PURCHASED SERVICES AGREEMENT FOR SCHEDULED AIR SERVICES ON THE ROUTE BETWEEN JOENSUU/ JYVÄSKYLÄ/ KAJAANI/ KEMI/ KOKKOLA AND HELSINKI AIRPORTS WITH

THE FINNISH TRANSPORT AND COMMUNICATIONS AGENCY

AND

xxxx

as the parties

X X 2024

TRAFICOM/xxxxxx/02.03.01/2024

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THE PURCHASED SERVICES AGREEMENT FOR SCHEDULED AIR SERVICES ON THE ROUTE BETWEEN JOENSUU/ JYVÄSKYLÄ/ KAJAANI/ KEMI/ KOKKOLA AND HELSINKI AIRPORTS (the Agreement) has been concluded on X X 202x.

## THE PARTIES

(1) The Finnish Transport and Communications Agency Traficom (Business ID 2924753-3), address PO Box 320, 00059 Traficom (the Buyer); and

(2) The City of xxxx, Business ID xxxxx, Box xxxx (the Buyer for the Option Period); and

(3) xxxx, Business ID xxxxx, Box xxxx (Air Operator)

(1) – (3) together referred to as the Parties and separately as Party.

## BACKGROUND AND PURPOSE

(A) The Finnish Transport and Communications Agency Traficom has imposed a public service obligation pursuant to Article 16 of Regulation (EC) No 1008/2008 of the European Parliament and of the Council on scheduled air services on the Joensuu/Jyväskylä/Kajaani/Kemi/Kokkola-Helsinki routes.

(B) The Buyer has put out to tender the air services on the Joensuu/Jyväskylä/Kajaani/Kemi/Kokkola-Helsinki route with an invitation to tender dated 27.10.2023 (Invitation to Tender).

(C) The Air Operator has responded to the Invitation to Tender by making a Tender offer on service for **xxx**-Helsinki route delivery dated xxth 20x (Tender).

(D) As a result of the tendering procedure, the Buyer has chosen the Air Operator as the responsible provider of the Service.

(E) This Agreement provides for the terms and conditions of cooperation between the Parties, which are applicable to the Buyer’s purchase of the Service from the Air Operator and to the offering of the Service by the Air Operator to the Buyer as specifically agreed by the Parties in this Agreement and its appendices.

## 1 DEFINITIONS

1.1 The definitions applicable to this Agreement have been described in Appendix 1 to the Agreement (Definitions).

## 2 APPENDICES AND ORDER OF PRECEDENCE

2.1 The following appendices shall form an integral part of this Agreement:

Appendix 1 Definitions

Appendix 2 EU and/or UN sanctions

Appendix 3 Operating timetable

Appendix 4 Operating compensation

Appendix 5 Cost and revenue calculation

Appendix 6 Invitation to Tender

Appendix 7 Tender

Appendix 8 Questions and answers in the tender procedure

Appendix 9 The Air Operator’s insurance certificates

2.2 If there is a discrepancy between the content of this Agreement and the content of the appendices, the text of this Agreement shall be decisive. In case discrepancies arise between the appendices, the ascending order of precedence shall be adhered to where the appendix with the lower number takes precedence over the appendix with the higher number (e.g. if there would be a discrepancy between the contents of appendices 1 and 2, the contents of Appendix 1 would take precedence over Appendix 2). If the Buyer has provided the Air Operator with English translation versions of the appendices to the Agreement and there are discrepancies between the language versions, the Finnish-language version shall be decisive. If the Air Operator supplies documents whose original versions are in a language other than Finnish or Swedish, the English versions of those documents shall be decisive.

## 3 GENERAL RIGHTS AND RESPONSIBILITIES OF THE PARTIES

3.1 General

3.1.1 This Agreement provides for the Services with which the Air Operator implements the public service obligation for air services on the **XXX**- Helsinki route. The Air Operator guarantees the availability of the Services under the Agreement for at least the Agreement Period.

3.1.2 Each Party has an obligation to contribute to the implementation of the Services where matters are under the influence or control of the respective Party. Regardless of this, the Air Operator has an obligation under all circumstances and by all reasonable means to contribute to the fulfilment of the Service in accordance with the Agreement in the appropriate content and to attain the objectives agreed upon the Service in the Agreement.

3.2 General responsibilities of the Air Operator

3.2.1 The Air Operator is required to perform the Service as defined in this Agreement and its appendices. The Air Operator carries out the Service as agreed, with due care and in accordance with the professional skills required by the tasks, as well as in a way that fulfils all of the terms and conditions set out in this Agreement and its appendices.

3.2.2 In carrying out the Services, the Air Operator must comply in particular with the requirements regarding aviation safety, employment conditions, occupational health and safety, as well as working hours and rest periods.

3.2.3 The operating period and schedule for scheduled air services are set out in more detail in Appendix 3.

3.2.4 The Air Operator shall be responsible for the procurement of all machines, materials and other equipment necessary for the provision of the Services without any separate compensation unless expressly agreed otherwise in this Agreement. The Air Operator guarantees that it has sufficient staff and other resources to fulfil its obligations under this Agreement.

3.3 General responsibilities of the Buyer

3.3.1 The Buyer is responsible for the payment of the agreed Operating Compensation and for the execution of the agreed tasks of the Buyer under this Agreement.

3.3.2 In addition, the Buyer is responsible for ensuring that the tasks agreed for the Buyer in joint meetings and negotiations or otherwise in writing are fulfilled in accordance with the agreed timetable.

3.3.3 Unless otherwise agreed in writing, the Buyer has no other obligations or responsibilities than those expressly agreed in this Agreement and its appendices.

## 4 SPECIAL RESPONSIBILITIES OF THE AIR OPERATOR

4.1 Number of seats on aircrafts to be used in the operations

4.1.1 The Air Operator shall assign aircraft types suitable to the Services. The aircraft shall have at least 50 passenger seats available per flight. The aircraft shall meet the requirements of the public service obligation.

4.1.1 The Air Operator shall assign aircraft types suitable to the Services. The aircraft shall have at least 50(Joe, Kaj, Kem)/42(Kok)/29(Jyv) passenger seats available per flight. The aircraft shall meet the requirements of the public service obligation.

4.2.1 The Air Operator shall be responsible for planning, marketing and publicity of the operations, as well as the seat reservations and ticket sales. The Air Operator shall efficiently inform the public about the service, particularly its start and any changes made to it.

4.2.2 The Air Operator shall have in use an international reservation and ticketing system and an IATA interline agreement with through-pricing and baggage-handling arrangements for the Agreement Period. Information concerning ticket prices and timetables shall be included in the international reservations and ticketing system.

4.2.3 Ticket sales and ticket prices shall comply with the requirements set out in the public service obligation. A one-way ticket may cost no more than three hundred euros (300) and a two-way ticket no more than four hundred euros (400), including all taxes and fees. Rates for passenger tickets are set out in Appendix 4 of the Agreement.

4.2.4 The tickets for the **XXX** – Helsinki route must be available as follows:

(i) on the internet on at least one site in Finnish and English intended for the sale of flight tickets as added by the Air Operator;

(ii) through the Global Distribution System (GDS).

4.2.5 Each passenger shall be allowed to bring 20 kg of checked baggage and 8 kg of cabin baggage at no extra charge, regardless of the duration of the flight, albeit within the constraints of baggage size limitations as given in the procedures for ground services. Flights must be able to carry special baggage (skis, sports equipment, musical instruments, golf-bags).

4.2.6 The Air Operator undertakes to quote ticket prices in connection with ticket sales as per Article 23 of Regulation (EC) No 1008/2008 of the European Parliament and of the Council. The Air Operator further undertakes to supply to the Buyer any information about ticket sales and prices requested by the European Commission and by other authorities.

4.3 The person responsible for the execution of the service

4.3.1 The person responsible for the execution of the service has been named in Appendix 2.   The Air Operator shall notify the Buyer if the person responsible for the execution of the service is replaced during the Agreement Period.

4.4 Passenger compensation

4.4.1 In the event that the Air Operator cancels a flight or a flight is delayed as provided for in Regulation (EC) No 261/2004 of the European Parliament and of the Council, the Air Operator shall compensate the passengers for damages. The Air Operator shall also ensure that the operations are executed in compliance with Regulation (EC) No 1107/2006 of the European Parliament and of the Council concerning the rights of disabled persons and persons with reduced mobility when travelling by air.

For the avoidance of doubt it is stated that considering flight cancelled according to para 7.3.2 below is not in connection with passenger rights agreed in this paragraph 4.4.1.

4.5 Changes in operations

The Buyer shall not be entitled to demand additional carrying capacity except what is stipulated in para 4.6 below. Either Party shall be entitled to change the operations timetable provided that there is a prior written agreement from the other Party accepting the change and any related changes to Operating Compensation.

4.6 The buyer’s option

4.6.1 In addition, the Buyer reserves the right to negotiate with the Air Operator for increasing the number of flights. The implementation of the option requires the demand for flights to have increased on the route to an extent where number of flights is insufficient. The flights accordant with the option are listed in Appendix 2 to the Invitation to Tender. The optional flights for contract period shall be operated at the service level defined in the schedule appendix. Operating Compensation shall be paid for the service performed according to the option at the same rate as the other services. The Buyer may also limit the use of the option for a shorter period of time, or only purchase a part of the services defined in the option. In case the Buyer requests the Air Operator to operate additional flights, it must inform the Air Operator at least one month prior the start of the operations.

4.6.2 Utilising the Option Period at the same service level as the actual contract period is also possible for 29.3.2026-27.2.2028 (maximum 23 months). The buyer will announce the deployment of the option no later than one month before the start of the new agreement period.

No funding has been reserved for the Option Period as of yet, the funding on the Option Period will be budgeted and decided in 2025. The Option Period flights will be mainly funded by the destination cities/destination city authorities unless decided otherwise by the Government and the Parliament.

## 5 SUBCONTRACTORS

5.1 Air Operator is obliged to regularly ensure that the subcontractors employed are sufficiently experienced and professional, as well as committed to complying with the obligations as specified in this Agreement and its appendices. The Air Operator guarantees to have provided the Buyer with the complete information and reports in accordance with the Act on the Contractor’s Obligations and Liability when Work is Contracted Out (1233/2006) before signing the Agreement. The Air Operator shall be responsible for the obligation to check as laid down in the Act on the Contractor’s Obligations and Liability when Work is Contracted Out in relation to its subcontractors during the Agreement Period.

5.2 The Air Operator is also not entitled to change the subcontractor during the Agreement Period without a prior written consent of the Buyer. The Buyer has no right to refuse consent without a valid reason.

5.3 The Buyer is entitled to refuse its prior consent to the use of a particular subcontractor at a later time if the Buyer, based on a reasonable assessment, considers the claim or exclusion criterion described in the Invitation to Tender to be applicable in relation to that particular subcontractor, by notifying the Air Operator in writing sixty (60) days in advance.

5.4 The Air Operator is obliged to monitor the subcontractor’s actions regularly and is responsible for the subcontractor’s actions as for its own.

## 7 OPERATING COMPENSATION

7.1 Operating compensation and general principles of its payment

7.1.1 The Operating Compensation has been agreed upon in Appendix 4. The Operating Compensation shall only be paid for the actual operating of air services and for those costs incurred at the airports of **XXX** and Helsinki that specifically apply to operations on this particular route. The Operating Compensation shall cover any and all obligations imposed on the Air Operator under this Agreement, and the compensation may only be adjusted in the cases described below in this Agreement.

7.1.2 The Operating Compensation shall include taxes and official fees, such as landing fees, route air navigation service charges, terminal navigation charges, etc., excluding the VAT which will be added to the prices and the amount of which will be determined by the legislation in force at each time. At the time of signing this Agreement, the VAT for passenger transport is ten (10%) per cent. If the amount or assessment basis of official fees imposed by authorities changes as a result of amendments to legislation or changes in taxation, the prices of this Agreement will be changed accordingly.

From the beginning of the year 2025 the *VAT for passenger transport is planned to be fourteen (14%) per cent*.

7.2 Changes in fuel prices

7.2.1 The Operating Compensation includes fuel costs. Appendix 4 specifies which percentage of the operating costs consists of the fuel costs. If the fuel price rises or falls by more than ten (10%) per cent during a reporting month compared to the costs laid down in Appendix 4, the Operating Compensation shall be adjusted in proportion to the share of fuel costs in the Operating Compensation.

7.2.2 If the fuel price rises by more than twenty percent (20%) during the reporting period of the costs listed in Appendix 4, the Buyer has the right to renegotiate the flights for the remainder of the period and to proportion the number of flights to the available funds.

7.3 Paying the Operating Compensation

7.3.1 The Air Operator will invoice its services monthly after the month of service.

7.3.2 The Operating Compensation shall be based on the number of scheduled flights. The Operating Compensation shall be reduced for flights cancelled by the Air Operator and for the, except if the cancellation is due to force majeure or for reasons beyond the control of the Air Operator (e.g. airport or air traffic control restrictions, external security reasons, etc.). For the avoidance of doubt it is agreed that single flight delayed more than **3** hours shall be considered as cancelled flight. The amount invoiced monthly shall be calculated by multiplying the number of one-way flights executed during the month with the unit price of a one-way flight (e.g. 50 flights/2 = 25 rotations \* EUR X.XXX, XX + VAT at 10%/14%).

7.3.3 The Air Operator shall submit the invoice to the Buyer no later than on the 7th working day of the month following the services being invoiced.

7.3.4 The Operating Compensation shall be paid monthly, no later than on the 28th day of the month following the invoicing month.

7.3.5 The Air Operator shall compare the number of actual flights to the number of flights specified in the table in Appendix 3 to the Agreement. If any flights were cancelled (including flight considered cancelled as defined in para 7.3.2 above), the reasons for the cancellation(s) shall be explained to the Buyer. The report explaining the reasons for the cancellation(s) is to be appended to the invoice.

7.3.6 The Air Operator shall submit the traffic monitoring data to the representatives of the Buyer.

7.3.7 Any sanctions shall be deducted from the Operating Compensation in accordance with this Agreement and taken into account in the quarterly estimate for the issuing of a separate credit invoice.

7.3.8 In addition to the Operating Compensation paid by the Buyer, the Air Operator shall be entitled to retain revenue from ticket prices, revenue from products sold on board, cargo fees charged from third parties, advertising revenue and any other revenue gained from executing the Service.

7.3.9 The penalty interest for late payment shall be determined on the basis of the Finnish Interest Act (633/1982, as amended).

7.3.10 The Buyer shall due to a justified reason be entitled to withhold payment of an Operating Compensation instalment which it considers to be subject to a dispute. In such a situation, the Air Operator shall reimburse the invoices relating to the disputed Operating Compensation in so far as they have been disputed, as well as subsequently submit two invoices to the Buyer, one of which concerns the undisputed Operating Compensation and the other for the disputed Operating Compensation. The Buyer must pay the undisputed Operating Compensation (subject to the right of set-off agreed in section 8.3.11) upon receipt of the abovementioned two invoices, and the disputed Operating Compensation will be resolved in negotiations between the Parties in the first place and, if an amicable settlement is not reached in the negotiations, in accordance with the formal dispute settlement procedure agreed in this Agreement.

7.3.11 The Buyer has the right of set-off with respect to the Operating Compensation and other possible debts owed to the Air Operator for all of its own claims against the Air Operator for receivables including any due liquidated damages, discounts and damages.

7.4 Invoicing information

7.4.1 Invoices shall be delivered to the Buyer electronically. The following table contains the invoicing instructions:

|  |  |
| --- | --- |
| E-invoice address / EDI code  | 003729247533 |
| Operator code of OpusCapita Solutions Oy  | **E204503** |
| Business ID of the office | **2924753-3** |
| VAT code | **FI29247533** |

The Traficom invoicing address shall be listed in the address field of the e-invoice:

Finnish Transport and Communications Agency Traficom
Transport System Services
PO Box 96212
 01051 LASKUT

7.4.1.1 Invoices for the Option Period shall be delivered to the Buyer electronically. The following table contains the invoicing instructions:

A) Joensuu - all invoices via electronical system
E-invoice address / EDI code: 003702427462100
Operator code of Ropo Capital: 003714377140
Business ID: 0242746-2
VAT code: FI02427462

B) Jyväskylä - City of Jyväskylä
E-invoice address / EDI code: Jyväskylän kaupunki, konsernihallinto (OVT) 003701746664100
Operator code of CGI: 003703575029
Business ID: 0174666-4
VAT code: FI01746664

C) Kajaani - City of Kajaani
E-invoice address / EDI code: 003702149589
Operator code of Telia Finland Oyj: 003703575029
Business ID: 0214958-9
VAT code: FI02149589

D) 1. Kemi - City of Kemi
Operator: OP-POHJOLA -group
E-invoice address: FI7451310020000569
Operator code of OP-Pohjola Group: OKOYFIHH
Business ID: Kemi 0210427-6
VAT code: Kemi F0210427-6

2. Tornio - City of Tornio
E-invoice address / EDI code: 00370193524600001
Operator code of CGI Suomi Oy: 003703575029
Business ID: 193524-6
VAT code: FI1935246

4.2 Reference details of the invoice:

• Title of procurement: Purchased Services Agreement for scheduled air services on the route between **XXX** and Helsinki airports for the period 29.4.2024-28.3.2026.

• Agreement number: TRAFICOM/526562/02.03.01/2023

7.4.3 The Operating Compensation shall be paid into the Air Operator’s bank account:

• The bank details of the Air Operator:

Bank: xxxx BIC: xxxxx VAT: xxxxx

7.5 Adjusting, reducing and withholding the Operating Compensation

7.5.1 The Operating Compensation shall be paid in full only if the Services are executed according to the present Agreement. The net unit price of a flight from which VAT has been deducted shall be used as the basis for calculating the Operating Compensation and sanctions.

7.6 Acknowledging the effects of the crisis restrictions and COVID-19 pandemic in the price of the Purchased Services Agreement

7.6.1 If the traffic by the Air Operator between Helsinki and another domestic airport is prevented due to a competent authority limiting the mobility of people between regions either nationally or locally, for example based on the Emergency Powers Act (1552/2011), or recommends decreasing traffic between regions, the Buyer commits to the full payment of the price defined in this Purchased Services Agreement to the Air Operator for 15 days from the time when the Buyer notifies the Air Operator in writing about the limitation in force and the Buyer’s demand to stop air traffic either immediately or within 15 days of the notification. After 15 days, the Buyer shall pay the Air Operator 40% of the compensation agreed on in the Agreement for 40 days. After this (55 days after the notification), the Buyer shall pay 30% of the price according to the Purchased Services Agreement to the Air Operator until the end of the contract period or as long as the air traffic is interrupted.

7.6.2 if the traffic by the Air Operator between Helsinki and another domestic airport is prevented due to a restriction due to the Crisis (for example: resulting in rapid rise in fuel price, prolonged GNSS interference or the effect of all mentioned above to the sufficiency of the funds) the Buyer commits to pay 40% of the price defined in this Purchased Services Agreement to the Air Operator for 40 days from the time when the Buyer notifies the Air Operator in writing about the limitation (in force) and the Buyer’s request to reduce traffic volumes or demand stop air traffic within 15 days of the notification. After 55 days, the Buyer shall pay the Air Operator 30% of the compensation agreed on in the Agreement for 30 days. After this (85 days after the notification), the Buyer shall inform the Air Operator, weather the traffic according to the Purchased Services Agreement will be continued, continued with reduced traffic volume or permanently terminated.

## 8 QUALITY, CONTROL AND MONITORING OF PURCHASED SERVICES

8.1 General

8.1.1 The Buyer shall monitor the reliability of the Services using official passenger statistics obtained from Finavia plc, other reliable passenger statistics, traffic reports from the Air Operator and data on the accuracy of the Service.

8.2 On-time Services and their accuracy

8.2.1 The accuracy of the Service has a special significance for the Buyer. Timetables shall be adhered to in operating the Service.

8.2.2 The on-time percentage is calculated as the ratio of departures according to the schedule and delayed flights. The on-time percentage shall be at least 85%, which means that no more than 15% of the flights may be delayed by 15 minutes or more in any given month. The on-time percentage shall be calculated from the departure times of each flight from **XXX** or Helsinki as logged into the Air Operator’s Flight Order & Journey Log in accordance with the IATA Delay Code System.

8.2.3 The orderliness of the Services must be at least 97% of all scheduled flights, which means that only 3% of the flights may be cancelled. The orderliness is reported and monitored.

8.2.4 In the event that equipment is broken, the Air Operator must be able to supply the route with operating equipment corresponding to the size and quality of those laid down in section 4.1.1 within twenty-four (24) hours from the moment the equipment was broken. The Air Operator is responsible for any additional costs accrued by the use of the replaced equipment. A breakage in the equipment is not an acceptable reason for not reaching the requirements for orderliness as defined in section 8.2.3.

8.3 Sanctions

8.3.1 If the on-time requirements specified in section 8.2 are not met, a sum equivalent to fifty (50%) per cent of the flight unit price shall be deducted for every instance of delay beyond the on-time percentage goal. If the regularity is below 80 % for two (2) consecutive calendar months, the Buyer has the right to cancel the Agreement according to paragraph 14.3.1 clause 6.

8.3.2 The Operating Compensation shall not be reduced if the scheduled Services were interrupted or the departure was delayed due to force majeure or for reasons not due to the Air Operator, such as weather conditions, airport or air traffic control restrictions or industrial action, security reasons or for the purpose of securing passenger connections.

8.4 Reporting

8.4.1 The Air Operator shall maintain passenger and route statistics for each route in the form requested by the Buyer and provide the Buyer with economic and operational information related to the Service’s operations on a monthly basis. In addition to this, the Air Operator must report to the Buyer on the on-time percentage and the revenue from the ticket sales.

8.4.2 The report must contain at least the following information:

• The time period represented in the report;

• A written summary of the amount of passengers per flight;

• A written summary of cancelled flights;

• An itemised list of flights executed with aircraft which do not comply with this Agreement;

• A written summary of the flights on which reserve equipment was required;

• Revenue from sold tickets in EUR by airport (itemised by ticket type and so that the sales of the most expensive ticket category may be compared to sales of the less expensive categories);

• The unit price for the flights/rotations flown;

• The number of delayed flights/rotations;

• The on-time percentage of the flights/rotations flown;

• The number of cancelled flights/rotations;

• The amount of any sanctions accrued during the reporting period;

• The amount of fuel costs (%) of total cost;

• Any other information that the Buyer should, to a reasonable extent, be made aware of in relation to the Service.

The reports shall be submitted to the Buyer no later than ten (10) days after the end of each month of operations.

8.5 Studies

8.5.1 The Buyer may, at its own expense, conduct studies regarding the Service and the level of service. The Air Operator’s employees shall assist in conducting such studies to a reasonable extent and shall supply the required information. No separate compensation shall be payable for the Air Operator’s obligation to assist.

## 9 SUPERVISION AND MONITORING

9.1.1 The Buyer is entitled at any time during the Agreement Period to audit the conformity to the contractual provisions of the Services itself or have the conformity audited by an auditor of its choice by notifying the Air Operator of the audit in writing at least fourteen (14) days in advance.

9.1.2 In particular, the Buyer has the right to inspect the documentation concerning the revenue from the purchased Services, to view data retained about them in databases and to make copies and extracts thereof. The Buyer also has the right to inspect the Air Operator’s aircraft.

9.1.3 As part of the audit, the Air Operator shall submit an itemisation calculation and an auditor’s report for the Agreement Period concerning the Services for the purpose of assessing whether the Operating Compensation is reasonable. For special reasons, the Buyer may request that an extraordinary audit of the Air Operator’s operations and accounting be conducted at the Buyer’s expense.

9.1.4 The Air Operator undertakes to assist the Buyer or a third-party auditor in such inspections and to submit any necessary documentation.

9.1.5 The compensation paid may not exceed the amount required to cover the net costs incurred in discharging each public service obligation, taking into account the revenue gained therefrom by the Air Operator and a reasonable profit (Regulation (EC) No 1008/2008, Article 17(8)), as well as the Operating Compensation presented by the Supplier in its offer. Reasonable profit shall not exceed **6,5%** on annual basis after allocating all direct and indirect costs including Tenderer’s overhead in proportion to the route.  Evaluation of the profitability will be made on an annual basis. The reasonability of the Operating Compensation paid is assessed by the Parties.

9.1.6 The Air Operator shall submit its annual financial statements to the Buyer within two (2) months of them being confirmed.

## 10 DATA SECURITY AND DATA PROTECTION

10.1 The Air Operator undertakes to comply with the valid data protection legislation applicable to its operations. The operator acts as the controller of the processed personal data.

## 11 LIABILITY

11.1 Both the Buyer and the Air Operator have the right to receive compensation for damage caused by the other Party.

11.2 Either Party is entitled to compensation for damage only in so far as the amount of the damage exceeds the amount of the possible sanction or liquidated damages paid for the breach.

## 12 COLLATERAL SECURITIES

12.1 In order to provide collateral security for any breach of obligations or responsibilities arising from the contractual relationship, the Air Operator is obliged to set a bank guarantee in favour of the Buyer as for its own debt amounting to at least EUR fifty thousand (50,000). The bank guarantee must be set prior to the execution of the Agreement.

12.2 The collateral security must be valid throughout the Agreement Period and at least three (3) months after the Agreement is terminated.

## 13 INSURANCE

13.1 Prior to the start of the delivery of the Services, the Air Operator is obliged to obtain a statutory insurance coverage as stipulated in Regulation (EC) No 785/2004 on insurance requirements for air carriers and aircraft operators. The insurance must be one that is sufficient in terms of the Services and when it comes to the responsibilities agreed upon in the Agreement. As required by the Invitation to Tender, the Air Operator shall ensure that the insurance covers every flight, the insurance is valid during the whole Agreement Period, and the insurance agreements cannot be terminated during the Agreement Period.

13.2 The Air Operator’s insurance certificates in force at the time when this Agreement comes into force are set out in Appendix 9 of this Agreement. During the Agreement Period, the Air Operator is required to provide the Buyer with valid insurance certificates upon the latter’s written request.

13.3 The insurance must be valid throughout the Agreement Period and at least three (3) months after the Agreement is terminated.

## 14 VALIDITY AND TERMINATION OF THE AGREEMENT

14.1 Validity

14.2 This Agreement shall enter into force when it is signed by the Parties. The Agreement shall be valid for a fixed period and it shall be terminated on 28.3.2026 (Agreement Period). The Air Operator shall be obliged to deliver the Services from 29.4.2024-28.3.2026.
Notwithstanding the termination of the Agreement, the Parties undertake to estimate the amount of Operating Compensation for the final month immediately and the Buyer undertakes to pay the Operating Compensation for the final month as estimated.

14.3 The Buyer’s right to cancel the Agreement

14.3.1 The Buyer shall be entitled to cancel the Agreement with immediate effect if:

1.  The Air Operator loses its air operator certificate or operating licence; or

2.  A motion of bankruptcy, composition, debt restructuring or administration proceedings is filed against the Air Operator; or

3.  The Air Operator is placed in liquidation; or

4.  The Air Operator has been convicted by a final court decision of a not-insignificant offence related to transport operations; or

5.  The Air Operator has neglected the payment of taxes and statutory social security and insurance contributions to a not-insignificant amount; or

6.  The Air Operator repeatedly neglects the quality of the Service or is otherwise in material breach of the Agreement and does not rectify such breach immediately after being notified thereof in writing or such negligence is repeated by the Air Operator. Not meeting the on-time requirements of the requirements for the operations as stipulated in section 9 for two (2) consecutive calendar months or three (3) individual calendar months during any time period of six (6) consecutive calendar months shall especially constitute repeated negligence; or

7.  The Air Operator fails to submit the reports specified in section 9 to the Buyer; or

8.  The performance of the Service has been interrupted for at least two (2) months due to force majeure; or

9.  The cancellation of the Agreement is required by an order issued by public authorities.

14.4 The Air Operator’s right to cancel the Agreement

14.4.1 The Air Operator shall be entitled to cancel the Agreement with immediate effect if the Buyer neglects its payment obligation as specified above or otherwise commits a major breach of the Agreement and does not rectify such breach within fourteen (14) days upon being notified thereof by the Air Operator.

14.5 Liquidated damages for the premature cancellation of the Agreement

14.5.1 If the Buyer cancels this Agreement in accordance with section 14.3 (excluding the right of withdrawal stipulated in subsections 8 and 9 of section 14.3.1) or if the Air Operator ceases the execution of the Service during the Agreement Period for any other reason, the Air Operator shall pay liquidated damages of EUR fifty thousand (50,000) to the Buyer without the need for the latter to show that the breach resulted in damage. The aforementioned liquidated damages is not the sole remedy of the Buyer in the event of a breach of contract. In addition to the liquidated damages, the Buyer shall be entitled to receive compensation for damage caused by the Air Operator.

## 15 FORCE MAJEURE

15.1 Neither Party is liable for delays or damage that arise due to reasons beyond the control of the Party, which the Parties could not reasonably be expected to have taken into account when concluding the Agreement and the consequences of which either Party could not reasonably have avoided or overcome. At the time of signing the Agreement, both parties are aware of the COVID-19 pandemic and its effects on flight traffic in the form of decreased numbers of passengers, for example.

15.2 Force majeure is considered to be war, mobilisation, rebellion, prohibition executed by public authorities (which is not due to the activities of a Party), extraordinary natural events or other force majeure comparable in impact and beyond the control of the Parties. A strike, lockout, boycott or other industrial action is considered to be force majeure also when a Party itself is subject or a party to it. For avoidance of doubt, it is stated that strike, lockout, boycott or other industrial action does not release Air Operator form compensation to passengers according to regulation (EC) No 261/2004.

15.3 A force majeure of a Party’s subcontractor is considered a force majeure of the Party in question only if the performance subject to subcontracting cannot without significant delay or excessive costs be performed or procured elsewhere.

15.4 The Parties shall immediately notify the other Party in writing of any force majeure. The Parties shall also immediately notify the other Party in writing of the cessation of force majeure.

## 16 APPLICABLE LAW AND DISPUTES

16.1 This Agreement shall be governed by the EU air traffic regulation and the laws of Finland without giving effect to its choice of law provisions and principles.

16.2 In case of any disputes arising from the interpretation of this Agreement and its appendices, the disputes shall primarily be resolved through negotiations between the Parties. If the Parties cannot reach a settlement by negotiation, the disputes under this Agreement shall be submitted to the Helsinki District Court.

## 17 OTHER PROVISIONS

17.1 A Party does not lose the right to invoke the other Party’s breach of the Agreement, the correct way of implementing the Agreement or the legal effects of the Agreement if the Party does not waive the right in writing. The Party’s possible waiver only concerns the specified breach of contract or other matters waived in the notification in question and does not prevent the Party from claiming the fulfilment of the Agreement in all other respects.

17.2 If any of the terms of the Agreement are considered null and void or unenforceable, it does not affect the validity or enforceability of the other terms of the Agreement, and the Parties shall strive to negotiate about the replacement of the null and void or unenforceable term in good cooperation, so that the original purpose of the Agreement is fulfilled as accurately as possible. If the Parties cannot agree on the replacement of the term, it does not affect the validity or enforceability of the other terms of the Agreement.

17.3 Both Parties bear their own damage if a Court orders an inefficiency sanction or a shortened agreement period regarding the Agreement.

17.4 Neither Party is entitled to transfer the Agreement or obligations under the Agreement to a third party in whole or in part without the prior written approval by the other Party.

17.5 This Agreement together with its appendices represents the entire agreement between the Parties relating to the subject matter hereof.

17.6 All amendments and additions to this Agreement have to be made in writing and enter into force when both Parties have accepted them.

17.7 The termination, expiration or cancellation of the Agreement, regardless of the basis, does not nullify such terms of the Agreement which by their nature are intended to remain in force regardless of the basis for the termination, expiration or cancellation of the Agreement.

17.8 All notifications regarding the Agreement and its appendices shall be made in writing and be sent by e-mail to the address of the receiving Party mentioned below or to another address given in writing by the receiving Party. A Party has the right to change the contact person by notifying the other Party about this in writing.

Buyer 1 - Traficom

Xxxxx

Buyer 2 - Region, City

xxxxx

Air Operator

xxxxx

## 18 SIGNATURES

18.1 This Agreement is made in two (2) identical copies, one for each party.

THE FINNISH TRANSPORT AND COMMUNICATIONS AGENCY

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Xxxx xxxxx, Director General/Deputy Director-General

THE City/Region

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Xxxx xxxxx/ xxx/

The Air Operator

xxxxx

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Xxxx, CEO

## APPENDIX 1 DEFINITIONS

*Subcontracting*

In this Agreement, Subcontracting refers to air transport service procured by the Air Operator from another air operator entitled to provide Air Operations through a Leasing arrangement or similar arrangement. In this context, Subcontracting does not refer to the procurement of ground handling and passenger services at airports, for example.

*Operating Compensation*

Means the compensation paid by the Buyer to the Air Operator for executing the public service obligation on the Joensuu/Jyväskylä/Kajaani/Kemi/Kokkola-Helsinki route, which pursuant to Article 17 of the regulation No 1008/2008 secures the amount required to cover the net costs and a reasonable profit for the service provider.

*Air Operator*

Defined in section “The Parties” of the Agreement.

*Party/Parties*

Defined in section “The Parties” of the Agreement.

Means all materials and information received from the other Party that has been marked confidential or is to be understood as confidential regardless of whether the information is given orally, in writing, electronically or in other forms. A Party’s technical, economic and commercial information, which the other Party has received in activities related to the Agreement, is without restrictions Confidential Information.

*Agreement Period*

Defined in section 14.2 of the Agreement.

*Tender*

Defined in subsection (C) of section ‘Background and Purpose’ of the Agreement.

*Invitation to Tender*

Defined in subsection (B) of section ‘Background and Purpose’ of the Agreement.

*Data Protection Regulation*

means the EU’s General Data Protection Regulation (EC 2016/679) and all other obligations in data

protection acts/regulations possibly applicable to the Buyer’s operations, including those of the

European Union, as well as guidelines and regulations given by data protection authorities

applicable at a given time.