

**COMMITMENTS TO THE COMPETITION AND CONSUMER COMMISSION OF SINGAPORE****SINGAPORE AIRLINES LIMITED AND PT GARUDA INDONESIA (PERSERO) TBK****1. INTRODUCTION**

- 1.1 Singapore Airlines Limited ("**SIA**") and PT Garuda Indonesia (Persero) Tbk ("**GA**") (collectively, the "**Parties**") propose to make voluntary commitments to the Competition and Consumer Commission of Singapore ("**CCCS**"), in the context of the CCCS's assessment of the proposed commercial cooperation between the Parties (the "**Proposed JV**") in accordance with the Parties' revised Form 1 notification (the "**Form 1**"), submitted under section 44 of the Competition Act 2004 (the "**Act**") and accepted by the CCCS on 9 February 2024.
- 1.2 For avoidance of doubt, the operationalisation of the joint venture (subject to the voluntary commitments) will only include the SIA and GA full-service airlines, and not the respective low-cost carriers. Should the Parties wish to include their low-cost carrier airlines into the joint venture in due course the Parties will inform the CCCS of such, and it is understood that this (and the sufficiency of these voluntary commitments) would be subject to further review and approval by the CCCS, unless the CCCS indicates otherwise.
- 1.3 The voluntary commitments are made in the interests of assuring the CCCS that either the Proposed JV, if carried into effect, will not infringe section 34 of the Act, or that the Proposed JV is excluded from consideration under section 34 of the Act by reason of it being an agreement with net economic benefit (and meeting the requisite requirements set out in paragraph 9 of the Third Schedule to the Act).
- 1.4 The specified commitments relate specifically to the non-stop (i.e., direct) services operated by the Parties between Singapore ("**SIN**") and Jakarta ("**CGK**"), and between SIN and Surabaya ("**SUB**"). References below to "SIN-CGK vv" and "SIN-SUB vv" refer to return services. The commitments will commence on the date that the Proposed JV becomes operationally effective (the "**Effective Date**").
- 1.5 The Parties will appoint, at their own cost, an independent auditor ("**Independent Auditor**") to monitor compliance with the voluntary commitments, and to report to the CCCS on an annual basis ("**Report**"). The appointment of the Independent Auditor within three (3) calendar months from the Effective Date (and the terms and conditions of that appointment) will be subject to the approval of CCCS.
- 1.6 The Parties hereby propose to commit, as set out in section 2 and subject to the terms of section 3, to maintain capacity levels on the SIN-CGK vv and SIN-SUB vv route.

**2. COMMITMENTS**

- 2.1 Subject to section 3, the Parties hereby make the following commitments.

To maintain capacity levels on the SIN-CGK vv route

2.2 The Parties commit to maintain weekly capacity levels on SIN-CGK vv route. Specifically, the Parties commit to maintain weekly capacities of at least:

- (a) [CONFIDENTIAL] seats<sup>1</sup> (on an aggregated basis between the Parties) on the SIN-CGK vv route.

To maintain capacity levels on the SIN-SUB vv route

2.3 The Parties commit to maintain weekly capacity levels on SIN-SUB vv route. Specifically, the Parties commit to maintain weekly capacities of at least:

- (a) [CONFIDENTIAL] seats<sup>2</sup> (on an aggregated basis between the Parties) on the SIN-SUB vv route.

2.4 Without limitation to section 3 below, the commitments specified in paragraphs 2.2 and 2.3 above would be deemed fulfilled where the committed capacity levels in paragraphs 2.2 and 2.3 is achieved in [CONFIDENTIAL] (i.e. up to a maximum of [CONFIDENTIAL] of non-fulfilment) during each calendar year.

### 3. COMMENCEMENT, SUSPENSION AND RELEASE OF THE COMMITMENTS

Commencement of the commitments

3.1 The commitments will commence on the Effective Date.

3.2 The commitments will continue to apply in respect of any prolongation or renewal of the Proposed JV.

Suspension of the commitments

3.3 The voluntary commitments, outlined in section 2 of this document, would be temporarily suspended for the period where, due to circumstances beyond the control of the Parties, any of the following circumstances arises:

- (a) force majeure which directly or indirectly affect the SIN-CGK vv and SIN-SUB vv services for air passenger transport, including but not limited to:
- (i) natural disasters;
  - (ii) war;
  - (iii) strikes (including airport or transport worker strikes, etc.);

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<sup>1</sup> The [CONFIDENTIAL INFORMATION] seats currently comprise: [CONFIDENTIAL INFORMATION] seats flown by GA, and [CONFIDENTIAL INFORMATION] seats flown by SIA.

<sup>2</sup> The [CONFIDENTIAL INFORMATION] seats currently comprise: [CONFIDENTIAL INFORMATION] seats flown by GA, and [CONFIDENTIAL INFORMATION] seats flown by SIA.

- (iv) terrorist attacks;
  - (v) disease outbreak;
  - (vi) airspace closures;
  - (vii) airport closures;
  - (viii) adverse weather conditions;
  - (ix) non-availability of insurance; or
  - (x) any other safety or security related developments which require cancellation of flights, or variations to flight schedules.
- (b) Aircraft maintenance requirements with regard to a specific aircraft as determined by either of the Parties, or technical problems associated with a specific type of aircraft necessitating maintenance or repair as determined by the manufacturer and/or aviation authorities. For the avoidance of doubt, such requirements may arise in respect of aircraft deployed directly by the Parties on the SIN-CGK vv and/or SIN-SUB vv routes for air passenger transport, or may arise in respect of other aircraft in the fleet of either of the Parties (where such maintenance requirements indirectly affect the deployment, operation or sustainability of services, and or capacity, on the SIN-CGK vv and/or SIN-SUB vv routes for air passenger transport). Where aircraft maintenance (affecting compliance with the commitments in section 2) is conducted by either of the Parties, a brief summary of such maintenance shall be provided to CCCS in the Report.
- (c) Delays in deliveries of aircraft, or aircraft parts, which impact the ability of the respective airlines to implement the committed capacity levels in section 2.
- (d) Worldwide, regional, or local grounding of any aircraft category, class, model or variant, arising from circumstances outside the control of the Parties and which has an impact on the network of the Parties that materially affects their ability to achieve the voluntary commitments.
- (e) Need for return of slots / traffic rights to aviation regulators which has a direct or indirect impact on the commitments, including but not limited to seat capacity.
- (f) Any development that could potentially have an adverse financial impact on either airline, requiring a cancellation or variation of services to ensure the continued financial viability of either airline.
- 3.4 In the circumstances set out above in paragraph 3.3(a) to 3.3(f), the Parties retain the right to effect any required changes immediately as determined by either of the Parties, and to notify the CCCS as soon as reasonably practicable.

- 3.5 In respect of notifications made to CCCS in accordance with paragraph 3.4 above, the Parties will seek the retroactive approval of CCCS for the variation from the committed capacity levels in section 2. In doing so, the Parties will inform CCCS of the background and impact of these circumstances and provide CCCS with information (within the possession or custody or control of the Parties), that would support the stated impact (or aid in CCCS's assessment of such).
- 3.6 Other than in situations covered in paragraphs 3.3 and 3.4, where there are any developments or circumstances outside the control of the Parties that would materially affect the ability of the Parties to satisfy the commitments in section 2 and/or the commitments in section 4 (collectively, the "**Relevant Commitments**") in any relevant Report Year (the "**New Circumstances**"), including, but not limited to, operational issues such as engine failure, bird strike, or partial damage of aircraft due to collision, in the Parties' view:
- (a) The Parties will notify CCCS within [**CONFIDENTIAL**], or any other period as agreed upon with CCCS, following the Parties becoming aware that the New Circumstances would result in the Parties not meeting (or being unlikely to meet) the Relevant Commitments.
  - (b) The Parties will notify CCCS within [**CONFIDENTIAL**] of the commencement of the variation to committed capacity levels, where variations to capacity are not restored to committed levels within 30 days of the commencement of the variation.
  - (c) When notifying CCCS in accordance with paragraph 3.6(a), the Parties will inform CCCS of the background and impact of the New Circumstances and provide CCCS with information (within the possession or custody or control of the Parties), that would support the stated impact (or aid in CCCS's assessment of such).
  - (d) The Parties may propose and discuss with CCCS, in good faith, the possible variation, substitution or release of the Relevant Commitments, for the period in which the Parties are unlikely to meet the Relevant Commitments as a result of the New Circumstances.
  - (e) Where the New Circumstances result in the Parties not satisfying the Relevant Commitments, and the Parties have not gone through the process set out in paragraphs 3.6(a) to 3.6(c), the Parties acknowledge that CCCS may make a determination that the Relevant Commitments has been breached, and take such action as CCCS deems necessary in accordance with the Act.
- 3.7 Other than in situations covered in paragraphs 3.3, 3.4 and 3.6, the Parties will notify the CCCS as soon as reasonably practicable after becoming aware that they have not met (or are unlikely to meet) the Relevant Commitments. In doing so, the Parties will inform CCCS of the background and impact of these circumstances and provide CCCS with information (within the possession or custody or control of the Parties), that would support the stated impact (or aid in CCCS's assessment of such).

Full release or substitution or variation of the commitments

- 3.8 The commitments will be released with immediate effect should the Proposed JV be terminated for any reason, at any time.
- 3.9 Without prejudice to paragraph 3.8, where either of the Parties consider that there has been, or is likely to be, a material change in market conditions or operating circumstances or competitive conditions in respect of the SIN-CGK vv and SIN-SUB vv routes, arising from any circumstance or development directly or indirectly connected to the route and not contemplated in paragraphs 3.1 to 3.7 above, the Parties may make an application to the CCCS (supported by reasons) for any commitment specified within paragraph 2.2 to 2.3 to be varied, substituted or released. Material changes would include, but are not limited to, long-term changes to the Parties' operational fleets, such as the retirement of certain aircraft types and long-term changes in the competitive environments or overall network planning considerations.
- 3.10 In respect of any application made by either Party under paragraph 3.9 any variation, substitution or release of any commitment would be subject to the express approval of the CCCS.
- 3.11 Without limitation to paragraph 3.9, the Parties may make an application to the CCCS, supported by reasons, for any or all of the commitments in paragraphs 2.2 to 0 to be varied, substituted or released. Any subsequent, variation, substitution or release of the commitments in accordance with the application of the Parties would be subject to the express approval of the CCCS.

Inability to meet the commitments within section 2

- 3.12 Where the Parties have not met, or are of the view that they are unlikely to be able to meet the commitments specified in paragraphs 2.2 and 2.3 in any relevant calendar year:
- (a) the Parties will notify the CCCS as soon as reasonably practicable following the Parties becoming aware that they have not met (or are unlikely to meet) the relevant commitment;
  - (b) when notifying the CCCS in accordance with paragraph 3.12(a), the Parties will inform the CCCS of the reasons why the relevant commitment has not been met, and provide the CCCS with information (within the possession or custody or control of the Parties) that would support the stated reasons (or aid in the CCCS's assessment of such);
  - (c) where the Parties have not met the relevant commitment, the Parties may discuss with the CCCS, in good faith, the possible release of the commitment for the period in which the Parties did not meet the relevant commitment;
  - (d) where the Parties are unlikely to meet the relevant commitment, the Parties may discuss with the CCCS, in good faith, a possible variation, substitution

or release of the relevant commitment, for the period in which the Parties are unlikely to meet the relevant commitment;

- (e) where the CCCS is satisfied that the relevant commitment has not been met (or is unlikely to be met) due to a circumstance or development outside the control of Parties, the Parties acknowledge that the CCCS may accept a proposed variation, substitution or release of the relevant commitment;
- (f) where the CCCS is not satisfied that the failure to meet the relevant commitment is due to a circumstance or development outside the control of Parties, the Parties acknowledge that the CCCS may make a determination that the relevant commitment has been breached, and take such action as the CCCS deems necessary in accordance with the Act; and
- (g) where the CCCS has accepted a variation, substitution or release of a relevant commitment, unless specified otherwise by the CCCS at the point at which it makes such a determination known to the Parties, the varied, substituted or released commitment shall apply to the period for which the Parties have not met or are unlikely to meet the relevant commitment.

#### 4. INDEPENDENT AUDITOR AND ANNUAL AUDIT REPORTS

- 4.1 The Parties will appoint, at their own cost, an Independent Auditor (within three (3) months of the Effective Date, and if there are conditions, such conditions being acceptable to the Parties), whose appointment (and the terms and conditions of that appointment) will be subject to the approval of the CCCS.
- 4.2 The Independent Auditor will provide to the CCCS, on a yearly basis for each calendar year<sup>3</sup>, a report which monitors compliance of the Parties (over the preceding calendar year) with the commitments outlined in section 2.
- 4.3 Specifically, the Report will specify:
  - (a) the aggregate capacity provided by the Parties through the operations of their full-service airlines on the SIN-CGK vv and SIN-SUB vv routes;
  - (b) whether the committed capacity levels in paragraph 2.2 and 2.3 have been operated on a [CONFIDENTIAL] basis;
  - (c) the weeks of non-fulfilment of the committed capacity levels in paragraphs 2.2 and 2.3;
  - (d) whether the non-fulfilment of the committed capacity levels in paragraphs 2.2 and 2.3 arises as a result of the circumstances listed in paragraph 3.3, or any other circumstances; and

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<sup>3</sup> Within three months following the completion of the calendar year to which each Report relates.

- (e) where relevant and if required, reasons for any variations from the committed capacity levels provided in paragraphs 2.2 and 2.3 above.

4.4 The Report will also specify, for information purposes only and unconnected to the consideration of the achievement of the committed capacity levels:

- (a) the individual capacity levels operated by the Parties' low cost airlines on the SIN-CGK vv and SIN-SUB vv routes.

In witness whereof these commitments have been entered into on 27 June 2024.



SIGNED by Danni Utomo

for and on behalf of

**PT GARUDA INDONESIA (PERSERO) TBK**