

PROCEDURE OF ISSUANCE AND PROCESS OF AGENCY DEBIT MEMOS (ADMS) APPLIED BY LOT POLISH AIRLINES

I. GENERAL RULES:

1. Agency duties are covered by IATA Resolution:
 - a. Number 824, which orders agent to issue all traffic documents in accordance with carrier's tariffs, their conditions, the General Conditions of Carriage and other instructions sent customary in writing to the agents;
 - b. Number 830a, which determines the consequences of violation of the principles of ticketing and reservation procedures;
 - c. Number 852, which defines Carrier Identification Plate selection, as the owner of issued document and clearly shows the travel agent as responsible person for the issued transportation documents.
2. ADMs are a legitimate tool for use by LOT POLISH AIRLINES to collect amounts or make adjustments to agent transactions in respect to the incorrectly issuance and use Traffic Documents issued by or at the request of the Agent.
3. ADM will be issued in the following cases:
 - Sale inconsistent with the terms of the tariff – subject to control all elements of tariff principles;
 - Incorrect/incomplete discount code within tariff code (i.e. IN90, CH25 etc.);
 - Incorrect level of fare in relation to the booking class (reservation biling designator);
 - Improperly collected taxes/fees/charges;
 - Incorrect baggage allowance;
 - Breach of the conditions of sale (including abnormal levels of commission);
 - Incorrect use of Carrier Identification Plate (CIP) (e.g. in absence of interline agreement with other carrier or lack of LOT authorization for ticketing);
 - Non-compliance with the terms of instruction for group booking;
 - Non-compliance/violation of the principles of "Best Booking Practises".
4. The minimum value for the issuance of a single ADM is 5 EUR for one specific transaction except tax billings, 2 EUR for tax billing/charges.
5. ADM relates to a specific transaction only and may not be used to group. Unrelated transactions together - however more than one charge can be included to one ADM if the reason for the charge is the same and a detailed supporting list is provided with the ADM.
6. No more than one ADM is raised in relation to the same original ticket issuance. When more than one ADM is raised in relation to the same ticket it shall be specified for a different adjustment to previous issues of ADMs.
7. In the event of an ADM or invoice, an additional service fee of 15USD / 15EUR will be imposed on top of the violation fine.
8. If there is an administrative cost associated with the raising of an ADM it shall be included to the same ADM.
9. ADM should not be used to collect third party costs not directly associated with the initial ticket issuance of a passenger journey.

10. ADM is to be specific in their detail as to why a charge is being made. Additionally Airline provides Agent with the contact details (adm@lot.pl) that has knowledge of the concerned ADM.

II. TIME LIMITS AND FINAL PROCEDURE:

1. An Agent shall have maximum 15 days in which to review an ADM prior to its submission to BSP for processing.
2. When an ADM is disputed prior to it being submitted to the BSP processing, it will be recorded as disputed, and will not be included in the Billing.
3. All disputes are to be settled by the Airline within 60 days on receipt of first information concerning disputable ADM from the Agent.
4. In the event an Agent disputes an ADM and the Airline subsequently determines that the purpose of that ADM was correct or needs adjustment, LOT Polish Airlines will submit to the Agent and the BSP the correct or adjusted ADM in the form of a new ADM. Only the new ADM shall be processed.
5. Agent should not dispute an ADM when the reason of issuance of ADM is valid, and evidence to the contrary is not available.
6. When an ADM is disputed the response should be specific in detail, and the relevant supporting information provided to the BSP Airline.
7. If it is established that ADM is not valid it must be cancelled by the Airline.
8. Where ADM is withdrawn by the Airline, any administration fee that may have been levied will be withdrawn or refunded to the Agent.
9. Repeated abuse of the ADM dispute procedure can cause the Agency Administrator to implement summary disciplinary measures and have an Agent reviewed by the Travel Agency Commissioner under Resolution 818, at Attachment „A” para 1.7.11.

III. PROCESSING OF ADMS

1. ADM shall only be processed through BSP if ADM is issued within nine months of the final travel date.
2. Any debit action initiated beyond this period shall be handled directly between the Airline and Agent. (point IV below).

IV. PROCEDURE OUTSIDE BSP PROCESS

1. Any debit action initiated by the Airline after nine months of the final travel date is carried into effect as follows:
 - a) Debit Note addressed to an Agent is issued by the Airline;
 - b) All disputes are to be settled by the Airline within 60 days of issuance of the initial issuance of information concerning disputable Debit Note by the Agent;
 - c) Any reason justifying an issuance or dispute of a Debit Note enumerated in IATA Resolution 850m is valid;
 - d) Airline reserves the right to vindicate the amounts due.

***LOT Policy – "Best Booking Practices" - Policy
explanation and noncompliance fines.
Market: All markets (excluding Long Haul's and
Poland)***

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1. Introduction

Effective 30th January 2017, LOT Polish Airlines amends its "Best Booking Practices" Policy. Travel agents that fail to comply with the new rules will be charged with a noncompliance penalty, which is outlined below.

The update of policy has been studied and reviewed carefully. It will permit LOT to optimize utilization of the inventory and to ensure availability for genuine passengers as well as improve seat availability on LOT flights worldwide.

The legal basis for calculating the fees for noncompliance with the "Best Booking Practices" conforms to the provisions of IATA Resolution 830a as well as the IATA Travel Agent's Handbook (Code of Reservation Ethics).

LOT Polish Airlines would like to ensure the trade that update of the policy is in line with Industry standards.

2. Terms and conditions

Travel service providers should take note that LOT Polish Airlines pay a fee for each booking created, cancelled or changed. These fees are even charged when the passenger would actually never travel.

As a result:

- a. LOT are paying distribution cost for revenue which does not get realized.
- b. Genuine bookings fail to get realized thus leading to revenue loss & losing a firm passenger to the completion of the aircraft load.

A limited volume of such bookings is acceptable and forms a natural business pattern. However, it is when such bookings become abnormal that a corrective action needs to be taken and fraudulent practices need to be penalized.

By means of this policy LOT Polish Airlines wishes to lay guidelines for applying best practices for GDS usage and the action that will be taken by LOT Polish Airlines for each abuse.

LOT Polish Airlines reserves the right to raise ADMs for fraudulent practices from time to time and not necessarily limited to the above violations.

LOT Polish Airlines also reserves the right to revise the debit memo charges from time to time with no prior intimation to the travel service provider.

3. Fraudulent booking practices

3.1 Duplicate Bookings/Segments

- Travel service providers should not create duplicate bookings for a passenger in different PNRs.
- Travel service providers should not create duplicate segments for a passenger within same PNR.
- Travel service provider should not create multiple itineraries thus blocking several flights when such itinerary is impossible to fly.
- Since there is no business requirement in having a Duplicate booking, even a single duplicate booking will result in a debit memo of **25USD / 25EUR** (per segment per passenger).

3.2 Churning

- Travel service providers should refrain from repeatedly cancelling and re-booking.
- LOT understands that a small amount of these practices are a part of the ticketing process; however, any cancellations & re-bookings done for the same booking will be considered as an attempt to circumvent ticketing time limits or meeting GDS productivity and thus an ADM will be issued. The correct procedure is a creation of the new reservation.
- Churning is strictly prohibited and will result in a debit memo of **5USD / 5EUR** (per segment per passenger).

3.3 Un-ticketed/Voided/Refunded No Show Booking

- Travel service providers should refrain from causing inventory spoilage by keeping active reservations with un-ticketed segments, voided or refunded tickets till the very last moment.
- Un-ticketed bookings should be cancelled at least 4 hours before departure to release the inventory thus avoiding No-shows. Un-ticketed bookings not cancelled 4 hours before departure would result in an ADM.
- Excessive volume of un-ticketed bookings might lead to ADM, even if such bookings are cancelled 4 hours before departure.
- No-shows for un-ticketed reservations with confirmed segments will result in a debit memo of **10USD / 10EUR** (per segment per passenger).

3.4 Breaking of Married Segments

- Travel Service Provider that break married segments for the purpose of gaining access to otherwise unavailable classes are manipulating airline system logic and will be charged with ADM.
- Married segments may be offered at a different level of availability than if the segments were sold separately therefore married segment may not be separated, thus, connecting flights sold as "Married Segments" must be priced, ticketed, cancelled or changed "together".

- Manipulating individual flights of a "Married Segment" is considered malpractice and subject to a fine of **600USD/ 600EUR** (per PNR per passenger) in addition to any applicable fare differential.

3.5 Fictitious Name and Other Speculative Bookings

- Travel service providers are requested to refrain from making bookings with fictitious names and thus blocking inventory.
- Travel Service Provider staff's trainings should only be conducted on test environment or the training mode of a GDS/CRS provider.
- Creating live PNRs for training or test purposes is strictly prohibited.
- Such bookings include the use of a valid surname followed by initials (e.g., Smith/A/B/C, Lee/A/S/D/F, Johnson/X/Y/Z), double surnames (e.g., Smith/Smith) and fictitious or celebrity names.
- Examples of fictitious names are follows:
 - Mouse/Mickey
 - Obama/Barack
 - Test/Charlie
 - GTRP/XXXX
- Names of famous personalities could be absolutely genuine and therefore Airline will take a call based on the evaluation & pattern of the booking.
- Since there is no business need for a fictitious booking, an ADM will be issued and agent will be charged **25USD / 25EUR** (per segment per passenger).

3.6 Invalid Ticket numbers

- Travel service providers should refrain from retaining bookings with invalid ticket numbers (e.g.: voided, refunded, used, fictitious, etc.).
- Usage of invalid ticket number to create dummy bookings or to circumvent ticketing time limits will result in a debit memo of **25USD / 25EUR** (per segment per passenger).

3.7 Inactive Segments

- It is travel service provider's responsibility to monitor the queues and release inactive segments with HX, UN, UC, NO, SC, TK, TL, TN, UU, US, PN, WL, WN, DL, DS, IX, MM, RM, GL or WK status codes from the booking within maximum 72h.
- Failure to remove these segments 24 hours before departure will result in a debit memo of **5USD / 5EUR** (per segment per passenger).

3.8 Passive Segments

- Travel Service Provider can only book passive segments in its CRS/GDS system for the purpose of ticketing an already existing reservation LOT Polish Airline's internal reservation system.

Booking passive segments in order to satisfy CRS/GDS productivity requirements, to circumvent fare rules or to fulfill administrative functions is strictly not allowed.

- Passive segments shall be created for the purpose of ticketing only and must be cancelled immediately after issuing the ticket.
- Passive segments must be removed at least 24 hours prior to flight departure.
- If passive segments are not removed, it will result in a debit memo of **25USD / 25EUR** (per segment per passenger).

3.9 Lack of contact number in PNR

- To facilitate flight disruption handling of customer due to irregularities such as for example delays, re-schedules, etc., we strongly recommend to provide passenger contact details (email and/or mobile number), which is in line with all applicable data protection regulations. In compliance with IATA resolution 830d, travel agencies are required to notify all ticketed and confirmed passengers of any schedule change or flight cancellation immediately after receiving notice, action queues promptly and to ensure that the passenger is notified of any changes to his or her booking as soon as possible. If a passenger exercises his or her right not to provide contact details, the Agent should indicate that the passenger has declined to provide such details. The indication provided in PNR will result in airline's liability limitation in case of any irregularities. In such a case, the passenger shall not be provided information relating to flight cancellation or schedule changes (including delay in departure).

3.10 Name Changes

- Travel Service Provider is not allowed to change name without carrier approval on reservations unless entered for the purpose of correcting a miss spelling of the passenger's name according to LOT policy.
- Any PNR Name change in contradiction to airline policy and regulations or unauthorized by LOT Polish Airlines will result in a debit memo of **25USD / 25EUR** (per passenger).

3.11 Group seat request

- Agent can request group seating while there are no names in group PNR (group seating procedure is described on information pages). At the time names are added to the PNR, agent has to assign specified seat number within previously blocked group space.
- Seat number must be assigned on ticketing date at the latest. Leaving the STNG element may cause irregularity during check-in procedure and will result in a debit memo of **125USD / 125EUR** (per PNR).



4. Debit Memo Policy

- Debit Memo structure:

Parameter	Debit memo
Duplicate Bookings	25USD / 25EUR (per segment per passenger)
Churning	5USD / 5EUR (per segment per passenger)
Un-ticketed/Voiced/Refunded No Show Booking	10USD / 10EUR (per segment per passenger)
Breaking of Married Segment	600USD / 600EUR (per PNR per passenger)
Fictitious Name and Other Speculative Bookings	25USD / 25EUR (per segment per passenger)
Invalid ticket numbers	25USD / 25EUR (per segment per passenger)
Inactive Segments	5USD / 5EUR (per segment per passenger)
Passive Bookings	25USD / 25EUR (per segment per passenger)
Name Changes	25USD / 25EUR (per passenger)
Leaving STNG element in Group PNR	125USD / 125EUR (per PNR)

- The respective noncompliance penalty or fine will be collected through the BSP/ARC airline reporting channels via ADM or an invoice in the case of non-IATA agents. We kindly remind you that in the event of an ADM or invoice for any violation of the LOT "Best Booking Practices", an additional service fee of **15USD / 15EUR** will be imposed on top of the violation fine.
- LOT Polish Airlines will not send any supporting documents along with the debit memo and the travel service provider is expected to approach their GDS' for the complete PNR history.
- Any disputes will have to be done through the channel of receipt within the latency period and through email after the ADM has been billed. No disputes will be taken through telephone.