

**CONTRACT No. 02/18/70**  
**between**  
**R.I.S.K. Company (Republic of Azerbaijan),**  
**and**  
**Latvijas Gaisa Satiksme, SJSC (Republic of Latvia)**  
**on**  
**“Further development and extension of Automated Flight Procedure Design System -**  
**PANDA”**

**Latvijas gaisa satiksme**, SJSC (Republic of Latvia) with its registration number 40003038621 and place of business at Muzeju street 3, Airport “Riga”, Marupe Municipality, Latvia, LV-1053, hereinafter referred as “the Customer” in the person of Chairman of the Board Davids Taurins and Member of the Board Elmārs Švēde, existing on the basis of organization chart of LGS and rules of board of directors on one side

and

**R.I.S.K. Company** (Republic of Azerbaijan), with its registration number 2698 and taxpayer registration number 992500000253 and place of business Rashid Behbudov street 59, Baku, Azerbaijan, AZ1022, hereinafter referred as “the Supplier”, represented by General Manager Jabir Jumshudov acting under the organization chart on the other side,

whereas the Customer has decided to extend the existing Automated Flight Procedure Design System PANDA, hereinafter referred to as the Existing PANDA System, with additional functions for RNP AR approach procedures design purposes, for ARINC 424 procedure coding and for needs of helicopter’s procedure construction, so the Parties with conclusion of this contract and attached appendixes, which become as an integral part of the contract, hereinafter referred to as the Contract, agree as follows:

**1. SUBJECT**

1.1. According the Contract, the Supplier shall extend the Existing PANDA System with the following functionalities in three following phases:

1.1.1. Within the first phase RNP AR approach procedures design functionality shall be developed in accordance with the provisions of Technical Specifications (Volume 1), which is attached as Appendix No.1 (hereinafter - Phase 1);

1.1.2. The second phase includes developing of ARNIC 424 procedure coding functionality in accordance with the provisions of Technical Specifications (Volume 2), which is attached as Appendix No.2 (hereinafter - Phase 2);

1.1.3. The third phase shall be provided in order to ensure Helicopter’s procedure construction in accordance with the provisions of Technical Specifications (Volume 3), which is attached as Appendix No.3 (hereinafter - Phase 3).

1.2. The Existing PANDA System and all functionalities performed in Phase 1, Phase 2 and Phase 3, hereinafter referred to as the Product.

1.3. The Customer in its turn shall accept duly fulfilled obligations of the Supplier and pay for the Product.

**2. TOTAL AMOUNT OF THE CONTRACT AND PAYMENT TERMS**

2.1. The total Contract price for the Product delivered in high quality and in timely manner is **395 000.00 euro** (three hundred ninety-five thousand euro and 00 euro cents) (hereinafter referred to as the Total Contract Price).

2.2. The Total Contract Price is inclusive of any costs incurred by the Supplier to fully implement the Product as indicated in Clause 1.1., but is exclusive of Value Added Tax applicable in Latvia.

2.3. The payment will be performed in accordance with the Contract phases as defined in Clause 1.1. of the Contract:

2.3.1. The Customer shall pay **118 500.00 euro** (one hundred eighteen thousand five hundred euro and 00 euro cents), which is 30% (thirty percent) of the Total Contract Price as an advance payment to the bank account shown on the Supplier's invoice not later than 30 (thirty) business days from the moment of signing of this Contract by both Parties, in accordance with the invoice submitted by the Supplier;

2.3.2. **79 000.00 euro** (seventy-nine thousand euro and 00 euro cents), which is 20% (twenty percent) of the Total Contract Price will be paid upon delivery (completion) of Phase 1 and after signing of Certificate of Acceptance for Phase 1 by Parties, according to the Supplier's invoice within 30 (thirty) business days after its receipt;

2.3.3. **79 000.00 euro** (seventy-nine thousand euro and 00 euro cents), which is 20% (twenty percent) of the Total Contract Price will be paid upon delivery (completion) of Phase 2 and signing of Certificate of Acceptance for Phase 2 by Parties, according to the Supplier's invoice within 30 (thirty) business days after its receipt;

2.3.4. **118 500.00 euro** (one hundred eighteen thousand five hundred euro and 00 euro cents), which is 30% (thirty percent) of the Total Contract Price will be paid upon delivery (completion) of Phase 3 and signing of General Certificate of Acceptance by Parties, according to the Supplier's invoice within 30 (thirty) business days after its receipt.

2.4. The Parties agree that the invoice for any contractual payments shall be delivered electronically as a scan from original invoice and shall be sent to the e-mail address: [lgs@lgs.lv](mailto:lgs@lgs.lv). The original invoice shall be sent by regular mail to the Customer's address.

### **3. DURATION OF CONTRACT, DELIVERY TERMS AND ACCEPTANCE**

3.1. The Contract is effective as of the date when the Contract is signed by both Parties (further referred to as the Commencement Date).

3.2. The duration of the Contract under no any circumstances is no longer than 18 (eighteen) months from the Commencement Date. The Contract is composed of three phases set according to the Clause 1.1. of the Contract, accordingly each Contract phase shall not be longer than 6 (six) months and strictly shall follow the previous phase. (However the exact number of days of each phase shall be specified at the moment of signing this agreement.)

3.3. Before handing over the deliverables of each phase of the Product to the Customer, it shall successfully pass factory testing according to the program specially developed and mutually agreed by Parties for each phase. The factory testing (FAT) shall also be combined with appropriated training courses in the vendor premises.

3.4. On-site testing (SAT) will be carried by the Customer 30 calendar days after delivery (regardless whether electronic or physical) of deliverables of each Phase of the Contract to the Customer and should be confirmed by corresponding Acceptance Certificate signed by both Parties.

3.5. If, during testing whether factory or on-site, the Customer discovers defects or inconsistencies to the Technical Specifications of any Contract phase, written and verbal notification to the Supplier (letter or e-mail) shall be announced immediately to the Supplier.

3.6. Upon the Supplier receives a notification specified in Clause 3.5. both Parties shall agree on the term in which defects or inconsistencies shall be resolved or remedied by the Supplier.

3.7. The Supplier provides maintenance and support services of the Product to the Customer.

3.8. Training of the personnel of the Customer on the Product shall be provided by the Supplier in the premises of the Supplier. The price for training is covered with the Contract Price, while the personnel travel and accommodation costs are covered by the Customer.

3.9. The copyright of the Existing PANDA System belongs to R.I.S.K. Scientific Production Company, legal address at R. Behbudov street. 59, Baku, Azerbaijan, registration

no.2698. Consequently, in order to remain copyright's responsibility for changes of the Existing PANDA System performed by third parties, a corresponding owners of the copyright written consent should be submitted to the Customer before the Commencement date.

#### **4. LIABILITY, DISPUTES AND TERMINATION OF THE ADDENDUM**

4.1. If the Supplier fails to provide the Product in timely manner as stated in the Contract and/or it is not consistent with the attached Technical Specifications then the penalty for each delayed day in the amount of 0.1% (zero point one per cent) of the corresponding Product phase driven cost, but not more than 10% (ten per cent) of the total cost of the Contract can be applied.

4.2. In case the Customer does not make payments within the deadline specified in the Contract, however, always conditional upon the Supplier's performance, the Supplier can apply late-payment interest of 0.1% (zero point one per cent) from the outstanding amount for each day of delay, within 10 (ten) calendar days from the day of filling the written request by the Supplier. The late-payment interest shall not aggregate exceed 10% (ten per cent) of the total Contract price.

4.3. The Supplier shall be entitled to terminate the Contract unilaterally by a written notice to the Customer if the Customer fails to perform any of the payments specified in the Contract, which are due to the Supplier and if such payment is delayed by the Customer for more than 30 (thirty) calendar days, except in disputed cases.

4.4. The Customer shall be entitled to terminate the Contract unilaterally by a written notice to the Supplier 30 (thirty) calendar days in advance:

4.4.1. If the Contract deadline of the Product delivery is delayed for more than 15 (fifteen) calendar days;

4.4.2. If there is a delay in delivery of works of each Product phase as stated in Clause 3.2. of 10 (ten) calendar days, considering the provisions of the Contract.

4.4.3. If the Supplier fails to comply with the instructions of each phase Technical Specifications.

4.4.4. If the Supplier fails to remedy defects by the deadline agreed upon by the Parties, considering the defect notification order stated in Clause 3.5. and Clause 3.6.

4.4.5. If the Supplier fully or partially does not fulfill other obligations stated in this Contract and has not remedied mentioned breach within 7 (seven) days as of a written notification of the Customer.

4.5. 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 within 30 (thirty) days, then either Party may give notice to the other Party of its intention to commence litigation, as hereinafter provided, as to the matter in dispute, and no litigation in respect of this matter may be commenced unless such notice is given.

4.6. All disputes arising out of or in connection with the present Contract shall be finally settled in court of the Republic of Latvia, according to the laws and regulations of the Republic of Latvia.

4.7. This Contract shall in all respects be constructed and governed by the law of Republic of Latvia. All issues which are not resolved within the present Contract shall be resolved in accordance with the laws

#### **5. CHANGE CONTROL AND THE SERVICE VARIATIONS**

5.1. The Customer may request variations to the Contract. All variations to the Product shall be made by means of a Variation Order, in accordance with the provisions of this Article, and should not affect the Contract Price.

5.2. A Variation Order shall be clearly identified as such. A Variation Order shall contain a complete description of the work to be performed, the schedule of its execution, the

effects on the Scope of Work, or Contract Schedule and any other effects on the Contract Terms, if any.

5.3. The Customer has the right to request variations to the Service, which in the Customer's opinion are desirable when taking into consideration the purpose of the Service. The Supplier may also propose variations to the work. All such variations shall be within the general intention of the Contract and subject to mutual agreement of the Parties.

5.4. If the Customer requests performance of specific work, which is not the part of the Supplier's obligations under the Contract, hereinafter referred to as the Specific Variation Order then the Supplier shall request the Customer to issue a Variation Order. Before the Customer issues a Variation Order, the Supplier shall submit to the Customer an estimate containing:

- a) a description of the Service to be performed under the variation;
- b) a detailed schedule for the execution of the variation, showing the required resources and significant milestones;
- c) the effects on the Contract Price;
- d) the effect on the Contract Schedule.

The Supplier agrees to provide the Customer with the above mentioned information as soon as reasonably possible.

5.5. In case after evaluation of the submitted Variations Order, the Parties agree that it is considered as a Specific Variation Order and it increases Contract Price, it shall be considered as a matter of additional work and consequently different agreement.

## **6. FORCE MAJEUR**

6.1. Neither Party will be liable for non-delivery, delay in delivery or installation or any other impairment of performance hereunder in whole or in part, if it cannot perform its obligations because of Force Majeure event, defined as war (whether an actual declaration thereof is made or not), sabotage, insurrection, rebellion, riot, act of terrorism or other act of civil disobedience, act of a public enemy, act of any government, judicial action, labor strike, fire, explosion, epidemic, quarantine, restrictions, storm, flood, earthquake, or any act of God provided if such event is beyond the reasonable control of the affected Party and which this Party cannot prevent or overcome.

6.2. The Party referring to the Force Majeure is bound to inform the other Party immediately in writing when such an event has occurred and state the circumstances and reason of its occurrence.

6.3. If these circumstances continue over a period of more than 3 (three) months, either Party has the right to refuse further fulfilment of their obligations against this Contract and in this case none of the Parties is entitled to demand from the other Party compensation for possible losses.

## **7. OTHER CONDITIONS**

7.1. The Contract is effective from the Commencement Date and till the fulfillment of all obligations.

7.2. In case of inapplicability of a term or condition of this Contract, the validity of remaining terms and conditions remain unchanged.

7.3. All Appendix are the integral part of the Contract.

7.4. All modifications and amendments to the Contract will come into effect only if they are produced in a written form and signed by the authorized representatives of the Parties.

7.5. The Contract is produced and signed in 2 (two) identical originals, each on 5 (five) pages, in the English language, one original for each Party.

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

8.1. The Supplier shall ensure setting up an occurrence reporting system and delivery of reports to the Customer about the provided service.

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

8.3. The Supplier shall allow the Customer to audit the safety and quality of the provided services in compliance with the Commission Implementing Regulation (EU) No 1035/2011 of 17 October 2011 laying down common requirements for the provision of air navigation services.

## 9. CONTACT PERSON

9.1. For the purpose of this Contract, the Customer's contact for contractual matters will be \_\_\_\_\_.

9.2. For the purpose of this Contract, the Supplier's contact will be \_\_\_\_\_.

**IN WITNESSTHEREOF** the authorized representatives of the Parties have signed this Contract:

**Signing for and behalf of:**  
**Latvijas Gaisa Satiksme, SJSC**  
**Registration No.**40003038621  
**Legal address:** Muzeju street 3, Airport  
"Riga", Marupe Municipality, Latvia,  
LV-1053  
**Bank name:** JSC „Citadele banka”  
**Account No:** LV94 PARX 0000 0046  
3102 1 (EUR)  
**SWIFT:** PARX LV

**Signing for and behalf of:**  
**R.I.S.K. Company**  
**Registration No:** 2698, Taxpayer registration  
No: 992500000253  
**Legal address:** Rashid Behbudov street 59,  
Baku, AZ1022  
**Bank name:** OJSC Bank "XALQ", BAKU,  
AZERBAIJAN  
**EURO Account No:**  
AZ23 HAJC HCRE UR10 0000 6092 8003  
**SWIFT:** HAJCAZ22  
**Bank Account No:** 000-55 077 523  
**Intermediary Bank:** Raiffeisen Bank  
International AG, Vienna  
**SWIFT:** RZBAATWW

\_\_\_\_\_ D. Tauriņš

\_\_\_\_\_ J.Jumshudov

\_\_\_\_\_ E. Švēde

Date: 23. aprīlis, 2018

Date: 16<sup>th</sup> of April, 2018

Place: Marupe Municipality, Latvia

Place: \_\_\_\_\_