

**C O N T R A C T No 02/17/198**  
**for A-SMGCS System Update**

The present Contract is signed by and between

**State Joint Stock Company “Latvijas gaisa satiksme” (LGS)**, VAT No. LV40003038621, with the place of business in Muzeju iela 3, Lidosta “Rīga”, Mārupes municipality, LV-1053, Latvia, hereinafter referred to as **the Customer or LGS**, represented by Chairman of the Board Dāvids Tauriņš and Member of the Board Elmārs Švēde, from one side, and **Norwegian Company “Indra Navia AS”**, ORG No.: NO 914 785 200 MVA, with the place of business in Hagaløkkveien 26, N – 1383 Asker, Norway, hereinafter referred to as **the Supplier**, represented by Managing Director Eldar Hauge, from another side,

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

Whereas the Customer desires to upgrade and modernize A – SMGCS NOVA 9000 system (hereinafter referred to as **the System**) and whereas the Supplier has a long and distinguished history in upgrading and modernization in such systems,

NOW THEREFORE the parties agree as follows:

**1. SCOPE OF THE CONTRACT**

- 1.1. Within the provisions and time schedule stated out in the present Contract and its Annexes, who are integral part of this Contract, the Supplier undertakes to perform the upgrade and extension of the System.
- 1.2. For the update of the System the Supplier undertakes to:
  - 1.2.1. Deliver hardware (if necessary)
  - 1.2.2. deliver software;
  - 1.2.3. perform installation of software;
  - 1.2.4. perform System adaptation to LGS environment;
  - 1.2.5. perform System integration with other LGS systems (if necessary);
  - 1.2.6. deliver documentation;
  - 1.2.7. provide factory training;
  - 1.2.8. perform factory acceptance testing;
  - 1.2.9. perform site acceptance testing;
  - 1.2.10. provide the set of the documents required for Certification (DSU, source data for Safety Case, etc.) in Latvian CAA;
  - 1.2.11. provide warranty.
- 1.3. The Supplier shall be deemed to comply with this Contractual obligation hereunder insofar in accordance with the agreed Technical Requirements and Specifications (Annex No 1) and Technical Proposal (Annex No 2).
- 1.4. The Supplier shall carry out installation and other work in accordance with the regulations in the Republic of Latvia. The System shall conform to the Latvian law and Latvian regulations.
- 1.5. The Supplier shall conduct and perform acceptance testing in accordance with this Contract and requirements of the Latvian Civil Aviation Agency.

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

- 2.1. The Supplier's obligations are listed in this Contract's Clause 1.2.
- 2.2. The Customer's obligations according to this Contract consist of rendering payment in accordance with the Payment Schedule (Annex 4).

## **3. PRICE AND PAYMENTS**

- 3.1. The **total Contract Price** is EUR **1,198,210.00** (one million one hundred ninety-eight thousand two hundred ten euros), exclusive of VAT).
- 3.2. The Contract price includes agreed hardware, software, functionalities and all services as specified in this Contract and its Annexes (referred to as Contract Works). The Supplier agrees to supply the hardware insofar required for the implementation of the agreed functionalities. The agreed functionalities shall be delivered within respective Milestones. The detailed Price Breakdown is shown in Annex 5.
- 3.3. All Contract prices specified here and in the Annexes, is CIP Airport "RIGA" in accordance with Incoterms 2010. Insurance is the Supplier's responsibility.
- 3.4. All payments shall be made in EUR (euros) and will be executed by the Customer by a simple bank transfer against Supplier's invoice to the bank account shown on the invoice.
- 3.5. Payments will be applied as Advance payment and Milestone payments, paid against Supplier's invoice within 30 (thirty) days counting from the day when the Customer received the invoice, according to the Payment Schedule (Annex 4) provided always:
  - a) for Advance payment – that the Contract has been signed by both Parties;
  - b) for Milestone payments – that the respective Milestone has been accepted by the Customer by signing a pertaining document (Minutes of the meeting, Acceptance Test Protocol or another document deemed by the Parties to be valid).
- 3.6. All taxes, duties and other fees levied by the Government of Norway on the Supplier in connection with the execution or performance of the Contract shall be borne by the Supplier.
- 3.7. All other taxes, duties and fees levied by any other Government on either the Buyer or the Supplier in connection with the execution or performance of the Contract shall be borne by the Buyer.
- 3.8. The Parties herewith agree to accept unsigned electronic invoices (further referred to as e-bills) provided they are always delivered to the Customer's official e-mail XXXXXX from the Supplier's email: XXXXXX. E-bills sent to e-mail addresses other than XXXXXX will not be acknowledged. It will be assumed that an e-bill has been delivered and the Customer has received it on the date of the incoming email. If the Customer claims non-receipt then the Customer shall prove the delivery of the e-bill.

## **4. DELIVERY CONDITIONS**

- 4.1. The Supplier undertakes to deliver software and hardware (if required) in accordance with the CIP rules (Incoterms 2010). The Supplier covers delivery costs including insurance from the place of dispatch to the place of destination, transportation (air freight) and other fees in accordance with the CIP rules.
- 4.2. The place of destination is State Joint Stock Company "Latvijas gaisa satiksme" Muzeju iela 3, Lidosta "Rīga in Riga International Airport..
- 4.3. The Supplier shall inform the Buyer on the goods delivery by fax or email at least three (3) working days before the dispatch. The delivery date is the day when the equipment is received in Airport "Riga".

The Supplier shall include information of European combined nomenclature number, package type and weight in invoice.

- 4.4. Delivery times shall be adequately extended, and performance and acceptance dates correspondingly postponed whenever a delay is due to late receipt of required governmental approvals and clearances, or to any act, omissions or delay on the part of the Customer with regard to its obligations.
- 4.5. If such delay is due to reasons attributable to the Customer, the Supplier shall have the right to claim reimbursement from the Customer of costs incurred thereby, for which the Supplier must provide documentary evidence.

## **5. DELAYS**

- 5.1. Once the Final Milestone delay occurs, the Customer is entitled to deduct from any payment owned to the Supplier liquidated damages in the maximum amount of 0.5% (zero point five per cent) of the total Contract Price for each week of delay, within 10 (ten) calendar days from filling a written request to the Supplier.
- 5.2. Given the circumstances of the delay, the Customer may grant a 4 (four) weeks grace period and start calculation of the liquidated damages from the fifth week of delay counting from the due date in the Time Schedule (Annex 3).
- 5.3. The liquidated damages in aggregate shall not exceed 10% (ten per cent) of the total Contract Price.
- 5.4. The Supplier shall inform the Customer immediately, if any delays of the planned milestones or any other difficulties are foreseen. In this case Supplier shall submit all information explaining the circumstances of such delays and without hesitation agree with the Customer on a new plan with revised dates for deliveries, implementation, testing, acceptance and any other dates which are important for a timely execution of the Contract. The Updated Time Schedule shall, whenever possible, be to the maximum extent close to the original dates to minimize the expected delay.
- 5.5. The Customer shall duly effect payments. If the Customer delays the payment, the Supplier is entitled to calculate and invoice late payment interest for overdue payment, 0.5% of the outstanding amount for each week of delay. The late-payment interest shall not in aggregate exceed 10% (ten per cent) of the total Contract price.

## **6. ACCEPTANCE TESTING**

- 6.1. The Parties hereunder agree that acceptance of the Contract Works performed shall be carried out in the following order, within the periods specified in the Contract and its Annexes:
  - 6.1.1. FAT certificate – signed by both Parties’ representatives after the assembling, installation and tuning of the technical equipment and new functionality on site of Supplier’s operations, at Supplier’s factory;
  - 6.1.2. SAT certificate – signed by both Parties’ representatives after the delivery, assembling, installation, integration and tuning of the technical equipment and new functionality on site of Customer’s operations, in Riga International Airport;
- 6.2. The level of testing, the used method, configuration and conditions for approving acceptance testing will be agreed upon between both Parties and be documented in the acceptance Test Specifications.
- 6.3. The Customer and the Supplier will perform the testing together and the result will be documented in Acceptance Test Records.

- 6.4. After completion of Acceptance Tests, if the tests have been successful, both Parties will, without delay, sign approval of Acceptance Test (Acceptance Test Protocol).
- 6.5. An Acceptance test will be rejected if the system does not successfully pass the testing in accordance with the Acceptance Test Specifications. A rejected Acceptance test will require repeated test covering the specific area where the system failed originally, or in whole, if so required by the Customer. After remedial steps have been taken and before announcing a repeated test, the Supplier will provide a written account of the steps taken and also present the result of the repeated internal test. All costs incurred due to repeated tests shall be at the Supplier's own expense.

## **7. WARRANTIES**

- 7.1. The Supplier warrants that for the warranty periods specified below the Supplier shall upon notification from the Customer without any unreasonable delay investigate and remedy every reported defect. These warranty periods are:
  - 7.1.1. Twenty-four (24) months after Site Acceptance Certificate is signed by both Parties for software developed and delivered by the Supplier under this Contract. This shall also apply to all software developed by the Supplier and delivered by means of all A-SMGCS concerned systems.
  - 7.1.2. Twenty-four (24) months after Site Acceptance for hardware (if required) and COTS software, which shall be counted from the date when it was accepted by the Customer by means of the SAT. The warranty shall reflect the warranty agreement between the Supplier and the respective hardware manufacturers. In case the Supplier achieves longer warranty period with its manufacturer (-s) such warranty periods shall be transparently transferred to the Customer.
- 7.2. Defective units shall be returned to the Supplier. The Supplier shall organise the warranty repair and be responsible for delivery of the repaired unit to the Customer CIP Riga International Airport, LGS, within 30 (thirty) days from the day the faulty unit is received. All shipping and insurance costs from the Customer to the Supplier shall be borne by the Customer and back to the Customer shall be borne by the Supplier.
- 7.3. After the warranty period, the Customer and the Supplier are entitled to agree on further maintenance of the System.
- 7.4. The Supplier shall inform and instruct the Customer if the Customer is obligated to perform any service measurements during the warranty period in order to uphold the warranties.

## **8. OWNERSHIP**

- 8.1. All rights transferred to the Customer are included in the Total Contract Price.
- 8.2. Ownership of the hardware purchased under this contract shall remain with the Supplier until the total purchase price is paid in full.
- 8.3. The Supplier guarantees that the products do not infringe any patent rights trademarks or any other legally protected rights.
- 8.4. 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.

## **9. ORDER TO PROVIDE REMOTE ACCESS TO INFORMATION RESOURCES**

- 9.1. If the Supplier needs a remote access to the System, the Customer will provide it upon a respective written request as stated in Article 9.4, provided always that no access to the operational system may be granted.
- 9.2. To access the System remotely, the Supplier shall agree with procedures within the Customer's organization.
- 9.3. The Supplier shall be informed and shall agree with the potential risks with regard to getting access to the systems within the Customer's organization.
- 9.4. The Supplier shall apply in advance for permission of remote access for a certain time slot by providing the following information:
- name of the connecting information system;
  - IP address used for remote access;
  - opening and closure of the remote session;
  - justification.
- 9.5. All remote access sessions will be controlled by the Customer and will be arranged in line with the internal procedures within the Customer's organization.

## **10. LIABILITIES**

- 10.1. To the full extent permitted by law, and apart from the warranties expressly stated herein, the Supplier hereby disclaims all warranties, representations, and liabilities, whether express or implied, arising from contract or tort (except fraud), imposed by statute or otherwise, relating to the goods and services provided by the Supplier pursuant to the Contract.
- 10.2. In no event shall the sum total of liabilities incurred by any one Party to the Contract exceed a maximum cumulative amount equal to the Contract Price.

## **11. FORCE MAJEURE**

- 11.1. 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 licence 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.
- 11.2. 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.
- 11.3. Such notice shall be given not later than 15 days after the occurrence of the force majeure event.
- 11.4. The parties shall decide upon a new delivery plan which 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.
- 11.5. The certificates issued by the Chamber of Commerce of the Supplier's or his sub-contractor's country, respectively, must be regarded as a sufficient evidence of the presence of such circumstances and their duration.

11.6. If these circumstances continue over a period of more than 1(one) months, each of the parties has the right to refuse further fulfilment 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.

## **12. ALTERATIONS AND ADDITIONS**

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

12.2. 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.

## **13. COMMENCEMENT AND TERMINATION**

13.1. The Contract shall come into force on the date of the last signature and shall remain in force until the full completion of Contractual obligations unless it is otherwise terminated in accordance with the provisions of the Contract, or otherwise lawfully terminated.

13.2. 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.

13.3. This Contract may be terminated by a mutual agreement between the Customer and the Supplier, should the service no longer be needed. In this event, the Customer shall pay to the Supplier as they fall due any and all charges for Contract Works properly rendered at the date of termination, in accordance with this Contract.

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

13.5. Either Party may immediately terminate this Contract by giving notice in writing to the other Party, if the other Party is insolvent.

## **14. DISPUTES**

14.1. The Parties shall make every effort to resolve amicably by direct informal negotiation any dispute arising between them under or in connection with the Contract. If the Parties fail to resolve their dispute by mutual consultation during 30 (thirty) working days, then either Party may give notice to the other Party of its intention to commence legal proceedings, as hereinafter provided, as to the matter in dispute, and no proceedings in respect of this matter may be commenced unless such notice is given.

14.2. All disputes arising out of or in connection with the present Contract shall be finally settled at Court of Republic of Latvia under the laws of Republic of Latvia.

## **15. GOVERNING LAW**

15.1. The Contract as well as the questions arising out of it or in connection with it are governed and constructed by the laws of Republic of Latvia.

## **16. CONFIDENTIALITY**

- 16.1. The Customer agrees to hold in the strictest confidence any confidential information given by Supplier in the performance of this Contract. This Section shall survive the termination of the Contract.
- 16.2. Confidential information shall only be used for the purpose of exercising the rights or performing the obligations under this Contract, unless the mandatory laws of the Supplier's and the Customer's country specify otherwise.
- 16.3. Confidential information is the information exchanged in connection with this Contract and consisting of documents, information and materials etc. marked as confidential that one Party shall become recipient of, under this Contract, and that are not generally known in the public domain and unless disclosure is due to mandatory laws.

## **17. MANAGEMENT OF THE PROJECT**

- 17.1. The Supplier shall in accordance with the Contract Documents implement a formal project organisation, which plans, organises, conducts and manages the activities required by the project.
- 17.2. The Supplier shall appoint a Project Manager who is responsible for the successful performance of all aspects of the project, including any sub-contractor's activities. The Project Manager will conduct the Supplier's project organisation. He will have the competence and the authority to take any decisions for the conduct of the Supplier's activities.
- 17.3. The Customer shall appoint a Project Manager who is responsible for the activities of the Customer. The Customer's Project Manager will conduct the Customer's project organisation.
- 17.4. The Supplier's and Customer's Project Managers constitute the main points of contact between the project organisation for planning, organising and co-ordination of the Supplier's and Customer's activities.
- 17.5. The Supplier has as Project Manager and its representative appointed: XXXXXX.
- 17.6. The Customer has as Project Manager and its representative appointed XXXXXX.
- 17.7. The information about the change of the Project Manager shall be provided to the other Party in writing.
- 17.8. In the planning of the Project time schedules the Supplier shall reserve a gap for the summer holiday season to be agreed together with the Customer.
- 17.9. The Supplier shall regularly produce a status report, which describes project progress. Status report shall be reflected in the Minutes of Meetings.
- 17.10. Progress meetings shall be held at intervals mutually agreed upon by the Parties.
- 17.11. The purpose of the progress meetings is to verify Project progress, review current time schedules, set objectives for the next few months, and solve any problems associated with the Project.
- 17.12. The Supplier shall chair the meetings and keep the records. Before distribution, all such records shall be signed by the Project Managers of both Parties or by their authorized representatives who have attended the meeting. Records from progress meetings shall be ready for distribution within 10 working days after the meeting is finished.
- 17.13. The Project status shall be reported in the progress report verbally presented to the Customer at each progress meeting and then documented in the records of the progress meeting. The Supplier's and Customer's Project Managers and other authorized representatives shall be present at the progress meeting.

- 17.14. Place and date of each meeting shall normally be agreed one month in advance, and the participants shall receive a preliminary agenda and documentation no later than five working days before the meeting.
- 17.15. In case the Project progress is late, the Supplier's and the Customer's Project Managers shall however require an immediate progress meeting. The Parties shall do their utmost so that such progress meeting can be held as soon as possible.

## 18. SIGNING

- 18.1. This Contract is produced as 2 (two) original copies, in the English language. Each party has one copy. Each copy consists of 8 (eight) pages, excluding annexes.
- 18.2. The Contract has 5 (five) Annexes:
- *Annex 1: TECHNICAL REQUIREMENTS AND SPECIFICATIONS (LGS RFP)*
  - *Annex 2: TECHNICAL PROPOSAL (PROPOSAL NO.:C-7389/REV.1.0/8-DEC-17 SCOPE OF SUPPLY AND PRICING; PROPOSAL NO. C-7389/REV.1.0/08-DEC-17 STATEMENT OF COMPLIANCE)*
  - *Annex 3: Time Schedule*
  - *Annex 4: Payment Schedule*
  - *Annex 5: Price Breakdown*

## 19. SIGNATURES

Signing for and behalf of:

### **SUPPLIER:**

**Norwegian Company "Indra Navia AS"**  
ORG No.: NO 914 785 200 MVA  
Hagaløkkveien 26, N – 1383 Asker,  
Norway

*(signature)*

Eldar HAUGE,  
Managing Director  
Date: 19/12, 2017  
Place: Oslo, Norway

*(signature)*

Sven SETHFORS,  
International Sales Manager  
Date: 19/12, 2017  
Place: Oslo, Norway

### **CUSTOMER:**

**State Joint Stock Company "Latvijas gaisa satiksme"**  
VAT No.40003038621  
Muzeju iela 3, Lidosta "Rīga"  
Marupe Municipality, Latvia, LV-1053

*(signature)*

Dāvids TAURINŠ, Chairman of the Board  
Date: 19/12, 2017  
Place: Marupe Municipality, Latvia

*(signature)*

Elmārs Švēde, Member of the Board  
Date: 19/12, 2017  
Place: Marupe Municipality, Latvia