

**SERVICE  
AGREEMENT**

between

**RB RAIL AS  
and  
AIG Europe Limited**

Agreement registration number	8/2018 - 25
CEF <sup>2</sup> Agreement No INEA/CEF/TRAN/M2014/1045990	No 34

**Dated 9 April 2018**

- (1) **RB Rail AS**, a joint stock company registered in the Latvian Commercial Register registration No 40103845025, having its registered address at K. Valdemāra iela 8-7, Riga, LV 1010, Latvia (hereinafter - **the Policyholder**), represented by its Management Board Member Ignas Degutis and Management Board Member Kaspars Rokens acting on the basis of the Power of Attorney No 9/2017-17 (dated 11 December 2017), on the one side,

and

- (2) **AIG Europe Limited**, company organized and existing under Finland law registered with registration number 2488582-7, having its registered address at Kasarmikatu 44, FI-00130, Helsinki, Finland (hereinafter - **the Insurer**), represented by Branch Manager (Finland) Kristiina Laresvuo acting on the basis of the Power Attorney dated on 8 March 2018.

### 1. Subject of the Contract

- 1.1. *The Policyholder* shall order and pay, but *the Insurer* shall undertake to perform insurance of directors and officers liability of *the Policyholder*, for 12 (twelve) calendar months from the day of entering into the Contract and issue a Policy, in accordance with the technical specification (Annex No.1) and financial proposal of *the Insurer* for the Procurement (Annex No.2), as well as the terms and conditions of this Contract, which shall become as integral parts of this Contract, hereinafter - **the Service**.
- 1.2. On the day of entering into the Contract *the Insurer* shall issue an insurance policy (hereinafter - **the Policy**), to *the Policyholder*, which shall become as an integral part of this Contract and shall come into force on **25 March 2018**.
- 1.3. The terms and conditions of the insurance shall not be contrary to the terms and conditions of this Contract. In case of contradiction, the terms and conditions of the Contract shall prevail.
- 1.4. Upon signing this Contract, *the Insurer* confirms that equal insurance coverage and limits of responsibility shall be ensured for the whole period of the Contract and it shall not be entitled to terminate the Contract during its validity term.

### 2. Validity Period and Validity of the Contract

- 2.1. This Contract shall come into force after mutual signing thereof and day of registration of the Contract with *the Policyholder*, i.e., **25 March 2018**, and shall be valid for 12 months 24 (twenty four) hours per day until the date of expiry of the Policy. **The validity period of the Policy shall be from 25 March 2018 at 0:00 o'clock until 24 March 2019 at 23:59 o'clock.**
- 2.2. Upon mutual agreement, the Parties shall be entitled to terminate this Contract at any time.
- 2.3. *The Policyholder* shall be entitled to unilaterally terminate this Contract before the expiry thereof by warning *the Insurer* on that in writing 15 (fifteen) calendar days in advance, if:
- 2.3.1. *The Insurer* fails to fulfil the liabilities set in this Contract or fulfils them in a part;
- 2.3.2. *The Insurer* has been declared as insolvent, undergoes the restructuring, winding-up proceedings or bankruptcy proceeding under the court judgement;
- 2.3.3. A licence for performance of insurance has been annulled for *the Insurer*;
- 2.3.4. The contractual penalty calculated for *the Insurer* has reached the maximum amount set in the Contract - 10% (ten percent) from the amount of the insurance premium referred to in Paragraph 3.1 of the Contract.
- 2.3.5. in other special cases, having reasonable grounds for that, by informing *the Insurer* on that in writing at least 30 (thirty) calendar days in advance.
- 2.4. *The Insurer* shall be entitled to unilaterally terminate this Contract before expiry thereof by warning *the Policyholder* on that in writing 15 (fifteen) calendar days in advance, if:
- 2.4.1. *The Policyholder* fails to make payment of the insurance premium referred to in sub-paragraph 3.1 of the Contract in the amount and in accordance with the procedure set in this Contract;
- 2.4.2. *The Policyholder* undergoes the winding-up proceedings;
- 2.4.3. The contractual penalty calculated for *the Policyholder* has reached the maximum amount set in the Contract - 10% (ten percent) from the amount of the insurance premium referred to in Paragraph 3.1 of this Contract.
- 2.5. Upon terminating the Contract in an unilateral manner, in accordance with sub-paragraph 2.3 and 2.4 of the Contract, *the Insurer* shall pay back to *the Policyholder* a part of the unused insurance premium, which shall be proportional with the remaining validity period of the Policy, without deducting expenses for administrative

expenses, by making the repayment within 10 (ten) working days from the day of receipt of the submission of the *Policyholder*.

- 2.6. In case of need the *Policyholder* may request to prolong the insurance period for 1 (one) calendar month and in total not exceeding 10% from the amount referred to in Paragraph 3.1 of this Contract.

### 3. Insured Amount and Premium

- 3.1. *The Policyholder* shall pay to *the Insurer* the annual insurance premium in the amount of **10 100,00 EUR (ten thousands and one hundred euro and 00 cents)** and *the Insurer*, upon occurrence of the insured event, shall pay the insurance indemnity.
- 3.2. *The Policyholder* shall pay the insurance premium referred to in Paragraph 3.1 of this Contract for the Service provided by *the Insurer* - insurance of liability of officials, excluding VAT, in accordance with Section 52, Paragraph one, sub-paragraph 20 of the Value Added Tax Law.
- 3.3. In case if regulatory enactments of the Republic of Latvia change during the validity period of the Contract and the services provided by insurers are taxable with VAT, *the Policyholder* shall pay them in addition, and the amounts included in the Contract shall be considered as the ones that exclude the value added tax
- 3.4. The contract price shall include all expenses in relation to provision with insurance, except for expenses of the event stipulated in Paragraph 3.3 of the Contract.
- 3.5. *The Policyholder* shall pay the annual insurance premium, within 30 (thirty) calendar days after conclusion of the Contract and the day of receipt of the invoice issued by *the Insurer*, to the current account specified in the invoice.
- 3.6. The day when the wire transfer made by *the Policyholder* has reached the current account of *the Insurer* specified in the invoice shall be considered as the payment date.

### 4. Rights and Obligations of the Parties

#### 4.1. *The Policyholder shall:*

- 4.1.1. comply with the terms and conditions of the Contract;
- 4.1.2. undertake to provide *the Insurer* with all information necessary for fulfilment of this Contract;
- 4.1.3. pay the insurance premium referred to in Paragraph 3.1 of this Contract, in accordance with the terms and conditions of this Contract;
- 4.1.4. be entitled to attract expert for evaluation of the insured event;
- 4.1.5. in case if *the Policyholder* has not showed any objections regarding the decision taken on indemnity within 10 (ten) calendar days from the receipt of the decision made, it shall be deemed that it agrees with the decision made;
- 4.1.6. in order to receive the insurance indemnity, *the Policyholder* within 10 (ten) workings days after occurrence of the insured event, as soon as it has become possible, shall inform via telephone [+358407387508] and electronically send the application for indemnity to the e-mail address of *the Insurer*: [finlandclaims@aig.com], and notify *the Insurer* on the occurrence of the insured event;

#### 4.2. *The Insurer shall:*

- 4.2.1. ensure proper quality of the Service, in accordance with the offer submitted to *the Policyholder* and provisions of the present Contract;
- 4.2.2. undertake to precisely comply with and fulfil the provisions of the Contract in a timely manner;
- 4.2.3. pay the insurance indemnity, in accordance with the amount, procedure and terms set in the Law On Insurance Contracts and this Contract;
- 4.2.4. in case of occurrence of the insured event, make a decision regarding disbursement of the insurance indemnity and disburse the insurance indemnity within 30 (thirty) calendar days after the day of receipt of all necessary documents, which prove the occurrence of the insured event and the amount of losses;
- 4.2.5. In case of termination of the policy in accordance with the procedure referred to in sub-paragraph 2.3 of the Contract *the Insurer* shall back a part of the unpaid premium in proportion with the remaining validity period of the Policy, without deducting expenses for administrative expenses;
- 4.2.6. provide that the Insurance Conditions shall remain unchanged for the whole validity period of the Contract;
- 4.2.7. not be entitled to refuse to disburse the insurance indemnity within the term set in Paragraph 4.2.4 of the Contract;
- 4.2.9. receive the insurance premium set in the Contract, in accordance with the provisions of Paragraph 3.1 of the

Contract;

- 4.2.10. if the *Policyholder* fails to agree with the amount of losses calculated by the *Insurer* pursuant to agreement between the Parties, the *Insurer* may disburse a part of the insurance indemnity up to the amount that is not disputed by any of the Parties, until making payment of loss in full;

#### 5. Responsibility of the Parties

- 5.1. The *Policyholder* and the *Insurer* confirm by mutual signing of the Contract that there are no circumstances prohibiting the Parties to enter into this Contract.
- 5.2. The *Insurer* confirms of having all necessary rights in order to provide the Service in accordance with the terms and conditions of this Contract.
- 5.3. Upon entering into the present Contract, the *Insurer* confirms of being informed and evaluated all risks covered.
- 5.4. The Parties shall be responsible for failure to fulfil the Contract or improper fulfilment thereof, as well as for losses caused to the other Party, if they have occurred as a result of activity or inactivity of one Party or employees thereof, as well as activities or neglect caused as a result of gross negligence and evil intent. The Party at fault shall compensate to the other Party the occurring losses.
- 5.5. The *Insurer* shall have an obligation to prove any circumstances, exempting it from the liabilities set in the Contract to disburse the insurance indemnity.
- 5.6. If the *Insurer* fails to provide the Service, in accordance with the terms and conditions of the Contract, which is reflected in non-compliance of the terms set in this Contract, the *Insurer* shall pay to the *Policyholder* a contractual penalty in the amount of 0.1% (one tenth of a percent) from the annual insurance premium for each day of delay. The total amount of the contractual penalty shall not exceed 10 % (ten percent) from the amount of the annual insurance premium.
- 5.7. If the *Policyholder* fails to make the payment of the insurance premium set in sub-paragraph 3.1 of the Contract, in accordance with the terms and conditions of this Contract, the *Policyholder* shall pay to the *Insurer* a contractual penalty in the amount of 0.1 % (one tenth of a percent) from the annual insurance premium of the Contract for each day of delay. The total amount of the contractual penalty shall not exceed 10 % (ten percent) from the amount of the annual premium referred to in sub-paragraph 3.1 of the Contract.
- 5.8. Payment of the contractual penalty shall not exempt the Parties from fulfilment of liabilities of this Contract.

#### 6. Governing law and resolution of disputes

- 6.1. This Agreement shall be governed by and construed in accordance with the law of the Republic of Latvia.
- 6.2. The Parties shall first attempt to settle any dispute, controversy or claim arising out of or relating to this Agreement by way of amicable negotiations.
- 6.3. Should the Parties fail to agree by means of amicable negotiations within the time period of thirty (30) days from the date of serving of the respective written complaint to the other Party, the Parties shall submit all their disputes arising out of or in connection with this Agreement to the exclusive jurisdiction of the courts of the Republic of Latvia.

#### 7. Force Majeure

- 7.1. Subject to the requirements set forth in accordance with Paragraph 7.2 and 7.3, each Party shall be relieved from liability for nonperformance of its obligations under this Agreement (other than any obligation to pay) to the extent that the Party is not able to perform such obligations due to a Force Majeure Event.
- 7.2. Each Party shall at all times, following the occurrence of a Force Majeure Event:
- (a) take reasonable steps to prevent and mitigate the consequences of such an event upon the performance of its obligations under this Agreement;
  - (b) resume performance of its obligations affected by the Force Majeure Event as soon as practicable and use reasonable endeavours in accordance with Good Industry Practice to remedy its failure to perform; and
  - (c) not be relieved from liability under this Agreement to the extent that it is not able to perform, or has not in fact performed, its obligations under this Agreement due to any failure to comply with its obligations under Paragraph 7.1.
- 7.3. Upon the occurrence of a Force Majeure Event, the affected Party shall notify the other Party as soon as reasonably practicable and in any event within three (3) Working Days of it becoming aware of the relevant Force Majeure Event. Such notification shall give sufficient details to identify the particular event claimed to be a Force Majeure Event and shall contain detailed information relating to the failure to perform (or delay in performing), including the date of occurrence of the Force Majeure Event, the effect of the Force Majeure Event on the ability of the affected Party to perform, the action being taken in accordance with Paragraph 7.2. and an

estimate of the period of time required to overcome the Force Majeure Event. The affected Party shall provide the other Party with any further information it receives or becomes aware of which relates to the Force Majeure Event and provide an update on the estimate of the period of time required to overcome its effects.

- 7.4. The affected Party shall notify the other Party as soon as practicable once the performance of its affected obligations can be resumed (performance to continue on the terms existing immediately prior to the occurrence of the Force Majeure Event).
- 7.5. As soon as practicable after the notification specified pursuant to Paragraph 7.3., the Parties shall use reasonable endeavours to agree appropriate terms or modifications to the Scope of Service and Service Schedule to mitigate the effects of the Force Majeure Event and to facilitate the continued performance of this Agreement.

## 8. Confidentiality

- 8.1. The Parties shall undertake not to use and not to disclose to third parties the confidential information (any written or verbal information, including financial information, commercial secrets, lists of customers, any information and documents with regard to discussion of the Contract between the Parties and other information that is not publicly available).
- 8.2. All information that *the Policyholder* has received from *the Insurer* within the framework of the Contract or acquired from other persons is confidential. *The Policyholder* shall not be entitled to disclose any such information to third parties, without a written consent of *the Insurer*, neither during the validity period of the Contract, nor after expiry of the validity period of the Contract.

## 9. Visibility Requirements

- 9.1. *The Insurer* is obliged to comply with the following visibility requirements:
- 9.1.1. Any reports, brochures, other documents or information connected with Service which *the Insurer* produces and submits to *the Policyholder*, any other third person or makes publicly available must include the following:
- 9.1.1.1.1. a funding statement stating that Service is the recipient of the funding from the CEF: "Rail Baltica is co-financed by the European Union's Connecting Europe Facility";
- 9.1.1.1.2. (for printed materials) a disclaimer releasing the European Union from any liability in terms of the content of the dissemination materials: "The sole responsibility of this publication lies with the author. The European Union is not responsible for any use that may be made of the information contained therein." This disclaimer in all European Union official languages can be seen at the website: <https://ec.europa.eu/inea/connecting-europe-facility/cef-energy/beneficiaries-info-point/publicity-guidelines-logos>;
- 9.1.1.1.3. the European Union flag.
- 9.1.2. Requirements set in Paragraph 9.1.1 can be fulfilled by using the following logo:



**Co-financed by the European Union**  
**Connecting Europe Facility**

If *the Insurer* shall use this logo, *the Insurer* shall ensure that elements of the logo will not be separated (the logo will be used as one whole unit) and enough free space around the logo shall be ensured;

- 9.1.3. *The Insurer* is obliged to comply with the latest visibility requirements set by the European Union. For that purpose, *the Insurer* shall follow the changes in the visibility requirements on its own. On the date of conclusion of this Agreement the visibility requirements are published on the following website: <https://ec.europa.eu/inea/connecting-europe-facility/cef-energy/beneficiaries-info-point/publicity-guidelines-logos>.

## 10. Authorised Persons of the Parties

- 10.1. During the control of fulfilment of the Contract the responsible person of *the Policyholder* shall be: **Ģirts Rūda**, telephone number +371 29494480, e-mail address: [girts.ruda@railbaltica.org](mailto:girts.ruda@railbaltica.org).
- 10.2. During the control of fulfilment of the Contract the responsible person of *the Insurer* shall be: **[Tero Sarajarvi]**, telephone number +358407387508, e-mail address: [tero.sarajarvi@aig.com](mailto:tero.sarajarvi@aig.com).

## 11. Final Provisions

- 11.1. In case if any of the provisions of the Contract becomes void as a result of amendment to regulatory enactments, this Contract shall not become void with regard to other paragraphs thereof. In such a case the Parties shall apply the Contract in accordance with the effective regulatory enactments.
- 11.2. In case if details for any of the Parties or contact persons of the Parties or contact information thereof set in Paragraph 10 of the Contract are changed, the relevant Party shall notify the other Party on that in writing within five working days from the day of occurrence of such changes. After receipt of the notification (secretariat's notice) it shall become as an integral part of the Contract. If the Party fails to fulfil the provisions of the present sub-paragraph, it shall be deemed that the other Party has fulfilled its liabilities in full by using the information available in this Contract regarding the other Party.
- 11.3. In case of reorganisation of the Parties, this Contract shall remain valid and the provisions thereof shall be binding to the legal successor thereof. The Party shall warn the other Party in writing on the occurrence of such circumstances ten days in advance.
- 11.4. The Parties shall agree in writing on amendments or supplementations to the Contract, except for the case of information change referred to in sub-paragraph 11.2 of this Contract. The written agreements shall be signed and prepared in two copies, one copy for each of the Parties, and shall be enclosed with this Contract as an integral part thereof.
- 11.5. Information exchange between the Parties in cases referred to in Paragraph 4.1.7 and 11.2 of this Contract may be performed also by using e-mails, which shall become as integral parts of the Contract, except for terms and conditions of the Contract, which provides for information exchange in the written form.
- 11.6. The Parties shall not be entitled to deliver their rights and obligations related to this Contract and arising from that to third persons.
- 11.7. Annexes to this Contract shall become as an integral part of this Contract.
- 11.8. This Contract is prepared on [•] ([•]) pages in two copies, including the principal wording of the Contract on 6 (six) pages, Annex No.1 „Technical Specification” on 4 (four) pages, Annex No.2 „Technical Proposal” on 3 (three) pages, Annex No.3 „Finance offer” on 2 (two) pages, Annex No.4 „Quote” and policy terms and conditions „AIG Corporate Guard D&O FIN 31102013 (AGG) – Directors and Officers Liability (Latvia) 03032015” on 29 (twenty-nine) pages, Annex No.5 „Power of Attorney” on 1 (one) page, Annex No.6 „Declaration of Service Provider” on 3 (three) pages. Both copies of this Contract shall have the same legal force.

## 12. Details and Signatures of the Parties