

## CONTRACT NO. 02/17/132

**State Joint Stock Company “Latvijas gaisa satiksme”** (LGS), VAT No. LV40003038621, with the place of business at Muzeju street 3, Airport “Riga”, Marupe Municipality, LV 1053, Latvia, hereinafter referred to as the “**Customer**”, represented by Chairman of the Board Dāvids Tauriņš and Member of the Board Elmārs Švēde, from one side, and

**FREQUENTIS AG**, VAT No. ATU14715600 with the place of business at Innovationsstrasse 1, 1100 Vienna, Austria, hereinafter referred to as the “**Supplier**”, represented by Senior Business Development Manager Jan-Patrik KURMIS, from another side,

**Whereas** "DIVOS 3" system records information from the air traffic controllers jobs screens and so far it shows very good results and

**Whereas** now it has become necessary to record information from the additional air traffic controllers jobs screens to enhance the quality of investigations of incidents

The Customer and the Supplier hereinafter individually referred to as “the Party” and collectively referred to as “**the Parties**”.

NOW THEREFORE the Parties agree as follows:

### **1. SCOPE OF THE CONTRACT**

1.1. Within the provisions and time schedule stipulated in the present Contract the Supplier undertakes to perform DIVOS 3 system expansion, hereinafter - Service, according to the rules of the Contract, Annex No.1 “THE REQUIREMENTS FOR PROPOSAL For VOICE/SCREEN RECORDING AND REPLAY SYSTEM (DIVOS 3 log) EXPANSION” and Annex No.2 “FINANCIAL PROPOSAL”, which are integral parts of this Contract.

1.2. Service includes:

- 1.2.1. Delivery of hardware;
- 1.2.2. Delivery of software;
- 1.2.3. Fulfilment of installation of hardware and software;
- 1.2.4. Fulfilment of System adaptation to LGS environment;
- 1.2.5. Fulfilment of System integration and extension of “DIVOS 3 log” system;
- 1.2.6. Delivery of documentation;
- 1.2.7. Fulfilment of site acceptance testing;

1.2.8. Providing of the set of the documents required for Certification (DSU, source data for Safety Case, etc.) in Latvian CAA;

1.2.9. Providing warranty.

1.3. The Supplier undertakes to fulfill the Service in a mutually agreed time plan during project kick off but SAT shall be completed latest by December 25<sup>th</sup> 2017, when Contract is entering into effect.

1.4. Date of performance of the contract is the date, when the Supplier delivered the goods and fulfilled all Service what is confirmed with Site Acceptance Test in Riga and Liepaja signed to both Parties.

## **2. RIGHTS AND OBLIGATIONS OF THE CONTRACTING PARTIES**

2.1. The Supplier's obligations are defined in Annex No.1.

2.2. Fulfil of Service should not disturb the Customer's daily work.

2.3. The main obligation of the Customer is to perform payment in accordance with paragraph 3 - Price and Payments.

## **3. PRICE AND PAYMENTS**

3.1. In accordance with Annex No.2, the Total Contract Price is **EUR 179 999,00** (one hundred seventy nine thousands nine hundred ninety nine *euro*, 00 cents).

3.2. The Contract price has been calculated and is expressed without value added tax, turnover tax, and any taxes, levies, duties, and fees payable outside the Supplier's country. Value added tax shall be paid by the Customer in accordance with the applicable EU legislation. Any fees and charges for customs procedures in Latvia are the responsibility of the Customer.

3.3. The Customer shall pay Contract Price to the Supplier as follows:

3.3.1. advance payment 20% (twenty percent) from total amount of the Contract in amount of **EUR 35 999,80** (thirty five thousands nine hundred ninety nine *euro*, 80 cents) shall be paid within 30 (thirty) calendar days after this contract has been signed by both parties and invoice is received;

3.3.2. second payment 50% (fifty percent) from total amount of the Contract in amount of **EUR 89 999,50** (eighty nine thousands nine hundred ninety nine *euro*, 50 cents) shall be paid pro rata within 30 (thirty) calendar days counting from the day on which the Contract equipment has been delivered to the Customs warehouse in Riga International Airport and the invoice was received by the Buyer.

3.3.3. third payment 30% (thirty percent) from total amount of the Contract in amount of **EUR 53 999,70** (fifty three thousands nine hundred ninety nine *euro*, 70 cents) shall be paid pro

rata within 30 (thirty) calendar days counting from the day a SAT Certificate has been signed by both parties, and invoice is received.

3.4. All payments shall be made in EURO on the Supplier's Bank account.

3.5. If the Customer fails to fulfil his obligations in proper way and within the agreed time schedule starting from the next day after the agreed day of payment the Customer shall pay the penalty fee 0,2 % (zero point two percent) of the outstanding amount per each day of delay. The penalties for delay in aggregate shall not exceed 10% (ten percent) of the delayed payment. Payment of penalty fee shall be in full compensation of any claim from the Supplier with respect to Customer's liability for delay and shall be exclusive of any other kind of damages of whatsoever nature.

3.6. If the Supplier fails to fulfil his obligations in proper way and within rules of the Contract and Annexes, the Supplier shall pay the penalty fee 0,2 % (zero point two percent) of the Contract price per each day of delay. The penalties shall not exceed 10 % (ten percent) of the Contract price.

3.7. The Parties agree that the invoice for any contractual payments could be made electronically as a scan from original invoice and would be sent as the standard mail to the e-mail address: lgs@lgs.lv. The original invoice would be sent by post service to the Customer.

#### **4. DELIVERY**

4.1. The Supplier undertakes to deliver and install corresponding goods to deploy and to perform DIVOS 3 system expansion in accordance with Contract Terms and Conditions of all Annexes.

4.2. The delivery and transfer of ownership shall be according to DAP (INCOTERMS 2010). The Supplier covers delivery costs and they include insurance from place of dispatch to the place of destination, transportation (air freight) and other duties in accordance to the DAP rules.

4.3. All risks of accidental losses pass to the Customer as soon as goods are delivered to the place of destination.

4.4. The Supplier shall inform the Customer of the anticipated goods delivery date by e-mail at least 3 (three) working days before the dispatch. The delivery date is the day when the equipment is received on the place of business at Muzeju street 3, Airport "Riga", Marupe Municipality, LV - 1053, Latvia.

4.5. The Customer will upon delivery check the goods and sign a receipt document confirming that goods are checked and accepted, or noted any defects or damage. This document needs to be signed and returned to the Supplier the same day as the goods have been checked and no later than 2 (two) days after delivery to delivery address.

#### **4a. LIMITATION OF LIABILITY**

The Supplier shall incur full liability for losses directly caused to the Customer and third persons in the course of performance or non-performance of its duties and obligations under this Contract always provided that the aggregate amount of all damages payable by Supplier to the Customer

shall not exceed a total amount of 100 % (one hundred per cent) of contractual price, except in case of gross negligence or wilful act of Supplier, its personnel, subcontractors and/or representatives or where imposed by law.

## **5. SITE ACCEPTANCE TESTS**

Rules of Site acceptance tests are defined in Annex No.1.

## **6. INSTALLATION AND START-UP**

The Supplier of the systems take full responsibility for the delivered systems installation, configuration, integration with LGS the existing system according to Annex No. 1.

## **7. WARRANTIES**

7.1. The warranty period is 24 months starting upon successful Site Acceptance Test. When a delay of the Site Acceptance Test occurs for reason not caused by Supplier, the warranty period shall start 2 (two) months after delivery, if such point in time is later than actual date of Site Acceptance Test. The warranty period for Wear and Tear Parts will in no case exceed 6 (six) months after shipment, irrespective of the warranty period for the System hardware.

7.2. The Supplier shall provide hardware warranty with next business day reaction time from the Vendor side in case of problems.

7.3. For repairs performed and parts replaced the Supplier shall warrant to the same extent as for the original goods.

The Supplier shall organize the warranty repair and be responsible for delivery of the repaired unit to the Customer (DAP Muzeju street 3, Airport "Riga", Marupe Municipality, LV - 1053, Latvia, LGS) within 30 (thirty) days from the day the faulty unit is received. All shipping and insurance costs shall be borne by the Supplier.

7.4. All parts shall be delivered in separate cardboard packages to avoid damage.

## **8. OWNERSHIP**

8.1. All rights transferred to the Customer are included in the Total Contract Price. Ownership of all deliverables shall remain with the Supplier until the total purchase price is paid in full.

8.2. The Supplier guaranties that the products do not infringe any patent rights trade marks or other legally protected rights.

8.3. The Supplier undertakes at his own expense to defend the Customer and hold the Customer harmless if claims are made or legal proceedings are instituted against the Customer in case of infringements.

## **9a. INTELLECTUAL PROPERTY RIGHTS, COPYRIGHTS**

9a.1. The intellectual property rights in all Documentation and software supplied to the Customer shall remain the property of Supplier or its licensor. Supplier shall grant the Customer a non-exclusive non-transferable licence to use the Documentation and the software for the purpose of this Contract and for no other purpose. Customer shall not reproduce the Software. The use of third party software or Open Source Software is subject to the terms and conditions of the respective license agreements.

9a.2. With regard to any Documentation and software such as referred to in Article 9a.1, Customer undertakes not to disclose or make available any part or parts thereof to any third party without prior written consent of Supplier.

9a.3. The copyright in all documents, drawings and information supplied to Customer in connection with this Contract shall remain vested in Supplier or its suppliers. Such documents, drawings and information shall not be copied, disclosed or used (except for the purpose for which they were supplied) without the written consent of Supplier or its suppliers, which shall not be unreasonably withheld.

## **9. ORDER TO ENSURE SAFETY AND QUALITY REQUIREMENTS IN PUBLIC PROCUREMENT**

9.1. Supplier shall ensure setting up an occurrence reporting system and delivery of reports to the Customer about the provided services.

9.2. The Supplier shall ensure a full investigation of all occurrences and submission of the final report to the Customer.

9.3. Upon request of the Customer, the Supplier shall allow possible audit on the safety and quality of the provided services in compliance with the applicable EU regulations for interoperability standards. Cost of such audit is not included in the scope of this agreement and would need to be mutually agreed.

## **10. FORCE MAJEURE**

10.1. The Supplier is relieved of the responsibility for failure to fulfil fully or partially his obligations in case of force majeure such as fire, flood, earthquake, strike, war, mobilization or unforeseen military call-up of comparable magnitude, requisition, confiscation, revolt or riot, general reductions in power supplies, sabotage, epidemics, quarantine restrictions, freight embargoes and any event beyond the Supplier's control such as any governmental decision, any refusal, cancellation or non-renewal of any export license or permit from government or other authority required for the sale of all or part of the Products or the purchase of the components /parts/ materials required for their manufacture.

10.2. In case of occurrence of any force majeure event, the Supplier must notify in written form the Customer of the beginning and ending of such circumstance.

10.3. Such notice shall be given not later than 15 days after the occurrence of the force majeure event.

10.4. The Parties shall decide upon a new delivery plan that shall not be extended more than is due to the force majeure cause, also provided that The Supplier makes its best effort to minimize the delay and the effects of that delay.

10.5. The certificates issued by the relevant authority or office of the Supplier's or his subcontractor's country, respectively, must be regarded as a sufficient evidence of the presence of such circumstances and their duration.

10.6. If these circumstances continue over a period of more than 1(one) months, each of the parties has the right to refuse further fulfillment of his obligation against this Agreement and in this case neither of the parties is entitled to demand from the other party compensation for possible losses.

## **11. ALTERATIONS AND ADDITIONS**

11.1. All changes and additions affecting the technical and functional contents of the Contract, or defined costs, responsibilities and other assumptions and conditions, will always be specified by written agreements between the Customer and the Supplier.

11.2. Contracting parties can organize meetings in place agreed by Parties for discussing all changes, additions or other questions concerning technical and functional contents.

11.3. Both the Customer and the Supplier will have the right to request changes to the Contract and Contractual agreements and obligations. All such requests shall be in writing.

## **12. COMMENCEMENT AND TERMINATION**

12.1. This Contract is entering into effect after signing of the Contract by both Parties.

12.2. This Contract shall be terminated as both parties have fulfilled their obligations under the present Contract and Annex No.1.

12.3. This supersedes all other agreements, oral or written, heretofore made with respect to the subject hereof and the transactions contemplated hereby and contain the entire contract of the Parties with respect to the subject matter hereof.

12.4. If providing of Service has been delayed by more than 1 (one) month, the Customer has the right to unilaterally withdraw from this Contract.

## **13. ARBITRATION**

13.1. Any dispute arising in the execution or performance of the present Contract shall be settled through amicable consultations between both Parties.

13.2. If the parties will not come to such an agreement about solution of disputes or differences during 30 (thirty) working days in the way of discourse, any dispute, differences or claim what is

consequent to this Agreement, affect it or that contravention, finishing, translation or validity and/or invalidity dispute, including any question regarding its existence, validity or termination, shall be referred to Latvian Court according to Latvian legislation.

#### **14. GOVERNING LAW**

This Contract as well as the questions arising out of or in connection with the present Contract are governed and constructed in accordance with the laws of Republic of Latvia. In case of contradictions between the rules of INCOTERMS 2010 and laws of Latvian Republic, the INCOTERMS 2010 will prevail.

#### **15. MISCELLANEOUS PROVISIONS**

Either Party may terminate this Contract upon written notice if the other party seriously breaches any of its terms or provisions. Termination for a serious breach shall be without prejudice to the terminating party's other rights and recourses.

#### **16. CONFIDENTIALITY**

Both Parties agree to keep in the confidentiality any confidential information received from each other in the process of fulfilment of the Contract. This Article remains in force after termination of the Contract.

#### **17. CONTACT PERSON**

17.1. For the purpose of this Contract, the Customer's contact for contractual matters and for signing all kinds of the acceptance certificates will be Mr. Igors Nēmahovs (e-mail: [igors.nemahovs@lgs.lv](mailto:igors.nemahovs@lgs.lv), mob. phone +371 29168109, phone +371 67300710) or Mr. Vladimirs Pankraškins (e-mail: [vladimirs.pankraskins@lgs.lv](mailto:vladimirs.pankraskins@lgs.lv), phone +371 67300711).

17.2. For the purpose of this Contract, the Supplier's contact for contractual matters and for signing all kinds of the acceptance certificates will be Senior Business Development Manager Jan – Patrik KURMIS (e-mail: [Jan-Patrik.KURMIS@frequentis.com](mailto:Jan-Patrik.KURMIS@frequentis.com), phone +43 (1) 81150 1446).

#### **18. SIGNING**

This Contract is produced as original copies in the English (2 original) language. Each Party has one copy. Each contract consists of 7 (seven) pages, Annex No.1 consists of 27 (twenty seven) pages and Annex No.2 consists of 1 (one) page.

Signing for and behalf of:

**THE SUPPLIER**

**FREQUENTIS AG**

**VAT Registration No** 09 140/3147

**Address:** Innovationsstrasse 1,  
1100 Vienna, Austria

**Bank name:** : Erste Bank der  
Österreichischen Sparkassen AG

**SWIFT Code:** GIBAATWW

**Account No.** AT402011100007103239

*(signature)*

\_\_\_\_\_  
Name: Jan – Patrik KURMIS

Title: Senior Business Development Manager

Date: 14/08/2017

Place: Vienna, Austria

**THE CUSTOMER**

**SJSC Latvijas gaisa satiksme**

**VAT Registration No** LV40003038621

**Address:** Muzeju street 3, Airport “Riga”,  
Marupe Municipality, LV-1053, Latvia

**Bank name:** AS „SEB Banka”

**SWIFT Code:** UNLALV2X

**Account No.** LV20UNLA0003029070855

*(signature)*

\_\_\_\_\_  
Name: Dāvids Tauriņš

Title: Chairman of the Board

*(signature)*

\_\_\_\_\_  
Name: Elmārs Švede

Title: Member of the Board

Date: 22/08/2017

Place: Marupe Municipality, Latvia