

CONTRACT NO 02/18/147

**AIR TRAFFIC CONTROL SYSTEM ATRACC EXTENSION
ATRACC 2018+**

BETWEEN

**STATE JOINT STOCK COMPANY
“Latvijas gaisa satiksme” (LGS)**

AND

Company “System Integration Air Traffic Management AB”

DATED 12.October, 2018

The present Contract is signed on this 12 day of October 2018, by and between

State Joint Stock Company “Latvijas gaisa satiksme” (LGS), VAT registration. No. LV 40003038621, with the place of business in Muzeju iela 3, Airport “Riga”, Marupe Municipality LV-1053, Latvia, hereinafter referred to as the Buyer, represented by its Chairman of the Board Mr. Dāvids Tauriņš and Member of the Board Mr. Elmārs Švēde, from one side, and

System Integration Air Traffic Management AB (Si ATM), VAT Nr. SE556212-820601, a company organised and existing under the laws of Sweden, having its registered address at Landsvägen 39 SE-172 63 Sundbyberg, Sweden and carrying organization registration number 556212 – 8206, represented by its Managing director Mr. Christer Schörling, hereinafter referred to as Supplier, from another side,

Whereas the Buyer desires to extend the ATRACC system and whereas the Supplier has a long and distinguished history in the supply of such items;

NOW THEREFORE the Parties agree as follows:

1. SCOPE OF THE CONTRACT

1.1. The object of this Contract is for the Supplier to extend the ATRACC system as outlined in the ATRACC 2018+ MODERNISATION PLAN, REQUEST FOR PROPOSAL, LGS 2018/47, dated August 6, 2018 (Annex 1)

1.2. The site installation, integration and acceptance testing shall take place in ATRACC environment being constantly in operational use. The Supplier shall consider this fact and plan and perform his work so that minimal or no disturbance of the operational work will be caused.

1.3. The Supplier shall be deemed to comply with this contractual obligation hereunder insofar in accordance with the agreed ATRACC 2018+ MODERNISATION PLAN, REQUEST FOR PROPOSAL (Annex 1).

2. CONTRACT DOCUMENTS

The Contract Documents consist of:

1. The Main Contract, this document
2. Annex 1 ATRACC 2018+ MODERNISATION PLAN, REQUEST FOR PROPOSAL, DOCUMENT ID LGS 2018/47, dated 06 August 2018, version 06:
3. Annex 2 Payment Schedule
4. Annex 3 Price Breakdown
5. Si ATM Proposal for ATRACC 2018+, registration number SI T930.18.14

For the purpose of the interpretation in the event of conflicts between the Contract Documents, the order above shall apply.

3. RIGHTS AND OBLIGATIONS OF THE SUPPLIER

3.1. The main obligation of the Supplier is to extend the ATRACC system, including the following functionality supplied in Batches:

- 3.1.1. ACC/APP Improvements
- 3.1.2. Modernisation of CSim
- 3.1.3. A-CDM integration into ATRACC
- 3.1.4. Further integration with A-SMGCS system
- 3.1.5. Additional TWR functionality
- 3.1.6. PBN functionality into ATRACC | AMAN | AIX5.1

- 3.1.7. LARA integration
- 3.1.8. External interfaces
- 3.1.9. Cybersecurity
- 3.1.10. System Monitoring and Control

3.2. The Supplier's obligations include (further referred to as Contract Works):

- 3.2.1. Implement additional functionality for ATRACC system;
- 3.2.2. Perform requirement analysis
- 3.2.3. Deliver COTS Software;
- 3.2.4. Develop and deliver software;
- 3.2.5. Perform installations;
- 3.2.6. Perform integration;
- 3.2.7. Perform Site Acceptance Testing (SAT) and System Final Acceptance;
- 3.2.8. Deliver documentation;
- 3.2.9. Supply software licenses;
- 3.2.10. Provide training;
- 3.2.11. Provide warranty.

3.3. The Supplier shall provide:

- 3.3.1. a certificate of software assurance according to the EC 482/2008 regulation (ESARR 6);
- 3.3.2. the necessary assurance documentation in form of a SW-Conformity Review report;
- 3.3.3. an Equipment Safety Case;
- 3.3.4. a declaration of suitability according to the EC Regulation No. 552/2004 and a compliance statement for the relevant essential requirements of this Regulation;

3.4. The Supplier in this Contract is regarded as main supplier for the extension of ATRACC system and bears full responsibility for proper performance of the system and all its subsystems. Hence the Supplier has the overall responsibility for the supply of a new functionality (software), software platform upgrading and for project management activities as specified in this Contract.

3.5. The Supplier shall deliver all necessary equipment at LGS premises, address – SJSC “Latvijas gaisa satiksme”, Muzeju iela 3, Airport “Rīga”, Marupe Municipality LV-1053, Latvia (further referred to as the place of destination or Buyer's premises).

3.6. The Supplier is deemed to take initiative in seeing that it has relevant and necessary information to fulfil its obligations. The Supplier is also obligated to notify the Buyer if the Buyer is to take any actions or in any other way assist the Supplier in its performance according to this Contract, if this is not strictly regulated in the Contract.

3.7. 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.

3.8. The Supplier shall perform and fulfil its contractual obligations within the agreed period of time.

3.9. The Supplier shall conduct and perform acceptance testing in accordance with this Contract and requirements of Latvian Civil Aviation Agency.

3.10. The Supplier shall deliver an electronic copy of all technical documentation for the ATRACC system.

3.11. The Supplier shall provide the Buyer free of charge, with office accommodation, reasonable use of fax and telephone and data communication, if necessary, during the whole duration of the project at the Supplier's premises.

4. RIGHTS AND OBLIGATIONS OF THE BUYER

4.1. The Buyer shall prepare the installation area for the installation of equipment for extension of ATRACC systems. The preparations shall be in accordance with the Supplier's instructions. Such instructions regarding the installation shall be given to the Buyer in due time before the installation.

4.2. The Buyer shall arrange that the Supplier shall have access to the installation area during the installation and testing and shall grant access for the Supplier's personnel for the work that has to be performed at Buyer's premises.

4.3. The Buyer shall provide the Supplier, free of charge, with office accommodation, reasonable use of fax and telephone and data communication, assembly space and provision of "within building" transport assistance and storage space for packing materials during the whole duration of the project at the Buyer's premises.

4.4. The Buyer shall render the payments in accordance with the Payment schedule (Annex 2)

5. PRICE AND PAYMENTS

5.1. The Total Contract Price is EUR 2 748 065 (two million seven hundred forty-eight thousand sixty-five euros). The Contract price specified here is DDP Incoterms 2010 price.

5.2. The agreed functionalities shall be delivered in 10 (ten) separate Batches each one priced individually and constituting a respective Milestone. The list of Batches and Price breakdown are shown in Annex 3.

5.3. The Total Contract price includes Software and Services for all 10 (ten) Batches as specified in this Contract and its Annexes (referred to as Contract Works). Price for Software includes Si ATM developed software and COTS software. Price for Services includes at least Analysis and Design, Testing, Documentation, Training, Project Management, Quality and Safety Assurance, Travels and Warranty.

5.4. All payments shall be made in EUR.

5.5. Payments in accordance with the Payment Schedule (Annex 2) shall be executed by the Buyer by a simple bank transfer against Supplier's invoice to the bank account shown on the invoice.

5.6. Payments will be applied as Advance payment, Payment for Hardware [if applicable], Milestone payments and Final payment, paid against Supplier's invoice within fifteen (15) days counting from the day when the Buyer received the invoice and, whenever appropriate, a respective document's original as an evidence that the actions for which the Buyer is billed are executed and duly accepted, according to the Payment Schedule (Annex 4) provided always:

- a) for Advance payment – that the Contract has been signed by both Parties;
- b) for Hardware payment – that hardware delivery as detailed in Annex 3 has been received and accepted by the Buyer [if applicable];
- c) for Milestone payments – that the respective Batch has been accepted by the Buyer by signing a pertaining document (Minutes of the meeting, Acceptance Test Protocol or another document deemed by the Parties to be appropriate);
- d) for Final payment – that the Buyer has received the Equipment Operational Validity Certificate by the Latvian Civil Aviation Agency or the system is ready for operation as per 9.1.3.

6. DELIVERY CONDITIONS

6.1. The Supplier shall execute the Contract by the agreed delivery dates, as defined in the Contract and Project Management Plan.

6.2. Actual delivery date of each Batch is the date upon which the functionality of the respective Batch meets the agreed requirements. This is verified by means of Acceptance Testing, in accordance with test specifications, agreed by the Buyer and the Supplier. The Buyer shall

without delay approve the Acceptance Test when the System meets the agreed acceptance test specification. The approval is documented in writing and signed by the Buyer and the Supplier.

6.3. The hardware and software shall be delivered to the Buyer's premises in accordance with INCOTERMS 2010 rules: Delivered Duty Paid (DDP).

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

6.5. All risks of accidental losses pass to the Buyer as soon as a) the equipment is delivered to the place of destination and b) the Buyer has accepted the List of Delivery. To avoid accidental losses during the delivery period the Supplier must insure the equipment under common insurance conditions.

6.6. 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 at the place of destination.

6.7. The Contract Works shall be delivered in accordance with the Project Plan as per Annex 4, within 24 (twenty-four) months from the Contract Commencement Date.

6.8. The delivery date for each individual Batch shall be specified in the Project Management Plan. Any adjustment of the originally agreed dates shall be agreed by Project Managers of the Buyer and the Supplier and corresponding adjustments shall then be reflected in the Project Management Plan, considering that:

6.8.a. The delivery date for Batch A-CDM shall be synchronized with the delivery dates of the LGS and RIX A-CDM project.

6.8.b. The delivery date for Batch A-SMGCS shall be synchronized with the LGS project of A-SMGCS Modernisation.

6.8.c. The delivery date for Batch LARA shall be synchronized with the terms and schedules of the Specific Agreement No INEA/CEF/TRAN/M2015/1132363 as per co-funded project of Borealis Free Route Airspace Part 2.

6.9. Delay in the delivery occurs when the actual delivery date for Contract Works is after the agreed delivery date of 24 (twenty-four) months. If delay in the delivery of the Contract Works occurs the Buyer is entitled to request liquidated damages. The liquidated damages shall be based upon the Price of Remaining Work, which shall be calculated as Total Contract Price minus the Prices of all approved Batches. The liquidated damages shall then be 0.5 (zero point five) % from the Price of Remaining Work per each week of delay. The maximum liquidated damages shall not exceed 10 (ten) % of the Price of Remaining Work.

6.10. Given the circumstances of the delay, the Buyer 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).

6.11. Notwithstanding the provisions of Clause 6.10, the Buyer is willing to grant a 4 (four) weeks grace period due to summer holidays and Christmas holiday season.

6.12. If it becomes known to the Supplier that a justified delay will occur, it shall without delay notify the Buyer of this in writing. In such case the reason for the delay shall be given and shall, as far as possible, the time when it is anticipated that the delivery can take place. If the Supplier fails to provide such notification within a reasonable time, the Buyer shall be entitled to compensation. This compensation shall be within the maximum limit of the liquidated damages specified above.

6.13. The Force Majeure events specified in Force Majeure Clause shall be considered to be causes for relief of Supplier's obligation to deliver in accordance with the originally agreed delivery schedule if they occur after the Contract has been signed and prevent its fulfilment, and if Supplier could not be expected to foresee them when entering into the Contract. Supplier shall immediately inform the Buyer of any such event and of the foreseeable extent of such delay. 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.

6.14. The following events or conditions, if they prevent the Supplier from complying with the delivery schedule, will be considered to be causes for relief of Supplier's obligation to deliver in accordance with the originally agreed delivery schedule, always provided that such event or condition is outside the reasonable control of the Supplier:

- The operational use of ATRACC prevents or causes inconveniences in complying with the agreed delivery schedule
- The operational use of ATRACC or other matters concerning its environment do not allow the Supplier to perform testing to a reasonable timely or configurationally extent
- The Buyer does not satisfactory fulfils its contractual obligations
- The delivery or implementation of external systems, equipment or functions, which are needed by ATRACC 2018+, is not available in time.
- Other events, which the Supplier and the Buyer will mutually agree, and which were not possible to foresee by the Supplier when entering into the Contract.

The Parties shall examine each such delay to mutually agree if the event or condition is of such a nature as referred to in this Clause and is therefore cause for relief of Supplier's obligation to deliver in accordance with the originally agreed delivery schedule.

6.15. The Supplier shall immediately inform the Buyer of any such event or condition and of the foreseeable extent of such delay. Parties shall decide upon a new delivery plan that shall not be extended more than is due to the cause, also provided that the Supplier makes their best effort to minimize the delay and the effects of that delay.

7. WARRANTIES

7.1. The Supplier warrants that for the warranty periods specified below, following the actual delivery date, the Supplier shall upon notification from the Buyer without any unreasonable delay investigate and remedy every reported defect. These warranty periods are:

7.1.1. Twenty-four (24) months after Final 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 ATRACC concerned systems, TDSS and CSim.

7.1.2. Twenty-four (24) months after Site Acceptance for hardware and COTS software, which shall be counted from the date when it was accepted by the Buyer 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 Buyer.

7.2. This means that the Supplier shall at its own expense repair or correct by replacement any defects in the equipment supplied including all software where the failure appears and hardware being faulty due to faulty material, faulty design or bad workmanship.

7.3. After the warranty period the Buyer shall have an option to let the Supplier maintain the System according to special conditions to be agreed upon.

7.4. The Supplier shall inform and instruct the Buyer if the Buyer is obligated to perform any service measurements during the warranty period in order to uphold the warranties.

7.5. Buyer's equipment is not covered by the Supplier's warranty obligation.

7.6. In the event of repair or replacement of any hardware component the warranty period for the repaired or exchanged component shall be extended with 12 months counting from the date when the repaired or new component is received by the Buyer.

7.7. The Supplier shall endeavour to return repaired items as expeditiously as possible. In the event of an operational situation of major importance as advised by the Buyer, the Supplier shall do its utmost to effect repairs and/or replacement of spares within 48 hours (turnaround time).

7.8. Upon notification of software defect and receipt of the necessary technical details the Supplier will use all reasonable efforts to try to correct the effect within a period of four (4) working days. The Supplier will commence work on defects as soon as the notification has been received from the Buyer.

7.9. At the latest three (3) months after the end of the warranty period for software developed by the Supplier, the Supplier will if necessary and free of charge provide the Buyer with a new release of the software which incorporates the permanent changes to all of the defects notified and corrected during the warranty period.

7.10. If the Buyer establishes within a three (3) months period after the end of the warranty period that any defect still exists within the Software, then the Supplier will correct the defects at no cost to the Buyer.

7.11. The Supplier guarantees that the System in all respects will be available during the warranty period in accordance with what is stated in the Requirements.

7.12. In this respect the Supplier will provide required resources on site if necessary, free of charge, during the warranty period and the additional three (3) months period referred to in Clauses 7.9 and 7.10.

7.13. If the System however proves not to be available in all respects during the warranty period, the Supplier shall at his sole expenses take all necessary steps in order to achieve the agreed availability of the System.

7.14. All costs of transportation and insurance for repairs and/or replacements during the warranty period of deliveries from the Buyer to the Supplier and all costs for return transportation (including insurance) to the Buyer shall be at the Supplier's own expense.

8. OWNERSHIP AND INTELLECTUAL PROPERTY

8.1. All rights transferred to the Buyer are included in the Total Contract Price.

8.2. The Buyer is granted a royalty-free, irrevocable, non-exclusive license to use the software supplied under this Contract. The Buyer may use the software on any and all of the Buyer's processing units of the system configurations specified in the Requirements whether owned, leased, rented or otherwise under the control of the Buyer relating to the System only.

8.3. At the latest three (3) months after the end of the warranty period for software developed by the Supplier, the Supplier shall deposit for a period of fifteen (15) years a complete copy of the source codes to a Bank in Sweden as a security for the Buyer. The related fees shall be borne by the Supplier. The Bank shall be instructed to upon request hand out the source codes to the Buyer if the Supplier becomes insolvent, goes bankrupt, suspends payments or opens negotiations for an arrangement with their creditors. The Supplier shall before depositing demonstrate to the Buyer that it is possible to regenerate the running operational software from the source codes. The procedures for the depositing shall be agreed between the Parties not later than on the Final Acceptance. This paragraph does not imply the delivery of any additional software or hardware; however, it refers to any new release of the software which incorporates the permanent changes to all of the defects notified and corrected during and after the warranty period.

8.4. The Supplier shall remain the owner of the software. The Buyer becomes the owner of the hardware delivered as it has paid for that in full amount.

8.5. The Supplier guarantees that the products do not infringe any patent rights, trade marks or other legally protected rights (referred to as Intellectual Property Rights).

8.6. The Supplier shall at its own expense defend the Buyer and hold the Buyer harmless against any claim or demand brought against the Buyer for infringement or alleged infringement of any

Intellectual Property Right in materials supplied or licensed by the Supplier. The Buyer shall notify the Supplier in writing of any such claim or demand brought against the Buyer.

8.7. If a claim, demand or action for infringement or alleged infringement of any Intellectual Property Right is made in connection with the Contract or in the reasonable opinion of the Supplier is likely to be made, the Supplier shall notify the Buyer and, at its own expense and subject to the consent of the Buyer (not to be unreasonably withheld or delayed), use its best endeavours to:

(a) modify any or all of the deliveries under this Contract without reducing the performance or functionality of the same, or substitute alternative solution of equivalent performance and functionality, so as to avoid the infringement or the alleged infringement; or

(b) procure a license to use and supply the System on terms which are acceptable to the Buyer,

and in the event that the Supplier is unable to comply with clauses (a) or (b) within 20 (twenty) working days of receipt of the Supplier's notification the Buyer may terminate the Contract with immediate effect by notice in writing.

9. ACCEPTANCE TESTING

9.1. 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:

9.1.1. SAT certificate – signed by both Parties' representatives after the delivery, assembling, installation, integration and tuning of the Technical equipment and new Functionality at the place of Buyer's operations, in the Riga International Airport, per each Batch;

9.1.2. Final Acceptance certificate - signed by both Parties' representatives after all Contract Works are fully performed, system is installed, tuned and ready for Operation and all the after-SAT corrections are completed.

9.1.3. Final Acceptance depends on the progress achieved with the completion of all the activities planned, rectification of observations preventing to run the system operationally, and upon the receipt of Equipment Operational Validity Certificate issued by the Latvian Civil Aviation Agency. However, should the issuance of the Equipment Operational Validity Certificate be unreasonably withheld for more than 1 (one) month after the Supplier has rectified the SAT observations and made the System ready for operation, the Parties shall nevertheless sign the Final Acceptance Protocol provided that such delay is in no way entailed with the actions or omissions by the Supplier.

9.2. 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.

9.3. The Buyer and the Supplier will perform the testing together and the result will be documented in Acceptance Test Records.

9.4. After completion of Acceptance Tests, if the tests have been successful, both Parties will, without delay, sign approval of Acceptance Test (Acceptance Test Protocol).

9.5. 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 Buyer. 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.

10. MANAGEMENT OF THE PROJECT

10.1. 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.

10.2. 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.

10.3. The Buyer shall appoint a Project Manager who is responsible for the activities of the Buyer. The Buyer's Project Manager will conduct the Buyer's project organisation and is authorised by the Buyer to accept and sign on Buyer's behalf any project documentation including but not limited to minutes of the meetings, acceptance protocols, and others.

10.4. The Supplier's and Buyer's Project Managers constitute the main point of contact between the project organisation for planning, organising and co-ordination of the Supplier's and Buyer's activities.

10.5. The Supplier has as Project Manager and its representative appointed: Mr. Stefan Matts, e-mail: stefan.matts@siatm.com, phone: +46706727087.

10.6. The Buyer has as Project Manager and its representative appointed: Mr. Igors Nemahovs, e-mail: igors.nemahovs@lgs.lv, phone: +371 67300710, fax: +37167300803.

10.7. Information about the change of the Project Manager shall be provided to the other Party in writing.

10.8. The Supplier shall produce a Project Management Plan, which identifies and defines main activities, significant events and essential interrelations, including decision-making dates. It shall also comprise the Project Milestones.

10.9. In the planning of the Project time schedules the Parties may reserve a gap for the summer and Christmas holiday seasons to be agreed together.

10.10. The Supplier shall follow the Project steps, which are identified in the Project Management Plan. The Project Management Plan shall be used as a tool to monitor the progress of the Project. It shall comprise a time schedule in the form of a Gantt diagram comprising a list of the main activities plotted against the time axis.

10.11. The Project Management Plan shall comprise a quality assurance plan describing the quality assurance activities to be performed.

10.12. The Project Management Plan shall be continuously modified during the Project to reflect the correct actual status of the Project.

10.13. The Supplier shall regularly produce status reports, describing the progress of the project against the Project Management Plan. The status reports shall be documented in the Minutes of the Meetings.

10.14. Progress meetings shall be held at intervals mutually agreed upon by the Parties, but at least once in 2 (two) months and shall be attended by the Supplier's and the Buyer's Project Managers and other authorized representatives.

10.15. The purpose of the progress meetings shall be to verify Project progress, review current time schedules, settle objectives for the next few months, and solve any problems associated with the Project.

10.16. At each progress meeting, the Supplier shall verbally report the progress of the project, to be documented in the records.

10.17. 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. The records from progress meetings shall be ready for distribution within 10 working days after the meeting.

10.18. The 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. The Parties may agree to convene meetings in Riga, Stockholm or another place if so required. Each Party shall individually cover their travel costs, accommodation, local transportation, lodging and daily expenses for the activities mentioned in this clause.

10.19. In case the Project is late, the Supplier's and the Buyer's Project Managers shall immediately require that a progress meeting is held. The Parties shall do their utmost so that the meeting can be held as soon as possible.

11. SUBCONTRACTING

11.1. The Supplier is entitled to use at its own risk the services and works (further referred to as Works) provided by its subcontractors.

11.2. Sub-contracting of any part of the Contract shall not relieve the Supplier of any of its obligations or duties under this Contract.

11.3. The Supplier shall be responsible for the acts and omissions of its subcontractors as though they are its own.

11.4. The Buyer will not, under any circumstances, be bound by any legal relationship with the Supplier's subcontractors. A complete implementation of the System shall be the sole responsibility of the Supplier and will be settled and solved only and solely between the Supplier and the Buyer.

11.5. Subcontracting will always be governed by the Public Procurement Law of Latvia.

11.6. The Supplier may subcontract the Works to one or more subcontractors who, acting reasonably, the Supplier deems competent to execute the Works or part thereof to the Buyer. The Supplier shall notify the Buyer of any sub-contracted share of the Contract equalling to or exceeding 10% of the total Contract price and respective subcontractor (-s).

11.7. The Supplier shall not assign or in any other way dispose of the Contract or any part of it to a subcontractor other than indicated in its bid without the Buyer's prior written approval if a) the subcontractor was announced in the Supplier's bid to enhance the Supplier's qualification and ensure Supplier's compliance with the qualification requirements as indicated in the Rules of the respective tender or b) if the portion of Contract Works assigned to a subcontractor equals to 10% or more of the total Contract Price.

11.8. Such subcontractor as referred to in Clause 11.7 may only be substituted by a proper alternate who has at least the same qualification as its predecessor and to whom none of the exclusion criteria, as enlisted in the Clause 42 of the Public Procurement Law of Latvia, applies.

11.9. Supplier's request of substitution shall be communicated to the Buyer in writing. The Buyer shall respond within 5 (five) working days following the day when all information and documents being a prerequisite for the above said decision were provided by the Supplier to the Buyer.

11.10. Where the Buyer has consented to the placing of subcontracts, copies of each subcontract, insofar legally enforceable, or the subcontractor's written endorsement shall, at the request of the Buyer, be sent by the Supplier to the Buyer as soon as reasonably practicable.

11.11. Supplier, at its own discretion and without Buyer's consent, is entitled to involve and /or substitute subcontractors, other than those referred to in Article 11.7.

12. ASSIGNMENT AND TRANSFER

12.1. A Party will not assign, transfer or otherwise deal with any of its rights or obligations under the Contract without the prior written consent of the other Party (such consent not to be unreasonably withheld or delayed).

12.2. Any change in the legal status of the Buyer or the Supplier shall not affect the validity of the Contract, insofar compliant with the mandatory laws of the Supplier's or the Buyer's country.

In such circumstances, the Contract shall bind and inure to the benefit of any successor body (further referred to as Transferee) to the Buyer or to the Supplier.

12.3. The Parties may disclose to any Transferee any Confidential Information which relates to the performance of their obligations under the Contract. In such circumstances the Parties shall authorize the Transferee to use such Confidential Information only for purposes relating to the performance of their obligations under the Contract and for no other purpose and shall take all reasonable steps to ensure that the Transferee gives a confidentiality undertaking in relation to such Confidential Information.

12.4. Each Party shall at its own cost and expense carry out or use all reasonable endeavours to ensure the carrying out of, whatever further actions (including the execution of further documents) the other Party reasonably requires from time to time for the purpose of giving that other party the full benefit of the provisions of the Contract.

13. FORCE MAJEURE

13.1. 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, labour 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.

13.2. 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. Such notice shall be given at the latest 15 days after the occurrence of a Force Majeure event.

13.3. 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.

13.4. 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 minimise the delay and the effects of that delay.

13.5. The certificates issued by the Chamber of Commerce of the Supplier's or its sub-contractor's country, respectively, must be regarded as a sufficient evidence of the presence of such circumstances and their duration.

14. ALTERATIONS AND ADDITIONS

14.1. 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 Buyer and the Supplier.

14.2. Both the Buyer and the Supplier will have the right to request changes to the Contract. All such requests shall be in writing.

14.3. The Buyer is entitled to opt for the part or parts in the Supplier's Bid marked as Optional, within 24 (twenty-four) months from the Contract signature date.

14.4. Every change implying a changed price in the Contract will furthermore require a formal additional order from the Buyer and a formal order acknowledgement from the Supplier.

15. CONFIDENTIALITY OF INFORMATION

15.1. All proprietary, technical and engineering data, licensed software and software programs, software objects and source codes, price quotes, drawings, designs know-how or other information regarding the Supplier's products and parts and components thereof and the Supplier's business which the Buyer obtains from or through the Supplier, pursuant to this Contract, shall be received and kept in strict confidence by the Buyer and shall not be used, published or disclosed to any third party, except if mandatory laws of the Supplier's country specify otherwise. The Buyer shall comply with all instructions and legends affixed to or accompanying such data, information and software.

15.2. 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 Buyer's country specify otherwise.

15.3. The Buyer shall execute any required third-party software licenses if the Buyer receives third party software from the Supplier. The Buyer will use its best efforts to take all reasonable steps to protect the Supplier's unlicensed products and third-party products from unauthorised use, duplication, or dissemination, and shall maintain all proprietary and protective notices intact.

15.4. The disclosure of any information by the Supplier to the Buyer and this Contract shall not constitute a grant of a license, patent or any other transfer of any such property of the Buyer or any third party except as otherwise agreed to in writing by the Parties.

16. QUALITY AND SAFETY ASSURANCE

16.1. The Supplier must, for the entire period of this Contract, have and perform the Contract Works to be delivered under this Contract, a Quality Assurance System that is in accordance with the requirements in the ISO 9000 series or similar systems accepted by the Buyer.

16.2. The Supplier undertakes to notify the Buyer of any variations in its certifications or accreditations concerning the Quality Assurance.

16.3. The Supplier shall ensure setting up an occurrence reporting system and delivery of reports to the Buyer regarding the Contract Works.

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

16.5. The Supplier shall allow the Buyer 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.

16.6. The Buyer reserves the following rights as a supplement to the requirements of Standard ISO 9000 series:

16.6.1. Verification of Purchased Product. The Buyer has the rights to verify the purchased products.

16.6.2. Nonconformity Review and Disposition. The Buyer has the rights to determine the use of nonconformity products.

17. ORDER TO PROVIDE REMOTE ACCESS TO INFORMATION RESOURCES

17.1. If the Supplier needs a remote access to the System, the Buyer will provide it upon a respective written request as stated in Article 17.5, provided always that no access to the operational system may be granted.

17.2. To access the System remotely, the Supplier shall agree with procedures within the Buyer's organization.

17.3. The Supplier shall be informed and shall agree with the potential risks with regard to getting access to the systems within the Buyer's organization.

17.4. 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.

17.5. All remote access sessions will be controlled by the Buyer and will be arranged in line with the internal procedures within the Buyer's organization.

18. LIABILITY AND INDEMNITY

18.1. The Parties total aggregate liability for damage under this Contract shall in no event exceed one hundred per cent of the Total Contract Price (other than the default governed by the Intellectual Property Rights Article or 18.2. per claim paid or payable):

18.2. Neither Party excludes or limits liability to the other Party for:

- (a) death or personal injury or property damage caused by its negligence or wilful misconduct; or
- (b) fraud; or
- (c) fraudulent misrepresentation;
- (d) infringement to intellectual property rights, or
- (e) breach of confidentiality obligations

18.3. In no event, except for 18.2, shall either Party be liable to the other for any:

- (a) loss of profits, business, revenue or goodwill; and/or
- (b) loss of savings (whether anticipated or otherwise); and/or
- (c) indirect or consequential loss or damage.

19. COMMENCEMENT AND TERMINATION

19.1. The Contract is effective as of the date when signed by both Parties (referred to as Commencement Date) and shall terminate as both Parties have fulfilled their obligations under the present Contract, unless it is otherwise terminated in accordance with the provisions of the Contract, or otherwise lawfully terminated.

19.2. This Contract may be terminated by a mutual agreement between the Parties.

19.3. This Contract may be terminated by either Party in case of the other Party's failure to fulfil its obligations under this Contract and such failure not having been remedied or made good within thirty (30) days of notice by the Non-Defaulting Party.

19.4. If either Party defaults in complying with any obligation imposed on it by or in accordance with this Contract (the Defaulting Party), the other Party which has not been in default (the Non-Defaulting Party) may serve a written notice of default on the Defaulting Party at any time after such default occurs and for so long as such default continues, specifying the nature of the default.

19.5. If, on the expiration of thirty (30) days after service of the notice of default referred to in Clause 19.4:

- a) the default: i) if capable of being remedied, has not been remedied; or ii) if incapable of being remedied (either within that period or at all), the Defaulting Party has not paid to the Non-Defaulting Party monetary compensation reasonably acceptable to the Non-Defaulting Party in lieu of remedying the default; and
- b) neither Party refers the matter for legal proceedings pursuant to Disputes Section the Non-Defaulting Party, without prejudice to its other rights, powers and remedies in respect of such default, may elect by notice to the Defaulting Party to terminate this Contract on a date specified in the notice being a date not earlier than 30 (thirty) days after the date of the notice.

19.6. In the event of termination of this Contract the Buyer shall pay to the Supplier as they fall due any and all charges which may be due for Contract Works properly rendered at the date of termination

19.7. If the delay in the delivery is caused by the Supplier or some circumstances related to the Supplier and is of more than three (3) months duration, the Buyer may at its own choice renounce the not delivered part of the Contract or all of it by terminating the Contract by Supplier's default.

19.8. If the Buyer terminates the Contract by Supplier's default the Buyer shall be entitled to penalty fee not exceeding 5 % of the total Contract value. In such event the Supplier shall refund all the payments made by the Buyer in accordance with this Contract in respect of the non-delivered part or, if the Buyer so decides, all of it. The Buyer is not entitled to any interest from the Supplier in such event.

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

20. DISPUTES

20.1. 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.

20.2. 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.

21. GOVERNING LAW

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.

22. NOTICES

22.1. Any kind of notice, consent, approval and other types of communications shall be made in writing from one Party to the other at the address mentioned here below by means of fax or – e- mail followed by a registered mail. Any variation concerning the address mentioned shall be immediately communicated to the other Party; if this should not happen, the other Party will not bear any responsibility neither for communications mailed but not received or for possible miscarriage or contractual burdens which will be charged to the defaulting party.

22.2. Notices to the Supplier in accordance with this Contract shall be sent by e-mail and/or telefax followed by mail to:

Address: Si ATM
Attn: Mr. Christer Schörling
Landsvägen 39
SE – 172 63 Sundbyberg
Sweden
e-mail: chsc@siatm.com
Fax no: +46 8 98 31 98

22.3. Notices to the Buyer in accordance with this Contract shall be sent as follows:

22.3.1. in case a notice refers to financial and legal aspects it shall be sent by e-mail and/or telefax followed by official correspondence by mail addressed to:

Chairman of the Board
Mr. Dāvids Tauriņš
“Latvijas gaisa satiksme”
Muzeju iela 3, Airport ”Riga”

Marupe Municipality, LV - 1053, Latvia
Fax no: +371 67300970
e-mail: lgs@lgs.lv

22.3.2. in case a notice refers to the project execution and/or management it shall be sent by e-mail and/or telefax, addressed to:

Mr. Igors Nēmahovs
“Latvijas gaisa satiksme”
Muzeju iela 3, Airport ”Rīga”
Marupe Municipality, LV - 1053, Latvia
Fax no: +371 67300803
e-mail: igors.nemahovs@lgs.lv

22.4. A notice shall be deemed to be received within one working day during weekdays after the other Party has dispatched it if not otherwise confirmed by receiving Party.

23. PREVIOUS UNDERSTANDING

The Parties have signed the Contract on the basis that the conditions of Contract expressly set out herein represent their entire agreement relating to the Contract and accordingly agree that such conditions shall supersede all prior representations, agreements, statements and understandings whether orally or in writing relating to the Contract. The Parties further agree that neither Party places any reliance whatsoever on any representations, agreements, statements or understandings made prior to the date of signing whether verbally or in writing other than those which have been expressly incorporated in the Contract.

24. SIGNING

This contract is produced as 2 (two) original copies in the English language. Each Party has one original.

Signing for and behalf of:

SUPPLIER

Signing for and on behalf of
Si ATM

_____(signature)_____

Name: Christer Schörling

Date: 12.10.2018.

BUYER

Signing for and on behalf of
Latvijas gaisa satiksme

_____(signature)_____

Name: Dāvids Tauriņš

Date: 11.10.2018.

_____(signature)_____

Name: Elmārs Švēde

Date: 11.10.2018.