PROFESSIONAL CONSULTANT SERVICE

AGREEMENT

between

RB Rail AS

and

SIA “McCann Rīga”

Agreement registration number 8/2018/—

CEF Contract No INEA/CEF/TRAN/M2016/1360716

RBR 2018/18

Procurement procedure identification No C11; C12

Riga

Dated 5 November 2018

1 Grant Agreement under the Connecting Europe Facility
TABLE OF CONTENTS

Section I. DEFINITIONS AND INTERPRETATION ................................................................. 3
Section II. ENGAGEMENT, OBJECTIVE AND SCOPE OF SERVICE .................................... 4
Section III. OBLIGATIONS OF SERVICE PROVIDER ......................................................... 6
Section IV. OBLIGATIONS OF PRINCIPAL ................................................................. 10
Section V. PERSONNEL AND REPRESENTATIVES ..................................................... 11
Section VI. SERVICE MEETINGS, REPORTING AND RISK REDUCTION .......................... 11
Section VII. COMMENCEMENT OF SERVICE, REMEDY OF DEFECTS AND ACCEPTANCE ...... 12
Section VIII. TERMINATION AND SUSPENSION .......................................................... 14
Section IX. INTELLECTUAL PROPERTY RIGHTS ........................................................... 16
Section X. CONFIDENTIALITY ......................................................................................... 18
Section XI. FORCE MAJEURE ....................................................................................... 20
Section XII. RIGHT TO AUDIT ..................................................................................... 20
Section XIII. ON-THE-SPOT-VISITS ........................................................................... 21
Section XIV. NOTICES AND COMMUNICATION ............................................................ 21
Section XV. MISCELLANEOUS PROVISIONS ................................................................. 22
Section XVI. PAYMENT ................................................................................................. 24
Section XVII. LIABILITY ................................................................................................. 25
Section XVIII. GOVERNING LAW AND RESOLUTION OF DISPUTES ................................. 26
Annex A: DEFINITION AND COMMON TERMS .............................................................. 28
Annex B: PROJECT OBJECTIVES .................................................................................. 32
Annex C: SCOPE OF SERVICE (Technical specification) ................................................. 33
Annex D: SERVICE SCHEDULE AND RATES ............................................................... 34
Annex E: LIST OF APPROVED SUB-CONTRACTORS AND STAFF ................................. 35
Annex F: DELIVERY ACCEPTANCE NOTE .................................................................... 46
Annex G: REPRESENTATIVES ...................................................................................... 47
Annex H: SERVICE PROVIDER’S PROPOSAL ............................................................... 48
Annex I: DECLARATION OF THE SERVICE PROVIDER .................................................. 60
This PROFESSIONAL CONSULTANT SERVICE AGREEMENT (hereinafter, the "Agreement"), together with all Annexes hereto, is entered into in Riga, on 5 November of the year 2018 (hereinafter, the "Effective Date") by and between:

(1) RB Rail AS, a joint stock company registered in the Latvian Commercial Register registration No 40103845025, legal address at Kr. Valdemāra iela 8-7, Rīga, LV-1010, Latvia (hereinafter, the "Principal"), represented by its Chairman of the Management Board Ignas Degutis and Management Board Member Kaspars Rokenš, acting on the basis of the Regulations of the Representation Rights (dated 25.05.2018), on the one side,

and

(2) SIA "McCann Rīga", a limited liability company registered in the Latvian Commercial Register under registration No 50003257541, having its registered address at Tērbatas iela 30, Rīga, LV-1011, Latvia (hereinafter, the "Service Provider"), represented by Member of the Board Ainārs Ščipčinskis, acting on the basis of Statutes,

WHEREAS:

(A) This Agreement is entered into under the Global Project which includes all activities undertaken by the respective beneficiaries and implementing bodies of the Republic of Estonia, the Republic of Latvia and the Republic of Lithuania in order to build, render operational and commercialise the Rail Baltica railway – a new fast conventional double track electrified railway line according TSI INF P2-F1 criteria and European standard gauge (1435mm) on the route from Tallinn through Pärnu-Riga-Panevėžys-Kaunas to Lithuanian-Polish border, with the connection of Kaunas – Vilnius, and related railway infrastructure in accordance with the agreed route, technical parameters and time schedule;

(B) The Principal has organised procurement procedure “CREATIVE AGENCY SERVICES” (identification No RBR 2018/18) (hereinafter, the "Procurement Procedure") whereby the tender proposal submitted by the Service Provider (hereinafter, the "Service Provider’s Proposal") was selected as the winning bid;

(C) This Agreement is co-financed from the Connecting Europe Facility (CEF), CEF Contract No INEA/CEF/TRAN/M2016/1360716, Action No 11 and Action No 12,

Section I. DEFINITIONS AND INTERPRETATION

1.1. Definitions. In this Agreement, unless the context requires otherwise, all defined terms shall have the meanings ascribed to such terms in accordance with Annex A (Definitions and Common Terms) entered into between the Parties on the Effective Date.

1.2. Interpretation.

(a) The headings contained in this Agreement shall not be used in its interpretation.

(b) References to the singular shall include references in the plural and vice versa, words denoting a gender shall include any other gender where the context requires, and words denoting natural persons shall include any other persons.

(c) References to a treaty, directive, regulation, law or legislative provision shall be construed, at any particular time, as including a reference to any modification, extension or re-enactment of the respective treaty, directive, regulation, law or legislative provision at any time then in force and to all subordinate legislation enacted from time to time.

(d) In the event there arises a conflict between provisions of the Agreement, the last provision to have been written chronologically shall take precedence.
Any reference in this Agreement to a person acting under the direction of another person shall not include any action that is taken in contravention of any Applicable Law or Standards, unless the relevant Person can demonstrate that an explicit instruction or direction was given to take the relevant action.

Unless expressly stated to the contrary, any reference in this Agreement to the right of consent, approval or agreement shall be construed such that the relevant consent, approval or agreement shall not be unreasonably delayed or withheld. The Parties agree and acknowledge as follows:

(i) neither Party shall be required to seek or apply for any consent, approval or agreement by any Person which would place the respective Party in breach of any Applicable Law, Standards or Good Industry Practice; and

(ii) nothing in this Agreement shall require the Principal to give or procure the giving of any consent or approval which would be contrary to the protection, safety and efficient operation of the Railway and the Project.

A reference to “writing” shall include an e-mail transmission and any means of reproducing words in a tangible and permanently visible form.

The words “include” and “including” are to be construed without limitation.

Unless indicated otherwise, all references to “days” shall mean calendar days.

The words in this Agreement shall bear their natural meaning, except for Definitions in accordance with Annex A (Definitions and Common Terms)

1.3. Order of Precedence. In the event of any discrepancy or inconsistency arising between the documents forming part of this Agreement, the following order of precedence shall apply:

(a) this Agreement document;
(b) Explanations (clarifications) of the procurement documentation;
(c) Procurement documents with the annexes;
(d) Clarifications of the Service Provider’s Proposal;
(e) Service Provider’s Proposal.

Section II. ENGAGEMENT, OBJECTIVE AND SCOPE OF SERVICE

2.1. Engagement. The Principal hereby engages the Service Provider to provide the Service for the purposes of the Project with the objective of ensuring provision and performance of all Works more fully identified in Annex C (Scope of Service) attached to this Agreement (hereinafter, the “Scope of Service”) subject to the terms of this Agreement, and the Service Provider accepts such engagement.

2.2. Objective. The Service shall result in the performance of all Works identified in Annex C (Scope of Service) according to the terms of this Agreement and delivery to the Principal of the Deliverables according to the Service Schedule specified in Annex D (Service Schedule and Rates). For every assignment, a separate assignment order (hereinafter, the “Assignment Order”) shall be issued by the Principal in the form and way chosen by the Principal and confirmed by the Service provider (by Representatives). The Service provider shall provide services according to only confirmed Assignment Order, the conditions thereof become binding to both parties: the Service Provider and the Principal.

2.3. Alteration Requests by Principal. Notwithstanding any provisions in this Agreement to the contrary, whenever the Principal reasonably considers that an Alteration is necessary:

(a) to address, alleviate or comply with (as appropriate) a Mandatory Alteration; or

(b) to address the results of Survey Works, to the extent necessary to attain the purposes of the Project; or
(c) to address changes to the underlying assumptions set out in the Scope of Service (Annex C (Scope of Service (Technical Specification))),

the Principal shall send to the Service Provider a written notice requesting an Alteration to the Scope of Service (Annex C (Scope of Service (Technical Specification))) and/or Service Schedule (Annex D (Service Schedule and Rates)) (hereinafter, the “Alteration Request”) to the extent that the Alteration is reasonable in the circumstances. For the avoidance of any doubt, no Alteration shall be effective unless and until agreed in writing by both Parties, and it shall comply with the mandatory requirements of the Public Procurement Law of the Republic of Latvia.

2.4. Alteration Requests by Service Provider. Where the Service Provider reasonably considers that an Alteration is necessary:

(a) to address, alleviate or comply with (as appropriate) a Mandatory Alteration; or

(b) to address the results of Survey Works, to the extent necessary to attain the purposes of the Project; or

(c) to address changes to the underlying assumptions set out in the Scope of Service (Annex C (Scope of Service (Technical Specification))),

the Service Provider shall be entitled to request the Principal to implement an Alteration in accordance with the Applicable Law of the Republic of Latvia.

2.5. Certain Representations and Warranties by Parties. Each Party represents and warrants to the other Party, as of the Effective Date, as follows:

(a) it has entered into this Agreement with the aim of attaining all of the objectives and performing in all material respects all of the obligations and commitments herein set forth;

(b) it has entered into this Agreement without having any intention or goal whatsoever to violate the Applicable Law, its own Statutes, other constitutional documents or agreements of any kind to which it is a party;

(c) it is not bankrupt and is not the subject of insolvency or winding-up proceedings, where its assets are being administered by a liquidator or by the court, it is not in an arrangement with creditors, where its business activities are suspended, or it is in any analogous situation arising from a similar procedure under the Laws of the Republic of Latvia; and

(d) it has entered into this Agreement of its own volition and in good faith.

2.6. Certain Representations and Warranties by Service Provider. The Service Provider represents and warrants to the Principal, as of the Effective Date, as follows:

(a) it has all requisite qualification, skills and competence to provide the Service to the Principal on the terms and conditions of this Agreement which are no less favourable than the terms and conditions of service identified by the Service Provider in any document submitted by the Service Provider to the Principal as part of the Procurement Procedure and on the terms of the Service Provider’s Proposal identified in accordance with Service Provider’s Proposal;

(b) it has all requisite ability to ensure the highest quality of the Service;

(d) it will assign competent and duly qualified personnel to carry out the Works set out in this Agreement according to the highest professional standard and Good Industry Practice;

(e) it is not deemed to be a person associated with the Principal for the purposes of Applicable Law;

(g) it is compliant with all of the requirements of the Service Provider’s Declaration contained in Annex I (Declaration of the Service Provider) and will continue to be compliant with all such requirements during the term of this Agreement;
Section III. OBLIGATIONS OF SERVICE PROVIDER

3.1. General Obligations. The Service Provider’s services shall be performed as expeditiously as is consistent with professional skill and care, orderly progress of the Service, and in accordance with this Agreement. The Service Provider shall, at all times during the term of this Agreement, act in good faith towards the Principal in respect of all matters under the Agreement. The Service Provider undertakes to perform or procure the performance of the Service in its entirety. The Service Provider shall develop and supplement the Scope of Service Annex C (Scope of Service (Technical Specification)) in consultation with the Principal with a view to achieving the objectives of the Project set out in Annex B (Project Objectives), including with respect to identifying the Service Milestones and other key dates, Deliverables, the underlying assumptions and any Necessary Consents. The Service Provider agrees with the Principal that it shall use all relevant knowledge obtained by the Service Provider in designing, building and maintaining public infrastructure networks having characteristics similar to the characteristics of the Project in the performance of its obligations under this Agreement. Specifically, the Service Provider undertakes to perform the Service in accordance with all of the following:

(a) requirements of Applicable Law;
(b) Good Industry Practice;
(c) Legal Requirements and Standards as may be applicable from time to time;
(d) Necessary Consents; and
(e) the terms and conditions of this Agreement.

3.2. Duty of Care and Exercise of Authority. The Service Provider shall:

(a) in performing its obligations under this Agreement, exercise reasonable professional skill, diligence and care as may be expected of a properly qualified and competent person carrying out services of a similar size, nature, type and complexity;
(b) ensure that all personnel engaged toward the Service are competent in accordance with relevant Standards and are qualified to perform their duties efficiently;
(c) ensure that all maps, drawings, plans, specifications, estimates, studies, computer files and other documents and information required to be prepared or submitted by the Service Provider under this Agreement conform to Good Industry Practice generally acceptable at the time of submission of such maps, drawings, plans, specifications, estimates, studies, computer files and documents;
(d) at all times during the term of this Agreement and in performing the Service, ascertain and comply with all Applicable Law, Good Industry Practice and, to the extent applicable, conditions of any Necessary Consents;
(e) comply, where applicable, with any reasonable requirements of the Principal not otherwise provided for in this Agreement;
(f) ensure that all designs are performed, and that the design process is documented, in accordance with Good Industry Practice, and using standard industry quality control methodology;
(g) notify the Principal of any Defects in accordance with Clause 7.3 of this Agreement as soon as such Defects are identified by the Service Provider;
(h) whenever the Service includes the exercise of powers or performance of duties authorized or required pursuant to the terms of any contract entered into between the Principal and any third party, the Service Provider shall:
(i) act in accordance with the terms and conditions of the agreement entered into between the Principal and the relevant third party; provided, however, that the details of such powers and duties, to the extent not described pursuant to Annex C (Scope of Service (Technical Specification)) are acceptable to the Service Provider;
(ii) if authorized to certify, decide or exercise discretion, do so fairly between the Principal and third party not as an arbitrator but as an independent professional exercising its best skill and judgment; and

(iii) to the extent so authorized, cause the obligations of any third party to be adjusted or modified, subject to obtaining the prior approval of the Principal to any adjustment or modification which can have a material effect on Costs, quality or time (except in any emergency when the Service Provider shall inform the Principal as soon as practicable).

3.3. **Maintenance of Records.** During the term of the Service and for period of ten (10) years from expiration or termination of this Agreement for any reason whatsoever, the Service Provider shall keep and maintain clear, adequate and accurate records and Documentation evidencing, to the reasonable satisfaction of the Principal, that the Service has been and is being carried out in accordance with the Standards. In addition, the Service Provider shall retain copies of the object code of all Service Provider’s Software used in performance of the Service and retain copies of all software used in the design and production of the Service Provider’s Software. In case of on-going audits, appeals, litigation or pursuit of claims concerning the grant, including in the case of correction of systemic or recurrent errors, irregularities, fraud or breach of obligations, the records shall be kept and maintained longer.

3.4. **Access to Documentation.** At all times during the term of the Service, the Principal shall have access to all Documentation. This access shall be continuing and survive the termination of this Agreement for either cause or convenience. The Documentation shall be kept in a generally recognised format for a period of ten (10) years from the date of termination of this Agreement or the Final Acceptance Date, as applicable. All records forming part of the Documentation shall be available to the Principal auditor, or expert appointed by the Principal during the period of time specified in accordance with this Clause.

3.5. **Property of Principal.** Anything supplied by or paid for by the Principal for the use by the Service Provider toward provision of the Service under this Agreement shall constitute the property of the Principal and, to the extent practicable, shall be marked by the Service Provider as property of the Principal. To the extent the Service is completed or terminated, the Service Provider shall furnish inventories of whatever has not been consumed in the performance of the Service to the Principal and shall deliver such inventories in such manner and to such location(s) as designated by the Principal. For the avoidance of any doubt, such delivery shall not be forming part of the Scope of Service (Annex C (Scope of Service (Technical Specification))) and the terms of the delivery shall be agreed between the Principal and the Service Provider separately.

3.6. **Reservation of Certain Approval Rights.** Nothing in this Agreement shall require the Principal to give or procure the giving of any consent or approval which would be contrary to or inconsistent with the interests of protection, safety and efficient operation of the Railway or the Project and the safety of persons or property.

3.7. **Acceptance Not a Waiver.** The Principal’s review, approval, acceptance, or payment with respect to any part of the Service provided by the Service Provider shall not be interpreted or construed to operate as a waiver of any rights or cause for action arising out of the Service Provider’s performance of the Service under this Agreement. The Service Provider shall remain liable to the Principal as allowed under this Agreement and under Applicable Law for any and all Costs and/or Damages caused by the Service Provider’s negligent performance of any part of the Service furnished under this Agreement.

3.8. **Sub-Contracting and Staff.** In performing the Service in accordance with the Scope of Service (Annex C (Scope of Service (Technical Specification))) and subject to the provisions of Clause 3.13 and Clause 3.14, the Service Provider may only rely on the services of those Approved Sub-Contractors and Staff listed in Annex E (List of Approved Sub-Contractors and Staff), as such list may, from time to time, be modified or supplemented in agreement with the Principal and in accordance with the terms and subject to the criteria contained in the applicable public procurement laws of the Republic of Latvia. Annex E (List of Approved Sub-Contractors and Staff) shall specify the name, contact details and legal representative(s) of each Approved Sub-Contractor and specify the name of each Staff member as of the Effective Date. The Service Provider shall have an obligation to notify the Principal in writing of any changes to Sub-Contractor and/or Staff data specified in Annex E (List of Approved Sub-Contractors and Staff) occurring during the term of this Agreement and of the required information for any new sub-contractors and/or Staff member which it may subsequently engage toward provision of the Service.
Pursuant to the Public Procurement Law of Latvia applicable at the date of entry into effect of this Agreement, the Service Provider shall obtain prior written consent of the Principal for the replacement of each Sub-contractor and/or each Staff member indicated in Annex E (List of Approved Sub-Contractors and Staff) and involvement of additional sub-contractors and/or Staff members.

Review and evaluation of the replacement Sub-contractors and/or Staff shall be carried out, and the consent or refusal to give consent shall be rendered by the Principal in accordance with Article 62 of the Public Procurement Law of the Republic of Latvia.

3.9. Responsibility for Performance by Sub-Contractors. The Service Provider shall retain the complete responsibility for the proper performance of all of its obligations under this Agreement, and any act, failure to act, breach or negligence on the part of its Approved Sub-Contractors shall, for the purposes of this Agreement, be deemed to be the act, failure to act, breach or negligence of the Service Provider.

The Service Provider shall replace the Sub-contractor and/or Staff member which, during the effectiveness of this Agreement, meets any of the compulsory grounds for exclusion of tenderers (or sub-contractors) that were verified during the Procurement Procedure.

3.10. Obligations of Service Provider on Termination. In the event of issue or receipt of a notice of termination of the Agreement under Clause 8.1, the Service Provider shall:

(a) take immediate steps to bring an end to the performance of the Service in an orderly manner;

(b) make arrangements to minimize the expenditure under this Agreement as rapidly as possible; and

(c) pass to the Principal a complete set of any documents, manuals or other information that the Principal may require in connection with the Project and the Railway and which, at the time of termination, are in the possession or under the control of the Service Provider.

3.11. Attendance of Meetings. To the extent necessary to ensure smooth and efficient provision of the Service, the Service Provider shall according to the Annex C (Scope of Service (Technical Specification)) or at the Principal’s request, hold and/or attend meetings with any Persons.

3.12. No Material Interference. The Service Provider agrees that non-Principal activities undertaken by the Service Provider will be managed so as not to materially interfere with the Service Provider’s obligations to the Principal under this Agreement.

3.13. No Conflicting Activity. Except with the Principal’s knowledge and express written permission, the Service Provider shall not engage in any activity, or accept any employment, other agreement, interest, or contribution that would reasonably appear to compromise the Service Provider’s professional judgment and performance with respect to the Service and/or the Project. In performing the Service, the Service Provider shall take all necessary measures to prevent any situation where the impartial and objective implementation of the Service is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest.

3.14. Certain Negative Covenants. In carrying out the Service, the Service Provider undertakes not to procure goods or services of any kind from any Person meeting any of the following criteria:

(a) the Person who is a member of the Management Board or Supervisory Board of an Approved Sub-Service Provider or procurator of an Approved Sub-Contractor, or is authorized to represent or act on behalf of an Approved Sub-Contractor with respect to any activity related to any subsidiary company of such Approved Sub-Contractor, and such Person has been accused of commitment of any of the following criminal offences pursuant to an order issued by a public prosecutor or was found to be guilty of commitment of any of the following criminal offences in accordance with a court judgment that has entered into legal force, is non-disputable and non-appealable:

   (i) accepting a bribe, giving of a bribe, misappropriation of a bribe, intermediation toward giving or taking of a bribe, acceptance of a prohibited benefit or commercial bribing;

   (ii) fraud, misappropriation of funds or money laundering;
(iii) tax evasion or evasion of payments equivalent to tax;
(iv) terrorism, financing of terrorism, instigation of acts of terrorism, terrorist threats or recruitment and training of a person with the aim of committing acts of terrorism;

(b) the Person has, by decision of a competent authority or judgment of a court which has entered into legal force and is non-disputable and non-appealable, been found guilty of violation of labour law in any of the following manners:

(i) employment of one or more citizens or nationals of countries who are not citizens or nationals of a Member State of the European Union and are residing in the territory of a Member State of the European Union unlawfully;
(ii) employment of one or more persons without having entered into written employment agreement with such persons, or without having submitted an employee declaration with respect to such persons within a period of time stipulated in accordance with applicable laws and regulations applicable to persons that enter into salaried employment;

(c) the Person who, by decision of a competent authority or in accordance with judgment of a competent court which has entered into legal force, is non-disputable and non-appealable, has been held guilty of violation of applicable rules of competition law manifested as a vertical agreement aimed at restricting the ability of one or more purchasers to determine the resale price, or a horizontal cartel agreement, with the exception of instances where the relevant authority, upon having established the fact of violation of applicable rules of competition law, has discharged the candidate or participant in a tender offer from imposition of a fine or has reduced the amount of fine as a part of co-operation leniency programme;

(d) the Person who has insolvency proceedings initiated against it (except in the circumstances where a bailout or a similar set of measures are applied within the insolvency proceedings and are aimed at preventing the bankruptcy and restoring the debtor back to solvency, in which case the Service Provider shall evaluate the possibility of participation by such Person in performing the Service), economic activity of the Person has been suspended or discontinued, bankruptcy proceedings have been initiated against the Person or the Person is subject to a liquidation;

(e) the Person has unpaid tax indebtedness in the country where the Procurement Procedure is organised or in the country where the Person is registered or permanently residing as a tax payer, including the indebtedness with respect to State social insurance contributions, in the total amount exceeding EUR 150 in each individual country; in such case, the Service Provider can, within its sole discretion, prompt the Approved Sub-Contractor to pay or discharge all outstanding tax indebtedness within 10 (ten) Working Days and, upon such payment or discharge, allow the Person to continue performance of the Service; and

(f) any of the above-mentioned criteria shall apply to all members of a group of persons if the Person is a group of persons.

3.15 Visibility Requirements. At all times during provision of the Service, the Service Provider undertakes to comply with each of the following requirements:

(a) any report, brochure, document or information related to the Service provided by the Service Provider to the Principal or any other Person, or which the Service Provider makes publicly available shall include each of the following:

(i) a funding statement which indicates that the Service is financed from CEF funds substantially in the following form: "Rail Baltica is co-financed by the European Union’s Connecting Europe Facility";
(ii) with respect to printed materials, a disclaimer releasing the European Union from liability with respect to any contents of any distributed materials substantially in the form as follows: “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”. The disclaimer in all official languages of the European Union can be viewed on the website https://ec.europa.eu/inea/connecting-europe-facility/cef-energy/beneficiaries-info-point/publicity-guidelines-logos; and

(iii) the flag of the Council of Europe and the European Union.

(b) the requirements set forth in Clauses 3.15(a)(i) - 3.15(a)(iii) of this Agreement can be complied with by means of utilizing the following logo:

![Co-financed by the Connecting Europe Facility of the European Union](image)

in the event the Service Provider decides to utilize the above logo, the Service Provider shall ensure that the individual elements forming part of the logo are not separated (the logo shall be utilized as a single unit) and sufficient free space is ensured around the logo; and

(c) in order to comply with the latest applicable visibility requirements established by the European Union, the Service Provider shall regularly monitor changes to visibility requirements; as of the Effective Date, the visibility requirements are available for review on the webpage https://ec.europa.eu/inea/connecting-europe-facility/cef-energy/beneficiaries-info-point/publicity-guidelines-logos.

Section IV. OBLIGATIONS OF PRINCIPAL

4.1. Acting in Good Faith and Supply of Information. At all times during the term of this Agreement, the Principal undertakes to act in good faith toward the Service Provider in respect of all matters under this Agreement. The Principal shall, so as not to delay the Service and within a reasonable time, supply to the Service Provider free of cost all information in the power of the Principal to obtain which pertains to the Service, the Project and the Railway. The Principal shall, free of any Costs to the Service Provider, to the extent not explicitly stated otherwise in this Agreement, comply with all of its obligations under this Agreement, including with respect to carrying out any action or providing any information identified and specifically requested by the Service Provider, as reasonably necessary to enable the Service Provider to progress the Service. Information or instructions provided to the Service Provider by or on behalf of the Principal in connection with the Railway or the Project shall be prepared and given in such a diligent and professional manner and with such clarity, in such detail and in a timely manner as is necessary to enable the Service Provider to comply with its obligations under this Agreement. The Principal shall examine Documentation as may be submitted by the Service Provider for review by the Principal toward partial completion of the Service and, upon request of the Service Provider, shall render decisions and opinions pertaining thereto.

4.2. Decisions by Principal. On all matters properly referred to it by the Service Provider in writing the Principal shall give its decision in writing so as not to delay the Service and within a reasonable time.

4.3. Assistance and Cooperation by Principal. In each country of the Railway and in respect of the Service Provider, its personnel and dependents, as the case may be, the Principal shall have an obligation to do all in its power to reasonably assist the Service Provider and reasonably cooperate with the Service Provider with respect to each of the following matters:

(a) providing unobstructed access wherever access is required for purposes of enabling, establishing or providing the Service; and

(b) providing access to other organizations to enable collection of information which is to be obtained by the Service Provider.
4.4. **No Material Interference.** The Principal agrees that non-Service Provider activities undertaken by the Principal will be managed so as not to materially interfere with the Principal’s obligations to the Service Provider under this Agreement.

**Section V. PERSONNEL AND REPRESENTATIVES**

5.1. **Supply of Personnel.** The personnel who are designated by the Service Provider shall be fit for their respective assignments, and their qualifications shall be acceptable to the Principal.

5.2. **Representatives.** Each Party shall appoint an officer, employee or individual to serve as its representative toward supply or receipt of the Service with full authority to act on its behalf in connection with this Agreement (hereinafter, the “Representative”), the initial Representatives having been identified in accordance with Annex G (Representatives). Any restriction placed by either Party on its Representative’s authority shall be notified to the other Party in writing in order to be effective. The Representatives may delegate their authority by notice in writing specifying the identity of the delegate and specifying the scope of authority so delegated. In addition to the appointment of a Representative in accordance with this Clause 5.2, to the extent required by the Principal, the Service Provider shall designate an individual to liaise with the Representative of the Principal in each country where the Project is implemented.

5.3. **Supplemental Personnel.** To the extent necessity arises to supplement the personnel of the Service Provider engaged toward provision of the Service with additional personnel, the Service Provider shall immediately arrange for engagement of such supplemental personnel. The costs of such engagement shall be borne by the Service Provider. For the avoidance of any doubt, the engagement of supplemental personnel under this Clause 5.3 shall not require approval by the Principal, provided that this personnel complies with the Applicable Law and this Agreement.

**Section VI. SERVICE MEETINGS, REPORTING AND RISK REDUCTION**

6.1. **Service Meetings.** The Service Provider shall arrange project’s communication’s planning meetings on weekly, monthly and quarterly bases (or more frequently, to the extent mutually agreed by the Parties) as described in Annex C (Scope of Service (Technical Specification)), at which appropriate personnel of the Service Provider and the Principal and the Representatives of each Party shall be present (if applicable). Service Provider shall record all meetings (also online meetings) between Parties and prepare meeting reports within 5 Working Days after each meeting. All meeting reports shall be agreed with Principal.

6.2. **Reporting.** The Service Provider shall, in a format and at intervals to be agreed with the Principal:

   (a) provide the Principal with regular reports and status updates on the progress of the Works.

   (b) report on any changes to the Scope of Service (Annex C (Scope of Service (Technical Specification)), Service Schedule (Annex D (Service Schedule and Rates)) and Estimated Costs, which the Service Provider considers may be needed in order to fulfil the objectives set out in the Scope of Service (Annex C (Scope of Service (Technical Specification))) and Service schedule (Annex D (Service Schedule and Rates)); and

   (c) use reasonable endeavours to provide any other information and status updates as may be reasonably requested by the Principal at any time.

6.3. **Early Warnings.** Each Party undertakes to give an early warning by notifying the other Party as soon as such Party becomes aware of any matter that is capable of producing any of the following effects:

   (c) delay any Service Milestone or date of supply of any Deliverable specified in accordance with Annex C (Scope of Service (Technical Specification)) or

   (d) impair the usefulness of the Service to the Service Provider.

Notwithstanding the above, the Service Provider may give an early warning by notifying the Principal of any other matter which the Service Provider deems to be necessary. The Principal shall enter each
early warning into the Risk Register or another register in any form/document as decided by the Principal.

6.4. **Risk Reduction Meetings.** Either Party may instruct the other Party to attend a risk reduction meeting at which appropriate personnel of each Party and, to the extent practicable, the Representatives of each Party, shall be present, in order for those who attend to co-operate with respect to any of following matters:

(a) making and considering proposals for how the effect of the risks registered with the Risk Register can be avoided or reduced;

(b) deciding on the course of action which will be taken and which Party, in accordance with this Agreement, will take the relevant course of action; and

(c) deciding which risks have now been avoided or have passed and can be removed from the Risk Register.

6.5. **Risk Register Revisions.** The Principal shall be responsible for revising the Risk Register or another register in any form/document as decided by the Principal to record the decisions made at each risk reduction meeting and issuing the revised Risk Register to the Service Provider. In the event a decision requires a modification to be made to the Scope of Service (Annex C (Scope of Service (Technical Specification))) specified in accordance with Annex C (Scope of Service (Technical Specification)), the Principal shall request an Alteration to the Scope of Service (Annex C (Scope of Service (Technical Specification))) to be made in accordance with Clause 2.3. at the same time as the Principal issues the revised Risk Register.

6.6. **Obligation to Act Pursuant to Principal’s Comments.** The Service Provider shall have due regard to any comments expressed by the Principal in connection with any report or at any meeting and shall provide reasons to the Principal where it does not take into account any such comments or representations.

6.7. **Ambiguities and Inconsistencies.** Either Party shall notify the other Party as soon as it becomes aware of any ambiguity or inconsistency in or between the documents or information forming part of this Agreement or inconsistency in such documents or information and comments made by the Principal under Clause 6.3., 6.5., 6.6. and Clause 6.7. The Principal shall have the absolute and exclusive discretion in resolving any such ambiguity or inconsistency.

**Section VII. COMMENCEMENT OF SERVICE, REMEDY OF DEFECTS AND ACCEPTANCE**

7.1. **Service Commencement.** The Service Provider shall not commence provision of the Service until receiving the confirmation of the Assignment Order and shall perform the Works within the deadlines and in the volumes approved by the Parties and each Deliverable is furnished to the Principal timely and in a manner as designated by the Principal.

7.2. **Impediments and Delays.** If the Service, or any part thereof, is impeded or delayed by the Principal or any third party engaged by the Principal so as to increase the duration of the Service or any of the applicable Service Milestones:

(a) the Service Provider shall inform the Principal of the circumstances and probable effects of such impediment or delay upon the Service Schedule (Annex D (Service Schedule and Rates)); and

(b) the duration of the Service shall be increased and any Service Milestone(s) affected by the impediment or delay shall be extended accordingly.

7.3. **Defects and Defects Date.** Until the Defects Date specified in accordance with Annex D (Service Schedule and Rates) the Principal shall notify the Service Provider of any Defects of any kind as soon as Defects are identified by the Principal and the Service Provider shall have an obligation to notify the Principal of any Defects of any kind as soon as Defects are identified by the Service Provider. Upon discovery of any Defects, or upon receipt by the Service Provider of a notification of Defects from the Principal, the Service Provider shall have two (2) days to remedy the Defects, irrespective of the nature of such Defects (hereinafter, the “Cure Period”). In the event of inability or failure by the Service Provider to
remedy the Defects within the Cure Period, the Principal shall be entitled, in the sole and exclusive discretion of the Principal, to do any of the following:

(a) allow the Service Provider an additional time period for remedying the Defects, such time period to be determined in the sole discretion of the Principal;

(b) remedy the Defects, irrespective of the extent or nature of the Defects, at own cost of the Principal (including by means of relying on the services of a third Person) and demand reimbursement by the Service Provider of Costs incurred by the Principal as a result of having to pay other Persons toward carrying out any Work or action;

(c) terminate the Agreement according to Clause 8.1; or

(d) remedy the Defects, irrespective of the extent or nature of the Defects, in accordance with Clause 7.3(b) and terminate the Agreement pursuant to Clause 8.1.

For the avoidance of any doubt, the application of the Cure Period under this Clause 7.3 shall be without prejudice to and shall not relieve the Service Provider from the obligation to pay any contractual penalty in accordance with the provisions of Clause 17.2 or to pay Damages in accordance with the provisions Clause 17.3 of this Agreement.

7.4. **Completion of Service and Delivery Acceptance Note.** Meeting of a Service Milestone or supply of a Deliverable occurs whenever the Service Provider has completed all of the Works which the Service Provider has undertaken to perform according to the Scope of Service (Annex C *(Scope of Service (Technical Specification))*, Assignment Order (as defined in Clause 2.2) and Service Schedule (Annex D *(Service Schedule and Rates)*) by the relevant Service Milestone. The Delivery Acceptance Note shall include the Deliverable and adequate supporting documentation or information relevant to the Service Milestone attained and/or Deliverable completed. In the event no reasons for objection to the Delivery Acceptance Note exist, the Principal shall approve and sign it within reasonable time following receipt of the Delivery Acceptance Note. The Principal shall not unreasonably withhold or delay approval of a Delivery Acceptance Note. The date of the signing the Delivery Acceptance Note by the Principal shall constitute “Completion Date" with respect to this Clause 7.4.

7.5. **Objection Notice** In the event the Principal objects to approve and sign Deliverable Acceptance Note, it shall give notice to the Service Provider setting out in reasonable detail Defects or reasons for the objection (hereinafter, the “Objection Notice") within reasonable time following receipt of the Delivery Acceptance Note.

7.6. **Completion of Service Following Receipt of Objection Notice.** In the event of receipt by the Service Provider of an Objection Notice in accordance with Clause 7.5, the Service Provider shall:

(a) take due account of all Defects, irrespective of their extent or nature, and other matters raised in the Objection Notice;

(b) as soon as reasonably practicable, but not later as mentioned in the Objection Notice, correct such Defects and deficiencies, irrespective of their extent or nature, and complete the Works indicated in the Objection Notice so as to comply in all material respects with the requirements of this Agreement; and

(c) issue to the Principal a second Delivery Acceptance Note substantially in accordance with the form stipulated in the Annex F *(Delivery and Acceptance Note)* of this Agreement.

The second Delivery Acceptance Note issued in accordance with Clause 7.6 (c) shall include the Deliverable and adequate supporting documentation relevant to the Service Milestone attained and/or Deliverable completed. In the event no reasons for objection to the second Delivery Acceptance Note exist, the Principal shall, within reasonable time following receipt of the second Delivery Acceptance Note, approve and sign Delivery Acceptance Note. The date of the signing the Delivery Acceptance Note by the Principal shall constitute “Completion Date” with respect to the relevant Service Milestone and/or Deliverable. In the event the Principal objects to accept and sign the Delivery Acceptance Note, it shall give second Objection Notice to the Service Provider setting out in reasonable detail Defects or reasons for the objection within reasonable time following receipt of the second Delivery Acceptance Note. For the avoidance of any doubt, the giving by the Principal of any Objection Notice under Clause
7.5 or second Objection Notice under this Clause 7.6 shall be without prejudice to and shall not relieve the Service Provider from the obligation to pay any contractual penalty in accordance with the provisions of Clause 17.2 or to pay Damages in accordance with the provisions Clause 17.3 of this Agreement.

Section VIII. TERMINATION AND SUSPENSION

8.1. Termination for Material Breach or Bankruptcy. Subject to the provisions of Clause 8.2, either Party shall be entitled to terminate this Agreement upon giving a written notice of termination to the other Party in the event of material breach by the other Party of any of its obligations under this Agreement. The written notice of termination shall contain an itemized description of the breach. For the purposes of this Clause 8.1 an event of material breach shall include any of the following:

(a) commitment by a Party of any persistent or material breach of this Agreement (which shall include failure to pay an amount of at least EUR 5,000 due to the other Party or perform any part of the Service valued at least EUR 5,000);

(b) failure by the Service Provider to duly address any of the matters raised in the second Objection Notice given by the Principal in accordance with Clause 7.6;

(c) failure by any Deliverable to conform to any of the material requirements to such Deliverable contained in Annex C (Scope of Service (Technical Specification)), Assignment Order and/or Annex D (Service Schedule and Rates), provided that such failure is not capable of being remedied during the Cure Period, within the term specified in the Objection Notice or within the Corrective Period; or

(d) failure by the Principal to make any payment to the Service Provider in accordance with this Agreement within at least fourteen (14) Working Days from the date of payment falling due;

(e) any of the representations or warranties given by either Party under Clause 2.5. or any of the representations or warranties given by the Service Provider under Clause 2.6. proving to be untrue; or

(f) breach by the Service Provider of any of the representations or warranties contained in Clause 9.6 or breach by the Service Provider of the undertaking contained in Clause 9.10.

8.2. Corrective Period. In the event of breach by either Party of its obligations under this Agreement, the non-breaching Party shall allow the breaching Party no longer than two (2) days for corrective action or submission of a corrective action plan (hereinafter, the "Corrective Period"). The Corrective Period shall be counted from the date of receipt by the breaching Party of a written notice of breach. Should no satisfactory corrective action be taken, or acceptable corrective action plan provided by the breaching Party, the non-breaching Party shall have the right to terminate the Agreement. It is acknowledged and agreed by the Parties that the provisions of this Clause 8.2. shall not apply with respect to any of the events enumerated in accordance with Clause 8.5. In addition and for the avoidance of any doubt, the application of the Corrective Period under this Clause 8.2 shall be without prejudice to and shall not relieve either Party from the obligation to pay any contractual penalty in accordance with the provisions of Clause 17.2 or to pay Damages incurred by the other Party in accordance with the provisions of Clause 17.3 of this Agreement.

8.3. Alteration Not Material Breach. It is agreed and acknowledged by the Parties that, for the purposes of Clause 8.1, no Alteration agreed by the Parties shall constitute a “material breach”, provided that such Alteration is objectively justified and indispensable to attain objectives of the Project, is carried out in accordance with applicable Public Procurement Law of the Republic of Latvia and relates to any of the following matters:

(a) modification of the terms and conditions of this Agreement in a manner altering the terms and conditions set forth in documents forming part of the Procurement Procedure, provided that necessity of such modification is due to no fault of the Service Provider;
substitution of a supplier or Approved Sub-Contractor selected during the Procurement Procedure with another supplier or Sub-Contractor in accordance with applicable Public Procurement Law of the Republic of Latvia.

8.4. **Right to Terminate Immediately.**

8.4.1. Notwithstanding anything to the contrary contained in this Agreement, a Party may terminate this Agreement immediately upon giving the other Party a written notice of termination explaining, in reasonable detail, the reason for termination upon occurrence of any of the following:

(a) breach by the other Party of Clause 15.7;
(b) an event of Force Majeure has been continuing during more than sixty (60) days;
(c) the other Party had passed a resolution for winding-up (other than in order to amalgamate or reconstruct);
(d) breach by the Service Provider of the confidentiality undertakings contained in Section X;
(e) the other Party is unable to pay its debts and has presented a petition for voluntary bankruptcy;
(f) the other Party had a bankruptcy order issued against it;
(g) the other Party has a provisional receiver or administrative receiver appointed over the whole or a substantial part of its undertaking or assets;
(h) liquidation, insolvency or legal protection proceedings have been initiated with respect to the other Party or the other Party is declared insolvent;
(i) the making by the other Party of a proposal for a voluntary arrangement with creditors; or
(j) the occurrence of any event analogous to the events enumerated under Clauses 8.4 (g) – (j) under the law of any jurisdiction to which the other Party's assets and undertaking are subject.

8.4.2. **Principal’s Right to Terminate Immediately.** The Principal may terminate this Agreement immediately upon giving the other Party a written notice of termination explaining, in reasonable detail, the reason for termination, if CEF Co-financing for further financing of the Services are not available to the Principal fully or partly. In such a case, the Principal shall pay the Service Provider the fees in respect of the Services provided under this Agreement up to the date of the notification of the termination of this Agreement and the Principal is not obliged to pay contractual or any other penalty or damages to the Service Provider.

8.4.3. **Termination according to Public Procurement Law and Law on International Sanctions and National Sanctions of the Republic of Latvia.** The Agreement can be immediately terminated upon giving the other Party a written notice of termination explaining, in reasonable detail, the reason for termination upon occurrence of any of the provisions mentioned in the Article 64 of the Public Procurement Law. In such a case, the Principal shall pay the Service Provider the fees in respect of the Works provided under this Agreement up to the date of the notification of the termination of this Agreement and the Principal is not obliged to pay contractual or any other penalty or damages to the Service Provider. The Agreement can also be terminated immediately in case if it is not possible to fulfil the Agreement due to the application of international or national sanctions, or European Union or North Atlantic Treaty Organization applied sanctions significantly affecting interests of financial or capital market.

8.5. **Right to Advance to Completion.** In the event the Service Provider fails to fulfil any of its obligations, or fails to cure any breach in accordance with Clause 8.2, and the Agreement is terminated by the Principal, the Principal may advance the Service to completion by employing the services of other professional service supplier(s) or by other means available to the Principal. The Service Provider shall be liable to the Principal for any and all additional costs incurred due to failure by the Service Provider to perform. The rights and remedies available to the Principal set forth in accordance with this Clause 8.5 shall be in addition to any and all other rights and remedies available under Applicable Law.

8.6. **Consequences of Termination.** Upon expiration or termination of this Agreement, the obligations of the Parties set forth in this Agreement shall cease, except with respect to the following:

(a) any obligations arising as a result of any antecedent breach of this Agreement or any accrued rights; and

(b) the provisions stipulated in accordance with Clauses 3.3, 3.4, 7.3, 8.6, 9.5, 9.6, 9.7, 9.8, 9.9, 9.11, 9.12, 15.5, 15.7, 15.8, 15.9, 17.1, 17.3, 17.5, 17.6, 17.7, and Sections X, XII, XIV and XVIII which
shall survive the termination or expiry of this Agreement and continue in full force and effect along with any other Clauses of or Annexes hereof which are necessary to give effect to the clauses specifically identified in this Clause 8.6(b).

8.7. **Partial Acceptance.** Notwithstanding anything in this Agreement to the contrary including, without limitation, the provisions of Clauses 7.5, 7.6 and in the event of termination of this Agreement, the Principal shall have the right, in the sole discretion of the Principal, to partially accept any Works, part of Works or any Service or part of the Service delivered to the Principal under this Agreement (hereinafter, the "Right of Partial Acceptance"). The Principal shall notify the Service Provider of its intention to exercise the Right of Partial Acceptance in the termination notice given in accordance with Clause 8.1 or Clause 8.4 of this Agreement, specifying, in reasonable detail, the Works, part of Works or part of the Service which the Principal would like to partially accept. In the event of receipt of such notice, the Service Provider shall reasonably cooperate with the Principal in order to ascertain transfer to the Principal of ownership in the result(s) of such Works, part of Works or part of the Service and determination of the amount of consideration payable by the Principal.

8.8. **Principal’s Obligation to Pay.** Subject to the provisions of Clause 8.7 and except in the event of termination by the Principal occurring as a result of violation by the Service Provider of Clause 15.7 and/or termination by the Principal according to Clause 8.4.2 and/or 8.4.3, in the event this Agreement is terminated for any reason prior to completion of the Service, the Principal shall have an obligation to pay the Service Provider the following:

- (a) the Costs incurred by the Service Provider up to the date of termination; and
- (b) except where termination is due to negligence of the Service Provider, breach by the Service Provider, insolvency of the Service Provider or a Force Majeure Event under Section XI:
  - (i) an amount equal to the costs reasonably and properly incurred by the Service Provider as a result of or in connection with such termination; and
  - (ii) such additional amount as is required to put the Service Provider in the same after-tax position (taking into account the amount of any relief, allowance, deduction, set-off or credit relating to tax available to the Service Provider in respect of the payment received) as it would have been in if the payment had not been a taxable receipt in the hands of the Service Provider.

8.9. **No Obligation to Pay Costs Incurred Prior to Acceptance.** Notwithstanding anything set forth in this Agreement to the contrary including, without limitation, in accordance with Clause 8.7, the Principal shall have no obligation to pay any of the Costs incurred by the Service Provider with respect to any Works or the Service (or part of any Works or the Service) not deemed as having been accepted by the Principal in accordance with Clauses 7.5 and 7.6 of this Agreement.

8.10. **No Prejudice to Other Rights.** The right to terminate this Agreement shall be without prejudice to any other right of either Party which has accrued prior to or as a result of such termination or to any remedy available to either Party under the terms of this Agreement or in accordance with Applicable Law.

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**Section IX. INTELLECTUAL PROPERTY RIGHTS**

9.1. **Principal as Sole Proprietor.** All Documentation forming part of the Deliverables developed under this Agreement is and shall become the property of the Principal regardless of whether the Service or Deliverable is produced or finally accepted. It is acknowledged and agreed by the Parties that the Principal is permitted to reproduce the drawings and distribute the prints in connection with the use or disposition of the Documentation without incurring obligation to pay any royalties or additional compensation whatsoever to the Service Provider.

9.2. **Intellectual Property in Documentation.** The Service Provider represents and warrants that it owns all Intellectual Property in all Documentation deliverable by or on behalf of the Service Provider under this Agreement and that, to the extent any Intellectual Property in any Documentation is not owned by the Service Provider, it has obtained all requisite consents from owner(s) of all Intellectual Property in the
Documentation to fulfil all of the obligations undertaken by the Service Provider under this Agreement and has fully discharged all obligations with respect to payment of any royalties or fees.

9.3 **Transfer of Ownership to Principal.** The Principal shall acquire legal title to and ownership in the Intellectual Property in all Documentation deliverable to the Principal under this Agreement as of the moment of delivery by the Service Provider to the Principal of the Delivery Acceptance Note, together with the Deliverable and Documentation forming part of the Deliverable, in accordance with Clause 7.4 of this Agreement; provided, however, that the Principal has paid the Fee or other consideration payable under the terms of this Agreement with respect to the relevant part of the Service or Deliverable. For the avoidance of any doubt, such title and ownership shall confer upon the Principal, without limitation, each of the following:

(a) the right to reproduce the Documentation, or any part thereof, and distribute copies of the Documentation or any part thereof;
(b) the right to modify, amend and supplement the Documentation, or any part thereof;
(c) the right to licence the Documentation, or any part thereof, for use by others; and
(d) the right to transfer ownership in the Documentation, or any part thereof, to others.

9.4 **Grant of Limited License to Service Provider.** Upon acceptance by the Principal of any Deliverable and Documentation forming part of any Deliverable in accordance with Clause 7.4, the Principal shall be deemed to have granted the Service Provider an irrevocable and exclusive licence to reproduce, modify and distribute copies of any Documentation forming part of any Deliverable for the purposes of the Service and the Project, subject to the following restrictions:

(a) the license shall apply during the term of this Agreement only;
(b) the permitted use shall only cover the right to reproduce, modify and distribute the Documentation, or any part thereof, for the purposes of performing, implementing or modifying the Service; and
(c) the Documentation, or any part thereof, shall not, without the prior consent by the Principal, be distributed or communicated to any third party for purposes other than those permitted in accordance with this Clause 9.4.

The license in accordance with this Clause 9.4 shall be deemed to have been granted to the Service Provider as of the Completion Date.

9.5 **No Additional Royalty.** It is acknowledged and agreed by the Parties that consideration for the transfer of ownership in the Intellectual Property shall be forming part of the Fee and no additional royalty, fee or other consideration of any kind shall be payable by the Principal to the Service Provider or any third party in consideration of the transfer of ownership in the Intellectual Property in any Documentation.

9.6 **No Infringement.** The Service Provider represents and warrants to the Principal that no Documentation deliverable to the Principal under the terms of this Agreement will infringe any existing Intellectual Property of any third party. In the event any of the representations or warranties contained in this Section IX prove to be untrue or inaccurate, the Service Provider undertakes, at its own cost and expense, to defend and settle any claim raised by any third party alleging infringement of Intellectual Property in the Documentation. The foregoing undertaking by the Service Provider shall apply subject to the following conditions:

(a) the Principal shall notify the Service Provider, without undue delay, of any third-party claim alleging infringement of any Intellectual Property in any Documentation;
(b) the Principal refrains from admitting liability under any third-party claim or acting on the account of such claim without prior approval by the Service Provider; and
(c) the exclusive control over any legal proceeding or settlement related any third-party claim shall be exercised by the Service Provider; provided, however, that the Principal shall render the Service Provider all reasonable assistance toward such proceeding or settlement, at the cost and expense of the Service Provider.
9.7. **Infringement Proceedings.** In the event the Principal is a party to legal proceedings involving allegations of infringement of any Intellectual Property in the Documentation of any third party, the Service Provider shall keep the Principal fully informed of all aspects relevant to the legal proceedings and the Principal shall have the right, at its own cost, to be represented in the legal proceedings by separate counsel. In the event the Service Provider fails to act against claims alleging infringement of any Intellectual Property in the Documentation of any third party within reasonable time but, in any event, within twenty (20) days of having been notified of such claims, the Principal shall have the right to assume legal defence against claims alleging infringement of Intellectual Property and shall be entitled to reimbursement by the Service Provider of reasonable costs and expenses incurred toward such defence.

9.8. **Continued Use.** In the event a court of competent jurisdiction resolves in a binding judgment that the Documentation, or any part thereof, infringe Intellectual Property of any third party, the Service Provider shall, at its own cost and expense, procure for the Principal the right of continued use of the Documentation, or part thereof infringing Intellectual Property of a third party.

9.9. **License in Intellectual Property of Service Provider.** The Service Provider hereby grants the Principal an irrevocable and non-exclusive license to use, reproduce, modify and/or enhance any Intellectual Property of the Service Provider, provided and to the extent Intellectual Property of the Service Provider is used by the Principal for the purposes of the Railway and/or the Project. It is agreed and acknowledged by the Parties that the license fee for the grant of license in accordance with this Clause 9.9 forms part of the Fee and such license shall continue to be valid irrespective of expiration of this Agreement following completion of the Service or termination of this Agreement for any reason.

9.10. **Obligation to Procure Intellectual Property Rights.** Where the Service Provider is not the legal owner of any relevant Intellectual Property of the Service Provider, the Service Provider shall use reasonable endeavours to procure for the Principal the rights specified in accordance with Clause 9.4.

9.11. **Obligation to Indemnify with Respect to Uses Other Than for the Purpose.** The Principal shall defend and indemnify the Service Provider from and against any and all Damages arising from the use by the Principal of any Intellectual Property of the Service Provider other than for the purposes of the Railway and/or the Project.

9.12. **Indemnification by the Service Provider.** The Service Provider shall defend and indemnify the Principal from and against any and all Damages arising from the use by the Principal of any Intellectual Property of the Service Provider, to the extent use by the Principal is within the scope of the license granted to the Principal in accordance with Clause 9.9.

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**Section X. CONFIDENTIALITY**

10.1. **Confidential Information.** “Confidential Information” means in relation to the Principal all information of a confidential nature relating to the Principal and its Affiliates which is supplied by the Principal (whether before or after the Effective Date) to the Service Provider, either in writing, orally or in any other form and includes all analyses, compilations, notes, studies, computer files, memoranda and other documents which contain or otherwise reflect or are derived from such information, but excludes information which:

(a) the Principal confirms in writing is not required to be treated as confidential; or

(b) the Service Provider can show that the Confidential Information was in its possession or known to it (by being in its use or being recorded in its files or computers or other recording media) prior to receipt from the Principal and was not previously acquired by the Service Provider from the Principal under an obligation of confidence; or

(c) was developed by or for the Service Provider at any time independently of this Agreement without application of the information provided to the Service Provider under this Agreement.

10.2. **Undertakings with Respect to Confidential Information.** Subject to Clauses 10.1 and 10.3, the Service Provider shall:
(a) at all times keep confidential all Confidential Information received by it and shall not disclose such Confidential Information to any other Person; and

(b) procure that its Affiliates its and their officers’ employees and agents shall keep confidential and not disclose to any Person any Confidential Information, except with the prior written consent of the Party to which such Confidential Information relates.

10.3. **Permitted Disclosures.** Notwithstanding anything to the contrary set forth in accordance with Clauses 10.1 and 10.2, the Service Provider shall, without the prior written consent of the Principal, be entitled to disclose Confidential Information:

(a) that is reasonably required by the Service Provider in the performance of its obligations pursuant to this Agreement, including the disclosure of any Confidential Information to any employee, contractor, agent, officer, Sub-Contractor (of any tier) or adviser to the extent necessary to enable the Service Provider to perform its obligations under this Agreement;

(b) to enable a determination to be made pursuant to Section XVIII;

(c) to its lenders or their professional advisers, any rating agencies, or its insurance advisers but only to the extent reasonably necessary to enable a decision to be taken on the proposal;

(d) to the extent required by Applicable Law or pursuant to an order of any court of competent jurisdiction, any parliamentary obligation or the rules of any stock exchange or governmental or regulatory authority having the force of law;

(e) to register or record any Necessary Consents and to effect any property registration that may be required;

(f) in order to fulfil its license obligations or assist in the planning or execution of other maintenance, renewal or enhancement projects;

(g) to the extent Confidential Information has become available to the public other than as a result of any breach of an obligation of confidence; provided that any such disclosure is made in good faith.

10.4. **Obligation of Confidentiality Pertinent to Recipients of Confidential Information.** Whenever disclosure is permitted to be made pursuant to Clause 10.3, the Service Provider shall require that the recipient of Confidential Information be subject to the same obligation of confidentiality as that contained in this Agreement.

10.5. **Certain Obligations on Termination of Agreement.** If this Agreement is terminated for whatsoever reason, the Service Provider shall:

(a) return to the Principal all of the Confidential Information then within the possession or control of the Service Provider; or

(b) destroy such Confidential Information using a secure and confidential method of destruction.

10.6. **No Press Release by Service Provider.** Save as required by Applicable Law, the Service Provider shall not issue any press release in relation to the matters contemplated under this Agreement without the prior written consent of the Principal (such consent not to be unreasonably withheld or delayed) as to both the content and the timing of the issue of the press release.

10.7. **Right to Publish.** For the avoidance of any doubt, the Principal shall have the right to publish any of the documents, information or data provided by the Service Provider to the Principal during provision of the Service.

10.8. **Remedies.** The Parties acknowledge and agree that a breach of the provisions of this Section X may cause the owner of Confidential Information to suffer irreparable Damage that could not be adequately remedied by an action at law. Accordingly, the Service Provider agrees that the owner of Confidential Information that is disclosed in breach of Clauses 10.2, 10.4, 10.4 or 10.6 may be entitled to specific performance of those provisions to enjoin a breach or attempted breach thereof and to any other
remedy, including, inter alia, damages and injunctive relief, awarded by a court of competent jurisdiction.

**Section XI. FORCE MAJEURE**

11.1. **Effects of Force Majeure.** Subject to the requirements set forth in accordance with Clauses 11.2 and 11.3 each Party shall be relieved from liability for non-performance 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.

11.2. **Action Upon Becoming Aware of Force Majeure.** 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 Clause 11.1.

11.3. **Notification Requirements.** 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 ten (10) 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 Clause 11.2 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.

11.4. **Notification of Resumed Performance.** 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).

11.5. **Mitigation of Effects of Force Majeure.** As soon as practicable after the notification specified pursuant to Clause 11.3, the Parties shall use reasonable endeavours to agree appropriate terms or modifications to the scope of Service (Annex C (Scope of Service (Technical Specification))) and Service schedule (Annex D (Service Schedule and Rates)) to mitigate the effects of the Force Majeure Event and to facilitate the continued performance of this Agreement.

**Section XII. RIGHT TO AUDIT**

12.1. **Right to Audit.** Notwithstanding anything to the contrary set forth in this Agreement, the Principal itself, a reputable outside independent body or expert engaged and authorized by the Principal shall be entitled to inspect and/or audit the Service Provider to ensure compliance with the terms of this Agreement, including inspecting and/or auditing:

(a) the performance of any aspect of the Service; and/or

(b) any documentation, including all payrolls, accounts of the Service Provider and/or other records used in or related to the performance of the Services.

12.2. **Obligation to Assist.** The Service Provider shall provide all reasonable assistance to the Principal or the independent body authorized by the Principal in carrying out any inspection or audit pursuant to this Section XII. The Principal shall be responsible for its own costs, or the costs incurred by the outside
independent body designated by the Principal, incurred toward carrying out such inspection or audit, unless, in the case of any such audit, that audit reveals that the Service Provider is not compliant with the terms of this Agreement, in which case the Service Provider shall reimburse the Principal for all of its additional reasonable costs incurred, provided such non-compliance is material.

12.3. **Survival of Termination.** The rights and obligations of the Parties set forth in accordance with this Section XII shall survive expiration or termination of this Agreement for any reason and shall continue to apply during ten (10) years following expiration or termination of this Agreement for any reason whatsoever.

### Section XIII. ON-THE-SPOT-VISITS

13.1. **Right to perform On-the-Spot visits.** By submitting a written notice five (5) Working Days in advance, but at the same time reserving the right of an unannounced on-the-spot visit without an advance notice, the Principal may carry out on-the-spot visits to the sites and premises where the activities implemented within the Agreement are or were carried out.

13.2. **Personnel involved.** On-the-spot visits may be carried out either directly by authorised staff or representatives of the Principal or by any other outside body or third party authorised to do so on behalf of the Principal. Information provided and collected in the framework of on-the-spot visits shall be treated on confidential basis. The Principal shall ensure that any authorised outside body or third party shall be bound by the same confidentiality obligations.

13.3. **Access to the information.** Service Provider shall provide to the performer of the on-the-spot visit or any other authorised outside body or third party access to all the information and documents, including information and documents in electronic format, which is requested by the authorised staff of the performer of the on-the-spot visit or any other authorised outside body or third party for the performance of an on-the-spot visit and which relates to the implementation of the Agreement, as well as shall allow the authorised staff of the performer of the on-the-spot visit or any other authorised outside body or third party the copying of the information and documents, with due respect to the confidentiality obligation.

13.4. **OLAF checks and inspections.** By virtue of Council Regulation (Euratom, EC) No 2185/961 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities and Regulation (EU) No 883/2013 of the European Parliament and the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF), OLAF may also carry out on-the-spot checks and inspections in accordance with the procedures laid down by European Union law for the protection of the financial interests of the European Union against fraud and other irregularities. Where appropriate, OLAF findings may lead to criminal prosecution under national law.

### Section XIV. NOTICES AND COMMUNICATION

14.1. **Notices.** All notices and other communications made or required to be given pursuant to this Agreement shall be in writing and shall be deemed given if delivered personally or by facsimile transmission (if receipt is confirmed by the facsimile operator of the recipient), or delivered by overnight courier service, or mailed by registered or certified mail (return receipt requested), postage prepaid, to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

(a) to the Principal: 
   RB Rail AS  
   Kr. Valdemāra iela 8-7, Rīga, LV-1010, Latvia

(b) to the Service Provider: 
   SIA “McCann Rīga” 
   Tērbatas iela 30, Rīga, LV-1011, Latvia

14.2. **Changes in Address.** Either Party shall be entitled to change its address for purposes of this Section XIV by notice to the other Party. A notice of a change of address shall be effective only upon receipt thereof.
Section XV. MISCELLANEOUS PROVISIONS

15.1. Capacity. Each Party warrants to the other Party that it has full power to enter into and perform this Agreement, and the person signing this Agreement on its behalf has been duly authorized and empowered to enter into such agreement. Each Party further acknowledges that it has read this Agreement, understands it and agrees to be bound by it.

15.2. Changes in Legislation. If, after the Effective Date, the Costs or duration of the Service is altered as a result of changes in or additions to the regulations in any country in which the Service is to be performed, the agreed Fee and time for completion shall be adjusted accordingly.

15.3. Independent Contractors. Nothing in this Agreement shall create a partnership, association or joint venture or establish a relationship of principal and agent between the Parties. Neither Party shall have any authority (unless expressly conferred in writing by virtue of this Agreement or otherwise and not revoked) to bind the other Party as its agent or otherwise.

15.4. Assignability. The Service Provider shall not without the prior written consent of the Principal assign any of the rights or benefits from the Agreement, provided that the consent by the Principal shall not be unreasonably withheld or delayed. Neither Party shall assign any of the obligations under the Agreement without the prior written consent of the other Party; provided, however, that the Principal shall be entitled, at any time, to assign any of the rights under this Agreement to any of the Beneficiaries or Implementing Bodies without consent of the Service Provider.

15.5. Severability. If any provision of this Agreement shall be held to be illegal, invalid, void or unenforceable under Applicable Law of any jurisdiction, the legality, validity and enforceability of the remainder of this Agreement in that jurisdiction shall not be affected, and the legality, validity and enforceability of the whole of this Agreement shall not be affected in any other jurisdiction.

15.6. Waivers. No waiver by either Party of any default by the other Party in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default, irrespective of the character of such default. No failure or delay by either Party in exercising any of its rights, power or privileges under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by that Party of any right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

15.7. Conflict of Interest, Corruption and Fraud. Notwithstanding any penalties that may be enforced against the Service Provider under Applicable Law of the country of the project, or of other jurisdictions, the Principal will be entitled to terminate the Agreement in accordance with Clause 8.4 and the Service Provider shall be deemed to have breached Clause 3.13 of the Agreement, if it is shown that the Service Provider is guilty of:

(a) offering, giving, receiving or soliciting anything of value with a view to influencing the behaviour or action of anyone, whether a public official or otherwise, directly or indirectly in the selection process or in the conduct of the Agreement; or

(b) misrepresentation of facts in order to influence a selection process or the execution of a contract to the detriment of the Principal, including the use of collusive practices intended to stifle or reduce the benefits of free and open competition.

15.8. Entire Agreement. This Agreement, and all of the Annexes hereto, constitute the entire Agreement between the Parties relating to the subject matter hereof and supersedes and extinguishes all and any prior drafts, undertakings, representations, warranties and arrangements of any nature, whether in writing or oral, relating to such subject matter. Each Party acknowledges that it has not been induced to enter into this Agreement by any representation, warranty or undertaking not expressly incorporated herein.

15.9. Amendments and Variations. No amendment to or variation of this Agreement shall be effective unless made in writing and signed by duly authorized representatives of both Parties. The Agreement can be
amended in compliance with the provisions of the Public Procurement Law of the Republic of Latvia, including but not limited to the provisions of Article 61.

15.10. *Execution.* This Agreement may be executed in two counterparts to be held by each Party which counterparts, taken together, shall constitute one and the same instrument.
Section XVI. PAYMENT

16.1. **Fee.** In consideration of the Service performed pursuant to this Agreement, the Principal shall pay the Service Provider a Fee for all Services provided within the previous month according to the confirmed Assignment Orders between both Parties and which is calculated according to rates as set in Annex D (Service Schedule and Rates) (hereinafter, "Fee") which shall be paid once a month after all Deliverables provided within previous month are confirmed by the Principal and the Service Provider by signing the Delivery Acceptance Note. It is acknowledged and agreed by the Parties that Fee shall include all Costs and expenses, incurred by the Service Provider and Approved Sub-Contractors toward carrying out the Service. For the avoidance of any doubt, Fee specified in accordance with this Clause 16.1 shall exclude value added tax that will be charged at the rate applicable in accordance with Applicable Law at the time of invoicing.

16.2. **Invoicing.** Until the end of each month the Service Provider shall deliver to the Principal an invoice containing a reasonably detailed breakdown and any supporting information in respect of Costs incurred by the Service Provider during the respective period of the Service. In the event the Principal objects to payment of any amount claimed by the Service Provider in the invoice, notice in the form chosen by the Client to this effect shall be given by the Principal to the Service Provider not later than 7 (seven) Working Days before the due date for payment under this Clause 16.2. This notice of objection shall state the amount to be withheld, the grounds for withholding the payment and the basis on which that amount is calculated. Unless such notice of objection has been made by the Principal, the amount to be paid is that stated in the invoice which shall become due and payable in accordance with this Clause 16.2. For the avoidance of any doubt, the Principal shall not be required to pay any amount under this Agreement with respect to any part of the Service that has not been accepted by the Principal in accordance with Clauses 7.4, 7.5 or 7.6 of this Agreement.

16.3. **Payment.** Subject to the provisions of Clauses 16.1, the Principal reserves the right to make the payments to the Service Provider with set-off, retention, counterclaim, abatement or other deduction of any kind if the nature of such set-off, retention, counterclaim, abatement or other deduction arises from this Agreement and the obligations of the Service Provider provided herein (i.e. in cases of accrued contractual penalty amounts etc.). If the Principal uses the right to make the payments to the Service Provider with set-off, retention, counterclaim, abatement or other deduction of any kind, then the Principal so notifies to the Service Provider no later than on the date of the respective payment stating the amount, the grounds and the basis on which the Principal uses its right to set-off, retention, counterclaim, abatement or other deduction. Invoices shall be paid within 30 (thirty) Days after the date of issue of the invoice. For the avoidance of any doubt, the Principal shall not be required to pay any amount with respect to any invoice in the absence of a Delivery Acceptance Note duly signed by the Principal.

16.4. **Costs and Commissions.** Each Party shall bear its own costs, fees, commissions and expenses incurred in connection with the transfer of any funds under this Agreement to the other Party.

16.5. **Compliance with Tax Obligations in Latvia.** It is acknowledged and agreed by the Parties that the amount of Fee shall include all taxes and duties payable by the Service Provider in the consequence of provision of the Service, except value added tax (VAT). The Service Provider shall, at the sole cost and expense of the Service Provider, comply with the obligation to pay all taxes and duties relevant to the provision of the Service in the Republic of Latvia and in accordance with Applicable Law. In addition, the Service Provider shall assume all risks associated with the payment or obligation to pay such taxes and duties, if any. The Service Provider assumes all risks associated with the possible increase in the amount of the Fee arising as a result of the obligation of having to pay any such taxes or duties except as a result of a change in law.

16.6. **Invoice.** The Service Provider shall send the invoice to the Principal electronically to the following e-mail address: invoices@railbaltica.org. The invoice shall contain the following details about the Agreement:
Section XVII. LIABILITY

17.1. Liability of the Parties. The Service Provider shall be liable to compensate Damages incurred by the Principal arising out of or in connection with this Agreement and pay contractual penalty set forth in accordance with Clause 17.2 if a breach of any of the obligations of the Service Provider under this Agreement is established against the Service Provider. The Principal shall be liable to pay the contractual penalty set forth in accordance with Clause 17.2 if a breach of payment obligations of the Principal under this Agreement is established against the Principal.

17.2. Contractual Penalty. In the event of failure by the Service Provider to meet any Service Milestone and/or supply any Deliverable, the Service Provider shall be liable to pay to the Principal a penalty of zero point five percent (0.5%) of the amount of the Fee payable under this Agreement with respect to the relevant Service period for each day of delay with meeting any of the Service Milestones and/or supplying any of the Deliverables set forth in accordance with Annex D (Service Schedule and Rates) and Assignment Order; provided, however, that the total amount of penalty payable by the Service Provider under this Clause 17.2 for the relevant Works and Service, as specified according to Annex D (Service Schedule and Rates) shall not exceed ten percent (10%) of the total amount of the Fee payable in consideration of such Works and Service. In the event of failure by the Principal to pay any amount in accordance with Clause 16.1., the Principal shall be liable to pay to the Service Provider a penalty of zero point five percent (0.5%) of the amount of the amount invoiced for each day of delay with meeting the payment obligation; provided, however, that the total amount of penalty payable by the Principal under this Clause 17.2 shall not exceed ten percent (10%) of the total amount remaining unpaid under the relevant invoice.

17.3. Compensation for Damages. Notwithstanding of and without prejudice to any contractual penalty payable in accordance with Clause 17.2 and subject to the provisions of Clause 17.5, in the event it is established that either Party is liable to the other Party with respect to any breach of its respective obligations under this Agreement, the liable Party shall compensate the other Party for any Damages incurred as a result of such breach, subject to the following terms:

(a) the amount of compensation shall be limited to the amount of reasonably foreseeable Damages suffered as a result of the breach(es), but not otherwise;

(b) in any event, the amount of compensation shall be limited to the amount specified in accordance with Clause 17.6;
if either Party is considered to be liable jointly with third parties to the other, the proportion of compensation payable by the liable Party shall be limited to that proportion of liability which is attributable to the breach by the liable Party.

17.4. **Attribution of Damages.** Any Damages suffered by either Party shall, for the purposes of Clause 17.3, be reduced to the extent that the Damages are caused by or contributed to by the other Party’s own negligence or breach of its obligations under this Agreement.

17.5. **Limitation of Liability.** Notwithstanding anything to the contrary set forth in this Agreement, in no circumstances shall the Service Provider or the Principal be liable to one another for any loss of production, loss of profit, loss of revenue, loss of contract, liability incurred under other agreements (with the exception of costs paid by the Principal to contractors appointed by the Principal in relation to the Service or the Project) or any indirect or consequential loss arising out of or in connection with this Agreement.

17.6. **Liability Cap.** Subject to the provisions of Clause 17.7, the maximum aggregate liability of each Party to the other Party for any reason arising under, or in connection with, this Agreement or the Project including but not limited to breach of agreement, or for breach of Applicable Law shall not exceed an amount equal to EUR 370,000.00. Notwithstanding the above limitation, where, in respect of the same event, a Party recovers any amount of money under an insurance policy, it shall pay such amounts to the other Party. Each Party shall use reasonable endeavours to make such recovery under any insurance policy (which shall include an obligation to make and diligently pursue a claim but shall not include an obligation upon the Party to take legal action).

17.7. **Non-Applicability of Liability Cap.** The provisions of Clause 17.6 shall not apply to Damages incurred by either Party as a result of:

(a) any liability in respect of death or personal injury resulting from a negligent act or omission or breach of statutory duty by the liable Party or any employee of the liable Party;

(b) the fraud, fraudulent misrepresentation, reckless misconduct or gross negligence of the liable Party or, in the case of the Service Provider, any Approved Sub-Contractor of the Service Provider; and/or

(c) infringement of any Intellectual Property of a third party.

**Section XVIII. GOVERNING LAW AND RESOLUTION OF DISPUTES**

18.1. **Governing Law.** This Agreement shall be governed by and construed in accordance with the law of the Republic of Latvia.

18.2. **Resolution by Amicable Means.** 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 prior to submitting them to the court.

18.3. **Venue for Resolution of Disputes.** 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. The Parties hereby represent and warrant that the English language is understandable for both Parties in accordance with Article 8(3)(a) of the Regulation (EC) No 1393/2007 of the European Parliament and of the Council of 13 November 2007 on the service in the Member States of judicial and extrajudicial documents in civil or commercial matters (service of documents) and repealing Council Regulation (EC) No 1348/2000.
Signed by:
For and on behalf of the Principal:

Signed by:
For and on behalf of the Principal:

Signed by:
For and on behalf of the Service Provider:

__________________________
Ignas Degutis,
Chairman of the Management Board

__________________________
Ainārs Ščipčinskis,
Member of the Board

__________________________
Kaspars Rokens,
Management Board Member
Annex A: DEFINITION AND COMMON TERMS

The following capitalized terms shall be ascribed the following meaning for the purposes of the Agreement:

(a) “Affiliate”, in relation to any company:
   (i) a company which is either a holding company or a subsidiary of such company; or
   (ii) a company which is a subsidiary of a holding company of which such company is also a subsidiary.

(b) “Agreement”, this Agreement, together with all Annexes thereto.

(c) “Alteration”, any material change to the Scope of Service (Annex C (Scope of Service (Technical Specification))), Service Schedule (Annex D (Service Schedule and Rates) or Service Milestone which is not the result of the ordinary process of developing the scope and detail of the Project.

(d) “Alteration Request”, as defined in accordance with Clause 2.3 of the Agreement.

(e) “Applicable Law” or “Law”, any legislative act, regulation, decree, order, ordinance, statute, treaty, directive, judgment, or other legislative measure. For the avoidance of any doubt, the term “Applicable Law” shall include any legislative act or directive relevant to public procurement.

(f) “Approved Staff”, any person listed pursuant to Annex E (List of Approved Sub-Contractors and Staff), which is in a contractual relationship with the Contractor to provide a part of the Study.

(g) “Approved Sub-Contractor”, any Person or organisation listed pursuant to Annex E (List of Approved Sub-Contractors and Staff) which is in a contractual relationship with the Service Provider to provide a part of the Service.

(h) Assignment Order, a document or information issued by Principal in the form and way chosen by the Principal and confirmed by Service Provider, which defines tasks, Deliverables, amount of remuneration and Schedule of reaching respective Milstones and Deliverables according the Annex C (Scope of Service (Technical Specification)) and Annex D (Service Schedule and Rates).

(i) “Beneficiary/Beneficiaries”, any of the following bodies:
   (i) the Ministry of Economic Affairs and Communications of the Republic of Estonia;
   (ii) the Ministry of Transport of the Republic of Latvia; and

(j) “Change in Standards”, the coming into effect of a CEF Standard and Grant Agreement Standard or of any amendment thereto, or of a Service Provider Standard or of any amendment thereto, with which the Service Provider is obliged to comply.

(k) “Completion Date”, as defined in accordance with Clause 7.4 or 7.6, as appropriate.

(l) “Confidential Information”, as defined in accordance with Clause 10.1 of the Agreement.

(m) “Costs”, direct costs reasonably incurred in relation to the Project or any act or series of acts required under the Agreement. Specifically, Costs shall include any of the following:
   (i) costs of all materials and supplies forming part of the Service, including transportation and storage expenses (discounts for cash or prompt payments will not reduce these costs);
   (ii) salaries for personnel in the direct employ of the Service Provider in the performance of the Service or relating to the Service;
   (iii) salaries of the Service Provider’s employees for the time that they spend in connection with the Service;
(iv) payments to Sub-Contractors for Work relating to the Service;
(v) costs of all employee benefits and taxes for items such as social security and other benefits for the abour and employees;
(vi) costs, including transportation and maintenance, of equipment and hand tools not owned by workmen employed by the Service Provider which are employed or consumed toward the Service;
(vii) payments for rental charges for machinery, equipment, facilities and tools used in connection with the Service, and payments for installations, repairs, replacements, dismantling, removal, lubrication, transportation and delivery of those rental items;
(viii) other transportation costs incurred in connection with the Service;
(ix) that portion attributable to this Agreement of premiums for insurance that is required by this Agreement or by law to be obtained or maintained by the Service Provider;
(x) sales, use, gross receipts or other taxes related to the Service, imposed by any governmental authority, to the extent that the Service Provider is responsible for such taxes;
(xi) fees payable with respect to any Necessary Consents, permit fees, licenses or tests that the Service Provider is required to obtain or reasonably obtains to carry out the Service;
(xii) costs of long-distance telephone calls, telephone service at the site and postage relating to the Service;
(xiii) costs associated with any Alteration as to which the Service Provider is entitled to payment hereunder;
(xiv) costs of any data processing services used in connection with the performance of the Work required under this Agreement; and
(xv) losses and expenses, not compensated by insurance, sustained by the Service Provider in connection with the work under this Agreement, provided they resulted from causes other than the fault or neglect of the Service Provider.

(n) “Corrective Period”, as defined in accordance with Clause 8.2
(o) “Cure Period”, as defined in accordance with Clause 7.3
(p) “Damages”, any cost, claim, damage, demand, loss, expense or liability incurred by the relevant Party or Person.
(q) “Defect”, is a part of the Service which is not in accordance with the Scope of Service (Annex C (Scope of Service (Technical Specification))), Applicable Law or Good Industry Practice.
(r) “Defects Date”, a date specified in accordance with Annex D (Service Schedule and Rates) by which date the Principal and the Service Provider is obliged to notify each Deficiency in the Service.
(s) “Deliverable”, any information, notes, material, drawings (including drawings in 3D model), records, computer files, documents and/or other items which the Service Provider is required to deliver to the Principal as part of the Service, as further specified pursuant to Annex D (Service Schedule and Rates) and Assignment Order.
(t) “Delivery Acceptance Note”, as defined in accordance with Clause 7.4.
(u) “Documentation”, all records, correspondence, and computer files of the Service Provider, its employees, engineers, and consultants pertaining to the Project.
(v) “Effective Date”, as first above specified in the Preamble to this Agreement.
“Estimated Costs”, the estimate of the Services Part I as set out in Annex C (Scope of Service (Technical Specification)), updated from time to time in accordance with this Agreement.

“EUR” and “euro”, the official currency of the eurozone, officially known as the Eurozone.

“Fee”, as specified in accordance with the Annex D (Service Schedule and Rates).

“Force Majeure Event”, any of the following events:
(i) an act of the public enemy or war (declared or undeclared), threat of war, revolution, riot, insurrection, civil commotion, demonstration or sabotage;
(ii) an act of vandalism or accidental damage or destruction of machinery, equipment, track or other infrastructure;
(iii) a natural disaster or phenomena, including extreme weather or environmental conditions (such as lightning, earthquake, hurricane, storm, fire, flood, drought or accumulation of snow or ice);
(iv) nuclear, chemical or biological contamination;
(v) pressure waves caused by devices travelling at supersonic speeds; and/or
(vi) strike, lockout or other industrial action other than involving the Service Provider or the Principal.

“Good Industry Practice”, in relation to the performance of any activity to which this standard is applied, the exercise of that degree of skill, diligence, prudence and foresight as would reasonably be expected to be exercised by a properly qualified and competent person engaged in carrying out works or services of a similar size, nature, scope, type and complexity, complying with Applicable Law, applicable Standards and published codes of practice.

“Implementing Body/Implementing Bodies”, any of the following bodies:
(i) “Rail Baltic Estonia” OU, a company organized and existing under Estonian law;
(ii) SIA “Eiropas dzelzceļa līnijas”, a company organized and existing under Latvian law;
(iii) UAB “Rail Baltica statyba”, a company organized and existing under Lithuanian law.

“Intellectual Property”, all intellectual property rights in any part of the world in respect of any documentation, data, material or information provided by the Service Provider to the Principal, including any patent, patent application, registered design, registered design application, utility model, discovery, invention, process, formula, specification, copyright (including all neighbouring rights, rights in computer software and database and topography rights), know-how or unregistered design right.

“Intellectual Property of Service Provider”, all Intellectual Property owned or licensed to the Service Provider with a right to sub-license.

“Legal Requirements”, any of the following:
(i) enactment to the extent that it applies to a Party; and
(ii) any interpretation of law, or finding, contained in any judgement given by a court or tribunal of competent jurisdiction with respect to which the period for making an appeal has expired which requires any legal requirement falling within subparagraphs (i) or (ii) above to have effect in a way which is different to that in which it previously had effect.

“Mandatory Alteration”, any Alteration necessitated by:
(i) any specific change in Law; and/or
(ii) any Change in Standards for safety reasons.
(ii) “Necessary Consents”, all approvals, permissions, consents, licenses, certificates, registrations and authorizations (whether statutory or otherwise), which may be required from time to time for the purposes of carrying out the Project.

(jj) “Objection Notice”, as defined in accordance with Clause 7.5.

(kk) “Party” and “Parties”, the Principal and the Service Provider and include the respective successors in title, permitted assigns and permitted transferees of the Parties. “Person” shall include any natural person, company, body corporate, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the foregoing.

(ll) “Procurement Procedure”, as defined in accordance with Recital (B) of the Agreement.

(mm) “Project”, development of a 1,435 mm standard gauge railway line in the Rail Baltica (RB) corridor through Estonia, Latvia and Lithuania aimed at eliminating the technical bottleneck due to the gauge differences (1,520 mm vs. the EU standard of 1,435 mm).

(nn) “Principal”, the company RB Rail AS, as further specified in the Preamble of this Agreement, which employs the services of the Service Provider, and legal successors to the Service Provider and permitted assignees of the Service Provider.

(oo) “Railway”, new fast conventional double track electrified railway line with the maximum design speed of 240 km/h and European standard gauge (1,435 mm) on the Route

(pp) “Representative”, the person appointed by each Party in accordance with Clause 5.2 to manage the performance of any work or delivery of any service under this Agreement.

(qq) “Right of Partial Acceptance”, as defined in accordance with Clause 8.7.

(rr) “Risk Register”, a ledger of risks which the Principal or the Service Provider has notified as an early warning matter; it includes a description of the risk and a description of the actions which need to be taken in order to avoid or reduce the risk.

(ss) “Service”, the entirety of Works to be performed by the Service Provider in accordance with the Agreement;

(tt) “Service Milestone”, the date for delivery of one or more Deliverables, as set out in accordance with Annex D (Service Schedule and Rates);

(uu) “Service Provider”, the company SIA “McCann Rīga”, as further specified in the Preamble of this Agreement, which is employed by the Principal as an independent professional contractor to perform the Service, and legal successors to the Principal and permitted assignees of the Principal.

(vv) “Service Provider’s Proposal”, as defined in accordance with Recital (B) of the Agreement.

(ww) “Service Provider’s Software”, the object code versions of any downloadable software owned by or duly licensed to the Service Provider solely for the purpose of accessing the Service, including but not limited to an agent, together with the updates, new releases or versions, modifications or enhancements, owned or licensed to and provided by the Service Provider to the Principal pursuant to this Agreement, together with all pertinent documentation and other instructions related to such software.

(xx) “Service Start Date”, as specified in accordance with Annex D (Service Schedule and Rates).

(yy) “Standards”, CEF Standards and Grant Agreement Standards.

(zz) “Survey Works”, any in-the-field/on-the-spot survey (intrusive or non-intrusive), inspection, examination or testing necessary to ensure any part of the Service.

(aaa) “Working Day”, any day (other than Saturday or Sunday) on which Latvijas Banka (Central Bank of Latvia) is open for conduct of business.

(bbb) “Works”, all works, activities, steps and actions, in any form, performed by the Service Provider under this Agreement for the attainment of the objectives of the Service and/or the Project.
Annex B: PROJECT OBJECTIVES

The aim of the Project is to develop a new, EU gauge double-track electrified railway line to eliminate the technical bottleneck due to the gauge differences (1520 mm vs. EU 1435 mm) matching the requirements of the TSI INF traffic codes P2/F1, as of 2015.

The Project includes technical designs, assessments and studies, land acquisition, project implementation support measures, preliminary construction works, supervision, communication and PR tasks.

The aim of the Project is to implement all the necessary preparatory activities including, without limitations, technical designs, building permits, land acquisition, to commence construction works of the Railway and to prepare for the main construction phases of the Railway line. The activities of the Project are envisaged to be performed on multiple sites in Estonia, Latvia and Lithuania.

The main objectives of the phase of the Project contemplated under the Agreement are the following:

- preparation of the technical design of the track and railway related structures in full compliance with agreed TSI INF traffic codes P2/F1 (design speed of up to 240 km/h for passenger traffic and up to 120 km/h for freight traffic, axle load 22.5 t and length of freight train from 740 m to 1050 m) and the relevant EU and domestic legislations;
- technical consultancy for designs vis-à-vis the technical requirements;
- completion of the Railway route related studies to ensure a successful implementation of the project;
- planning of the land acquisition activities alongside the planned Railway route and land acquisition;
- construction of a new Railway line on Tallinn - EE/LV border, Phase I - embankment and grade-level crossings, to complete the preliminary works for the Railway superstructure;
- construction of Ülemiste and Pärnu passenger terminals, Riga Central Railway junction and related civil structures and Riga International Airport RB passenger station civil structures and junction to complete the preliminary works for the Railway superstructure;
- construction of a Railway connection between Riga Central Station and Riga International Airport;
- construction of a section of the new railway line Kaunas (RRT)- Panevėžys - Lithuania/Latvia state border (Phase I, approximately 3 km single track);
- implementation of a communication plan in order to keep stakeholders and the public informed of the progress of the project;
- supervision of works to ensure that the construction is in compliance with technical design; and
- contribution to the implementation of the North Sea-Baltic Core Network Corridor and the development of the EU internal market.

In addition, it is a prerequisite that all compulsory assessments be duly completed and approved by the competent authorities according to Applicable Law and in line with requirements of relevant EU legislation prior to commencement of the physical intervention.
Annex C: SCOPE OF SERVICE (Technical specification)

Company:
RB Rail AS is a Joint Venture of Estonia, Latvia and Lithuania national Holding Companies and acts as a main coordinator for the project Rail Baltica. It is registered in Riga according to Commercial law of Latvia. Main business of the company is design, construction and marketing (including branding) of the new railway line – Rail Baltica.

Project:
Following the regain of independence of the Baltic States in the 90s of the past century, an idea about connecting the Baltic States to “the heart of Europe” was born. The idea intended to renew direct connection to the railway network of Europe by building a new European standard 1435 mm gauge railway in the Baltic States and connecting such metropoles as Tallinn – Riga – Kaunas – Vilnius – Warsaw – Berlin and prolonging the route to other European cities up to Venice in the future. Indirectly this route includes also Finland, since the planning incorporates an idea to build an underwater tunnel, which could connect Tallinn and Helsinki by train.

Procurement aim:
Rail Baltica is decade's most important infrastructure construction project for Baltic countries and EU with enormous potential impact on people and businesses in Baltics and Europe. It is also extremely complicated project involving many shareholders and numerous stakeholders with conflicting interests. Thus, one visual look and voice for this project is paramount for strengthening the One Baltic Voice communication.

The main aim of this tender is to find the vendor being ready to produce the concepts, designs and layouts of visual, including digital communications materials in order to strengthen Rail Baltica brand in line with its visual guidelines.

Procurement subject: creative agency services
1. Works of design and technical layout design for information and communications materials, banners, infographics, animated infographics, exhibition stand, branded templates for social media, corporate presentations etc. The materials should be prepared in English, Latvian, Estonian and Lithuanian, thus, the native speaking copywriters of Estonian, Latvian and Lithuanian should be engaged in fulfilling the task;
2. Creative works – the strategic consultations on the right marketing tools, instruments, messages for the effective targeting of the audiences in Estonia, Latvia and Lithuania should be provisioned;
3. Development of the official documentation templates according to the Rail Baltica corporate guidelines;
4. Web applications for social media needs and other web digital products;
5. Other marketing related services.

The Tenderer, with whom the contract shall be concluded, shall have to provide the Services directly after the conclusion of the Agreement and until the 31 December 2020 considering the Clause 15.11 of the Agreement.
Annex D: SERVICE SCHEDULE AND RATES

(1) **Total Fee:**

EUR 185 800,00 (one hundred eighty-five thousand and eight hundred euro and 00 cents) and value added tax (hereafter, the VAT), which on the date of conclusion of this Agreement is 21%, i.e., EUR 39 018,00 (three thousand nine hundred and eighteen euro and 00 cents).

The fee includes payment for any and all expenses incurred by the Service Provider in the course of provision of the Services and due performance of the Agreement. The Agreement is on-demand based and this does not bind the Principal to purchase Services through the Agreement for the whole amount.

(2) **Service Rates:**

(a) Hourly rates of key experts:

<table>
<thead>
<tr>
<th>Item:</th>
<th>Account Manager (EUR, excluding VAT)</th>
<th>Art Director (EUR, excluding VAT)</th>
<th>Copywriter (English) (EUR, excluding VAT)</th>
<th>Artist/Designer (EUR, excluding VAT)</th>
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<tbody>
<tr>
<td>Rate per hour</td>
<td>65</td>
<td>75</td>
<td>60</td>
<td>65</td>
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</table>

(b) Costs for examples of marketing materials:

<table>
<thead>
<tr>
<th>Item:</th>
<th>Total (EUR, excluding VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brochure – A4, 6 pages, all colours. Text (250 words) and visual material (it involves creation of visual concept according to the visual guidelines and content) (cost)</td>
<td>1810</td>
</tr>
<tr>
<td>Infographic – animated graphical drawing with text, in colours, A4 (it involves strategic analysis of the Project related information to better portrait the necessary information) (cost)</td>
<td>2950</td>
</tr>
<tr>
<td>Branded cover photo for company's Facebook account with text, in colours. The cover photo should fit for opening FB account on PC and by using a mobile version (cost)</td>
<td>680</td>
</tr>
</tbody>
</table>

(3) **Service Start Date, Service Schedule:** As agreed by the Principal and Service Provider all conditions regarding Service Start Date and Service Schedule (Annex D (Service Schedule and Rates) and Deliverables that shall be provided to the Principal shall be set in each Assignment Order.

(4) **Defects date:** As agreed by the Principal and Service Provider all conditions regarding defects date of respective Deliverable shall be set in each Assignment Order but no more than 7 (seven) days.
Annex E: LIST OF APPROVED SUB-CONTRACTORS AND STAFF
Annex F: DELIVERY ACCEPTANCE NOTE

No: [INSERT NUMBER]

Date: [INSERT DATE IN THE FORM 1 JANUARY 2018]

Location:

For: [*] (hereinafter, Principal)
This Delivery Acceptance Note (hereinafter, Delivery Acceptance Note) is issued to the Principal by [*], registration number [INSERT REASON NUMBER], legal address (hereinafter, the Service Provider), represented by [INSERT REPRESENTATIVE] on the basis of [INSERT BASIS OF REPRESENTATION].

In this Delivery Acceptance Note, unless the context requires otherwise, all Definitions shall have the meaning ascribed to such terms in accordance with the [INSERT AGREEMENT DATE IN THE FORM OF 1 JANUARY 2018] Professional Consultant Services Agreement No [INSERT NUMBER] (hereinafter, the Agreement) and Annex A (Definitions and Common Terms) of the Agreement.

Whereas:

(A) the Principal and the Service Provider have entered into the Agreement;

(B) the following Service Milestone(s) has/have been met and the following Deliverable(s) has/have been supplied to the Principal:

   (i) ........................................ [PLEASE IDENTIFY MILESTONE]

   (ii) ........................................ [PLEASE IDENTIFY DELIVERABLE]

(C) any and all Defects have been averted or no Objection Notices have been issued;

The following Service Milestone(s) has/have been met on [INSERT DATE IN THE FORM OF 1 JANUARY 2018], as specified in accordance with Assignment Order.

As stipulated in Clause 7.5 of the Agreement, in the event the Principal objects to approve the Delivery Acceptance Note, the Principal shall give a written notice to the Service Provider setting out in reasonable detail Defects or reasons for the objection (hereinafter, the "Objection Notice") within 7 (seven) Days following receipt of the Delivery Acceptance Note.

In the event of conflict between the text in this Delivery Acceptance Note and the Agreement, the Agreement shall take precedence.

Signatures:

RB Rail AS                      Service Provider
Principal
**Annex G: REPRESENTATIVES**

<table>
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<tr>
<th>Representatives from RB Rail AS:</th>
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<table>
<thead>
<tr>
<th>Representatives from SIA &quot;McCann Riga&quot;:</th>
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Annex I: DECLARATION OF THE SERVICE PROVIDER

Date: 5 November 2018

Location: Riga, Latvia

I, the undersigned duly authorised representative, on behalf of SIA “McCann Rīga” undertake (hereinafter, Declaration of the Service Provider):

(a) To respect the freely-exercised right of workers, without distinction, to organize, further and defend their interests and to bargain collectively, as well as to protect those workers from any action or other form of discrimination related to the exercise of their right to organize, to carry out trade union activities and to bargain collectively;

(b) Not to use forced or compulsory labour in all its forms, including but not limited to not employ people against their own free will, nor to require people to lodge ‘deposits’ or identity papers upon commencing employment;

(c) Not to employ: (a) children below 14 years of age or, if higher than that age, the minimum age of employment permitted by the law of the country or countries where the performance, in whole or in part, of a contract takes place, or the age of the end of compulsory schooling in that country or countries, whichever is higher; and (b) persons under the age of 18 for work that, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of such persons;

(d) To ensure equality of opportunity and treatment in respect of employment and occupation without discrimination on grounds of race, colour, sex, religion, political opinion, national extraction or social origin and such other ground as may be recognized under the national law of the country or countries where the performance, in whole or in part, of a contract takes place;

(e) To ensure the payment of wages in legal fashion, at regular intervals no longer than one month, in full and directly to the workers concerned; to keep an appropriate record of such payments. Deductions from wages will be conducted only under conditions and to the extent prescribed by the applicable law, regulations or collective agreement, and the workers concerned shall be informed of such deductions at the time of each payment. The wages, hours of work and other conditions of work shall be not less favourable than the best conditions prevailing locally (i.e., as contained in: (i) collective agreements covering a substantial proportion of employers and workers; (ii) arbitration awards; or (iii) applicable laws or regulations), for work of the same character performed in the trade or industry concerned in the area where work is carried out;

(f) To ensure, so far as is reasonably practicable, that: (a) the workplaces, machinery, equipment and processes under their control are safe and without risk to health; (b) the chemical, physical and biological substances and agents under their control are without risk to health when the appropriate measures of protection are taken; and (c) where necessary, adequate protective clothing and protective equipment are provided to prevent, so far as is reasonably practicable, risk of accidents or of adverse effects to health;

(g) To support and respect the protection of internationally proclaimed human rights and not to become complicit in human rights abuses;

(h) To create and maintain an environment that treats all employees with dignity and respect and will not use any threats of violence, sexual exploitation or abuse, verbal or psychological harassment or abuse. No harsh or inhumane treatment coercion or corporal punishment of any kind is tolerated, nor is there to be the threat of any such treatment;

(i) To have an effective environmental policy and to comply with existing legislation and regulations regarding the protection of the environment; wherever possible support a precautionary approach to environmental matters, undertake initiatives to promote greater
environmental responsibility and encourage the diffusion of environmentally friendly technologies implementing sound life-cycle practices;

(j) To identify and manage chemical and other materials posing a hazard if released to the environment to ensure their safe handling, movement, storage, recycling or reuse and disposal;

(k) To monitor, control and treat as required prior to discharge or disposal wastewater and solid waste generated from operations, industrial processes and sanitation facilities;

(l) To characterize, monitor, control and treat as required prior to discharge or disposal air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations;

(m) To reduce or eliminate at the source or by practices, such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and reusing materials, waste of all types, including water and energy;

(n) To adhere to the highest standards of moral and ethical conduct, to respect local laws and not engage in any form of corrupt practices, including but not limited to extortion, fraud, or bribery;

(o) To disclose (a) any situation that may appear as a conflict of interest, such as but not limited to: where a service provider or an undertaking related to the service provider has advised the Principal or has otherwise been involved in the preparation of the procurement procedure; and (b) if the Principal's professional under contract with the Principal or Sub-Contractor may have a direct or indirect interest of any kind in the service provider's business or any kind of economic ties with the service provider;

(p) Not to offer any benefit such as free goods or services, employment or sales opportunity to a Principal's staff member in order to facilitate the service provider's business with the Principal;

(q) Within a period set in the applicable national legislation following separation from service or award of a contract, as the case may be, to refrain from offering employment to any Principal's staff in service and former Principal's staff members who participated in the procurement process and to whom a legal restriction to receive material benefits from or be employed by a service provider which participated in a procurement procedure or restrictions with similar effect applies;

(r) To promote the adoption of the principles set forth in this Declaration of the Service Provider by my potential business partners and promote the implementation of the principles set forth in this document towards own service providers;

(s) To maintain and create accurate records, annual reports and accounts, and not to alter or forge any of the mentioned in an effort to conceal, misrepresent or the actual information. All of our records, regardless of format, made or received as evidence of a business transaction must fully and accurately represent the transaction or event being documented. All of our records and reports will be retained in accordance with applicable laws and regulations and will be fully auditable;

(t) Not procure goods, works and services from other service provider:

(i) who, or its member of the Management Board or the Supervisory Board or procurator of such service provider, or a person having the right to represent such service provider in activities related to a subsidiary, has been found guilty in any of the following criminal offences by a such punishment prescription of prosecutor or a judgement of a court that has entered into effect and is non-disputable and not subject to appeal:

   i. bribetaking, bribery, bribe misappropriation, intermediation in bribery, taking of prohibited benefit or commercial bribing;
ii. fraud, misappropriation or laundering;

iii. evading payment of taxes and payments equivalent thereto;

iv. terrorism, financing of terrorism, invitation to terrorism, terrorism threats or recruiting and training of a person for performance of terror acts;

(ii) who, by such a decision of a competent authority or a judgment of a court which has entered into effect and has become non-disputable and not subject to appeal, has been found guilty of an infringement of employment rights which means:

i. employment of such one or more citizens or nationals of countries, which are not citizens or nationals of the European Union Member States, if they reside in the territory of the European Union Member States illegally;

ii. employment of one person without entering into a written employment contract, not submitting an informative declaration regarding employees in respect of such person within a time period laid down in the laws and regulations, which is to be submitted regarding persons who commence work;

(iii) who, by such a decision of a competent authority or a judgment of a court which has entered into effect and has become non-disputable and not subject to appeal, has been found guilty of infringement of competition rights manifested as a vertical agreement aimed at restricting the opportunity of a purchaser to determine the resale price, or horizontal cartel agreement, except for the case when the relevant authority, upon determining infringement of competition rights, has released the candidate or tenderer from a fine or reduced fine within the framework of the co-operation leniency programme;

(iv) whose insolvency proceedings have been announced (except the case where a bailout or similar set of measures is applied within insolvency proceedings oriented towards prevention of possible bankruptcy and restoration of solvency of the debtor, in which case I shall evaluate the possibility of such service provider to participate in the tender), economic activity of such service provider has been suspended or discontinued, proceedings regarding bankruptcy of such service provider have been initiated or such service provider will be liquidated;

(v) who has tax debts in the country where the procurement is organised or a country where such service provider is registered or permanently residing, including debts of State social insurance contributions, in total exceeding an amount which is common threshold in public procurements in the respective country.

Signature:

Ainārs Ščipčinskis, Member of the Board