cargo/airmail) and subject to the achievement of the agreed targets. The Amount of this will depend on:

- the volume of traffic generated,
- the type of destination (European/non-European),
- the strategic relevance of the destination,
- the number of frequencies operated,
- the type of aircraft used, and relative capacity offered,
- the operational period (seasonal or year-round),
- the operating time slot (peak/off peak),
- the commercial effectiveness of the carrier on the market.

In relation to the incentive programme and in line with the concept of free entrepreneurship, Toscana Aeroporti S.p.A reserves the right to evaluate and offer further types of incentives and co-marketing – e.g. additional incentives (one-off) in favour of carriers/operators committed to investing in the Tuscany airports with connections considered particularly strategic for the Tuscany Airport System.

3.3 Duration of the agreements

The duration of the incentive agreements may vary from a minimum of a single IATA season to a maximum of 7 years depending on the strategic evaluation of the operation, as indicated in Section 3.1.

3.4 Quantification

The amount of the incentive may vary according to the parameters indicated in Section 3.2.

4. Effectiveness

This policy replaces any previous programme and is effective as of the date of its publication on the Toscana Aeroporti website. Toscana Aeroporti S.p.A. reserves the right to revoke and/or modify this policy at its own discretion and at any time.

This policy is drawn up in Italian and English; in case of any discrepancies between the two texts, the Italian text shall prevail.

Agreements signed on the basis of previous policies will remain in force until the expiry date stipulated in such agreements.

5. Prerequisites for access to the incentive schemes

By way of example, to be eligible for this policy, carriers must:

- be in possession, with a regular certificate issued by the competent authorities, of all the necessary requirements to carry out aviation activities, including traffic rights where necessary,
- not have breached any type of contract (either previously or currently) with Toscana Aeroporti S.p.A.,

In any case, Toscana Aeroporti reserves the right to request further information from the carrier or to carry out its own investigations/analysis in order to verify the possession of the requirements in order to access to the incentive schemes referred to in point 3 of this policy.

6. How to submit requests for admission to the incentive programme

Carriers interested in accessing the incentive programme are invited to send their development programme to the e-mail address of their contact person in the commercial aviation department of Toscana Aeroporti S.p.A. or to aviation@toscana-aeroporti.com.

The development plan must include – by way of example but not limited to – the destination, the start-up date, the number of frequencies scheduled, the type of aircraft (as indicated in paragraph 3.2) and any other indication deemed significant by the carrier for the purpose of the evaluation by Toscana Aeroporti S.p.A.

Toscana Aeroporti S.p.A will examine the programmes received, selecting the carriers that have presented proposals most suited to the achievement of the objectives established by this incentive policy. This selection

process refers to the free entrepreneurial initiative of Toscana Aeroporti S.p.A., in consideration of the evaluations made on the basis of the parameters set out in section 3.2.

In case more than one carrier is interested in the same route, and following the positive outcome of the evaluations referred to in point 5 of this policy, should Toscana Aeroporti S.p.A. deem the destination to be of strategic interest, it reserves the right to allow more than one carrier to access to this policy and the extent of the incentives shall vary according to the extent of the air services of the proposed programme (Section 3.2). It is understood that on the basis of the criteria of this policy, Toscana Aeroporti S.p.A. may, at its own discretion, exercise its right to choose one or more carriers to sign the incentive contract.

In the event that no expression of interest regarding the programme is received, or such expression of interest is not deemed to correspond to the objectives defined in this policy, Toscana Aeroporti S.p.A. shall consider itself free to negotiate directly with any other carrier.

In the event of a positive outcome of the negotiations, in compliance with the policy described above, an incentive agreement will be signed between the parties, drawn up in accordance with the contractual forms and standards of Toscana Aeroporti S.p.A., in which the following will be described, inter alia:

- duration of the agreement,
- the respective obligations of the parties;
- the targets underlying the calculation of the incentive;
- the incentive levels;
- the timing, conditions and terms of payment.

The carrier shall be entitled to disbursement of the incentives only after formalisation of the agreement in writing. Exchanges of correspondence during the negotiations shall not be construed as a legal conclusion of the agreement.

The contents of the agreement are highly confidential and may not be disclosed except in fulfilment of a legal obligation.

7. Disbursement methods

Any incentive covered by this policy will be:

- disbursed only in the presence of an agreement signed by both parties which will be confidential, and which defines the carrier's obligations in terms of traffic (target);
- disbursed retrospectively in a lump sum or in instalments upon achievement of traffic targets or in accordance with obligations stipulated in the agreement, subject to settlement and/or repayment following verification, and subject to compliance with all conditions specified in the contract;
- conditional upon the carriers' compliance with the payment of all the invoices issued by Toscana Aeroporti S.p.A. for the use of the airports of Pisa and/or Florence.