

THIS CONTRACT No. LB-07/2018/456 IS MADE ON DAY OF 2018

BETWEEN:

- (1) **Latvijas Banka** an organization based at Krišjāņa Valdemāra iela 2A, Riga, Latvia, registered with the Register of Value Added Tax Payers of the State Revenue Service of the Republic of Latvia with No. LV90000158236 ("**Latvijas Banka**"); and
- (2) **Morgan Kai Limited** a company incorporated in England and Wales under company number 3528524 and whose registered office is at West One Wellington Street, Leeds, LS1 1BA ("**MKL**").

WHEREAS:

- (A) By the resolution of the Procurement Commission of Latvijas Banka the MKL has been declared the winner of the Procurement No. LB/2018/66 "On the Delivery of the Internal Audit Management and Support System" (hereinafter referred to as the "Procurement");
- (B) MKL is providing its proprietary MKinsight Audit Management Software and related Services in accordance to the requirements set out in the Procurement Regulation and as referenced in Quotation No. 89548/17 issued by MKL on 10 September 2018,

IT IS AGREED AS FOLLOWS:

1. MKL will provide Licences for the use of MKInsight software as detailed in Appendix A.
2. MKL will provide Implementation and Support Services as referenced in Appendix A and detailed in Appendix E.
3. MKL will provide Maintenance and Support as referenced in Appendix A and detailed in Appendix D for a 2 (two) year period from the day of delivery of MKInsight software and its Licences.
4. MKL and Latvijas Banka will comply with all the provisions set out in:
 - the Procurement Regulation;
 - Appendix A: Licenses And Related Charges;
 - Appendix B: Morgan Kai Limited Standard Terms And Conditions Of Business;
 - Appendix C: MKInsight Standard Software License Agreement;
 - Appendix D: Morgan Kai Limited – Maintenance And Support Agreement;
 - Appendix E: Implementation Support Services.
5. In the event of any inconsistency between the provisions of this Contract (or the Procurement Regulation) and any provision of Appendix A, B, C, D or E, the terms and provisions of this Contract (or the Procurement Regulation) shall take precedence – with the exception of Clause 8.8 in the Procurement Regulation which is superseded by Clause 8 below.
6. The timeline for performing this Contract shall be as follows:
 - a. the delivery of MKInsight software and its Licences shall be carried out within 25 (twenty-five) business days from the day of entry into force of this Contract;
 - b. the implementation of MKInsight software and user training shall be performed within 60 (sixty) business days from the day of delivery of MKInsight software and its Licences;
 - c. the Maintenance and Support shall be guaranteed for a 2 (two) year period from the day of delivery of MKInsight software and its Licences.
7. The prices quoted by MKL in Appendix A may not be changed during the time of this Contract. No additional fees for the services covered by the subject-matter of the Procurement that are not foreseen in Appendix A may be applied during the performance of this Contract.
8. This Contract shall be governed by and constructed in accordance with the Laws of England and Wales and both parties hereof agree to the jurisdiction of the courts of England and Wales.
9. This Contract shall come into force at the moment of its signing and shall be in force until the obligations specified in this Contract are fully performed.

10. This Contract has been drawn up on 7 (seven) pages, including Appendix A on 1 (one) page, Appendix B on 1 (one) page, Appendix C on 1 (one) page, Appendix D on 1 (one) page and Appendix E on 1 (one) page, in 2 (two) copies. After signing of this Contract, one copy shall be delivered to Latvijas Banka, but the other – to MKL.

On behalf of MKL:

Signed: _____ Date: _____
Name:
Title:

On behalf of Latvijas Banka:

Signed: _____ Date: _____
Name: Reinis Jakovļevs
Title: Chairman of the Permanent Procurement Commission, acting in accordance with Paragraph 88 of Regulation No. 1256/11 "The Procedure for Contract Management" approved by the Board of the Latvijas Banka on 29 May 2014

APPENDIX B

MORGAN KAI LIMITED STANDARD TERMS AND CONDITIONS OF BUSINESS

Definitions

- 'Services' means any services such as Training, Implementation Support, Installation Support, Hosting, Data Migration or other Services provided by MKL.
- 'Current License Fee' shall mean the then published cost per license.

Terms and Conditions

- These Standard Terms and Conditions of Business shall apply to the sale of Software and Services by MKL to the Customer to the exclusion of all other Terms and Conditions including any which the Customer may purport to apply under any Purchase Order or similar document.
- No variation or addition to these conditions shall be effective unless agreed in writing by MKL.
- Nothing in these conditions shall affect the statutory rights of either MKL or the Customer.

Prices

- The price for Software and Services shall be the price detailed in MKL's written Quotation.
- MKL reserves the right to vary the Quoted Annual Maintenance Fee (which is set at the rate stated in the written Quotation) – any price increase will be limited to a maximum of 5% per annum.

Payment

- Invoices will be submitted in the currency specified in the written Quotation.
- All invoices for Software, Services and Maintenance shall be paid in full not more than 30 days from the date of invoice.
- Interest on overdue invoices shall accrue from the date when payment becomes due from day to day until the date of payment at 4% above the UK Base Rate charged by the Royal Bank of Scotland plc.

Warranty

- MKL warrants that the Software will at the time of delivery correspond to the description given by MKL and the Customer warrants that they are satisfied as to the suitability of the Software for their purpose.

Delivery and Provision of Services

- Delivery of Software and Services shall be made to the Customer's nominated address – MKL reserves the right to change the location of Service delivery if there are any Security or other Health and Safety concerns related to MKL employees being on the Customer's nominated site(s).
- In the case of Software, delivery shall be deemed to be when the Software is made available for download by the Customer.
- Failure by the Customer to pay any valid invoice shall entitle MKL to withhold any further delivery of Software and/or Services.

Maintenance Provisions

- Maintenance services (which includes, help desk support, service packs and Software upgrades) can be renewed on an annual basis at the Quoted rate based on the then Current License Fee.
- The renewal of Maintenance services is at the sole discretion of the Customer.

Hosting Service

- MKL provides a full secure Hosting Service to some Customers – if this has been included in the written Quotation all legal commitments relating to this Service are covered by MKL's Standard Hosting Agreement (for further information see: <http://mkinsight.com/agreement/Morgan Kai Limited - Hosting Services Agreement - 010110.pdf>).

Force Majeure

- MKL will not be under any liability whatsoever in the event that MKL is prevented or delayed from supplying or making delivery of any Software or Services by any reason or cause beyond MKL's control.

Expenses

- The Customer shall pay to MKL all reasonable costs and expenses incurred by MKL in enforcing any of these Standard Terms and Conditions of Business.

Termination

- MKL may, at its sole discretion, terminate the delivery of any Software, Services or Maintenance support if:
 - The Customer fails to pay any valid invoice when it falls due.
 - The Customer fails to remedy any breach of these provisions within 30 days of written notification of the need to do so.
 - If an Order is made or an effective resolution passed for the winding up of the Customer (other than for the purposes of amalgamation, reorganisation or reconstruction).

Dispute

- In the event of a dispute between MKL and the Customer, should MKL request in writing, the Customer agrees to submit the dispute to arbitration by a competent authority in the UK.

Notices

- Any notice given by either party may be sent by either postal letter, e-mail, fax to the address used in the normal course of correspondence at this or any time in the future.

Law

- These Standards Terms and Conditions of Business shall be construed in accordance with the laws of England and Wales.

APPENDIX C

MKINSIGHT STANDARD SOFTWARE LICENSE AGREEMENT

PLEASE READ THIS SOFTWARE LICENSE AGREEMENT CAREFULLY BEFORE DOWNLOADING OR USING THE SOFTWARE. BY SELECTING THE "I ACCEPT THE TERMS IN THE LICENSE AGREEMENT" OPTION, YOU ARE CONSENTING TO BE BOUND BY THIS AGREEMENT. IF YOU DO NOT AGREE TO ALL OF THE TERMS OF THIS AGREEMENT, SELECT THE "I DO NOT ACCEPT THE TERMS IN THE LICENSE AGREEMENT" OPTION AND THE INSTALLATION PROCESS WILL NOT CONTINUE.

This Software License Agreement is entered into between MORGAN KAI LIMITED, a company incorporated under the laws of England and Wales (company number 3528524) and having its registered office at West One, Wellington Street, Leeds LS1 1BA, (hereinafter referred to as "MKL"); and the LICENSEE, the individual or organization identified in the associated Agreement to purchase the Software.

As a result of the Licensee either:

- (1) purchasing the Software from MKL or an authorised seller, or;
- (2) subscribing to MKL's Subscription Service

MKL hereby grants to the Licensee the rights to use the Software Worldwide, during the Term of this Agreement (see below). The License(s) are non-exclusive, non-assignable and do not include any right to grant sub-licenses thereunder, and shall not include any right to copy, translate or otherwise reproduce, (otherwise than for the purpose of establishing one archival or back-up version thereof), sell or otherwise dispose of any element or component of the Software supplied by MKL to the Licensee.

The Software comprises a number of different License types and can be used in full based on the descriptions below:

Audit Licenses – provide access to all the functionality in the Software.

Risk Licenses – provide access to only the Risk functionality in the Software.

Business User Licenses – provide access to only the Business User functionality.

Self Assessment User Licenses – provide access to only the Self Assessment functionality.

For further information on the functionality included in each license type please go to: <http://mkinsight.com/agreement/mkiLicenseTypes.pdf>.

EXCEPT AS EXPRESSLY AUTHORIZED ABOVE, THE LICENSEE SHALL NOT: COPY, IN WHOLE OR IN PART, SOFTWARE OR DOCUMENTATION; MODIFY THE SOFTWARE; REVERSE COMPILE OR REVERSE ASSEMBLE ALL OR ANY PORTION OF THE SOFTWARE; OR RENT, LEASE, DISTRIBUTE, SELL, OR CREATE DERIVATIVE WORKS OF THE SOFTWARE.

The Licensee agrees that the Software and related logos and images constitute trade secrets and/or copyrighted material of MKL. The Licensee agrees not to disclose, provide, or otherwise make available such trade secrets or copyrighted material in any form to any third party without the prior written consent of MKL. The Licensee agrees to implement reasonable security measures to protect such trade secrets and copyrighted material. Title to the Software and documentation shall remain solely with MKL.

LIMITED WARRANTY: MKL warrants that at the date of shipment to the Licensee the Software substantially conforms to its published specifications. This limited warranty extends only to the original Licensee. The Licensee's exclusive remedy and the entire liability of MKL and its suppliers under this limited warranty will be, at MKL's option the repair of the Software. In no event does MKL warrant that the Software is error free or that the Licensee will be able to operate the Software without problems or interruptions.

This warranty does not apply if the software (a) has not been installed, operated, repaired, or maintained in accordance with instructions supplied by MKL, or (b) has been subjected to abnormal physical or electrical stress, misuse, negligence, or accident.

DISCLAIMER: EXCEPT AS SPECIFIED IN THIS WARRANTY, ALL EXPRESS OR IMPLIED CONDITIONS, REPRESENTATIONS, AND WARRANTIES INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OR ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE, ARE HEREBY EXCLUDED TO THE EXTENT ALLOWED BY LAW.

IN NO EVENT WILL MKL OR ITS SUPPLIERS BE LIABLE FOR ANY LOST REVENUE, PROFIT, OR DATA, OR FOR SPECIAL, INDIRECT, CONSEQUENTIAL, INCIDENTAL, OR PUNITIVE DAMAGES HOWEVER CAUSED AND REGARDLESS OF THE THEORY OF LIABILITY ARISING OUT OF THE USE OF OR INABILITY TO USE THE SOFTWARE EVEN IF MKL OR ITS SUPPLIERS HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. In no event shall MKL's or its suppliers' liability to the Licensee, whether in contract, tort (including negligence), or otherwise, exceed the price paid by the Licensee. The foregoing limitations shall apply even if the above-stated warranty fails of its essential purpose.

The above warranty DOES NOT apply to any beta Software, any Software made available for testing or demonstration purposes, any temporary Software modules or any Software for which MKL does not receive a license fee. All such Software products are provided AS IS without any warranty whatsoever.

TERM OF THIS AGREEMENT: When purchased as perpetual License(s) the Licensee may use the License(s) in perpetuity. When purchased as part of MKL's Subscription Service the Licensee may use the License(s) for the period covered by the Subscription Service.

APPENDIX D

MORGAN KAI LIMITED – MAINTENANCE AND SUPPORT AGREEMENT

In consideration for payments made or to be made by the Customer to MKL, MKL shall perform all of its Maintenance and Support in accordance with the provisions and specifications below:

Definitions

For the purposes of this Agreement:-

- "Software" shall mean the Software provided under the terms of a separate Purchase or Subscription Service Agreement.
- "Valid Users" shall mean individual Users operating the Software under MKL's License Agreement and who have been fully trained in the Software

The Service

Provided that all valid invoices due to MKL are paid Maintenance and Support services entitle the Customer's Valid Users to following:

Help Desk Support for direct Users of the Software including:

- Email support for questions and queries relating to the ongoing use of the Software
- Telephone support for the ongoing use of the Software
- Webex support to assist with the ongoing use of the Software

Technical Support including:

- Assistance with the resolution of technical (non functional) queries and questions regarding MKinsight's application architecture
- Provision of Technical documentation relating to software installation and upgrade procedures
- The provision of all Service Packs provided to MKL's Customer Base on a periodic basis
- Assistance with the identification and resolution of Software errors
- Periodic Technical Bulletins

Software Upgrades including:

- All new Versions of the Software
- All new Service Packs for current Versions of the Software
- Technical support documentation

Support Environments including:

- Full access to all published on-line flash video and documentation based training materials
- Full access to any available User Forums administered by MKL

User Manuals including:

- Detailed Video manuals covering all aspects of functionality
- New Version notifications detailing upcoming functionality

Categorisation Of, And Response To, Reported Faults includes:

- An initial categorisation of any reported faults in the following way:

CATEGORY	DESCRIPTION
Critical	All users are unable to use critical system functionality
High	One or more users are unable to use critical functionality or all users are unable to use significant functionality
Medium	One or more users are unable to use significant functionality or all users are unable to use minor functionality
Low	One or more users are unable to use minor functionality

- When dealing with any faults categorised in this way MKL aims to respond based on the following Service Levels:

CATEGORY	RESPONSE TIME	ESCALATION
Critical	Within 1 hour	Within 2 hours
High	Within 1.5 hour	Within 3 hours
Medium	Within 2 hours	Within 1 day
Low	Within 4 hours	Within 5 days

- MKL's aim is to provide excellence in support for all Customers. In targeting these Service Levels MKL does not warrant that these Service Levels will be achieved every time – technical support is provided directly by MKL's dedicated, in-house technical teams and these response times are based on Business Hours which may vary for different locations around the World. Escalation times refer to the escalation of the fault within Morgan Kai. All escalation is to both the Morgan Kai Technical Manager and the Account Manager.

Support For Previous Versions

Subject to all valid invoices being paid up to date and there having been no gap in the Maintenance and Support Service period since the Customer began using the Software MKL will fully support, under the terms of this Agreement, up to two previous Versions of the Software.

Intellectual Property Rights

Nothing in this Agreement shall in any way alter the terms of MKL's Standard License Agreement for the Software. In addition, the copyright and all other intellectual property rights howsoever arising, in all elements and components of the Software and any trade mark used in or on any part of the Software and related materials together with any technical information or data provided to the Customer by MKL pursuant to this Agreement, whether as part of the Software or howsoever otherwise, shall remain the exclusive property of MKL.

Commercial Terms And Pricing

The Commercial Terms governing this Agreement are as stated in MKL's Standard Terms of Business. For clarity the Maintenance and Support Fee is charged at the rate of 20% of the Current License Fee. No variation to these Standard Terms of Business can apply unless specifically agreed in writing by MKL.

Term Of This Agreement

This Agreement covers any period agreed to by MKL in accordance with MKL's Standard Terms of Business and any event is always based on the Anniversary date of the Customer's Purchase of the Software. Any failure by the Customer to renew their ongoing Maintenance and Services Agreement with MKL in a timely manner on the due date will end MKL's responsibilities to provide ongoing Maintenance and Support Services to the Customer.

APPENDIX E

IMPLEMENTATION SUPPORT SERVICES

In addition to **Project Management** throughout Morgan Kai's Implementation Support Service is broken down into six Key Activities:

Key Activity 1: The Kick-Off Meeting

Once a new customer has made the decision to buy MKinsight the first activity, other than the purchase order / contract, is what we call the Kick-Off Meeting. This meeting is designed to discuss all the key aspects of the implementation including details regarding:

- The Stakeholders – and their success criteria
- The Key Dates – including all project dates, deadlines and milestones
- Governance Arrangements – including communication protocols between all members of the team
- Functional Priorities – including areas for the implementation to prioritise
- Risks – the identification of any project risks and measures to mitigate them

The main deliverable from the Kick-Off meeting is a Project Initiation Document (PID) detailing all the points above.

Key Activity 2: The Orientation Workshop

MKinsight is an out-of-the box solution with a very wide range of configurable options coupled with the ability to change ALL the terminology in the system.

Therefore we hold an Orientation Workshop which usually involves the senior members of the audit team and in the meeting we discuss many of the functional options and alternatives that are available in MKinsight and the team can choose which options they would like turned on or off. In addition, we explore the terminology and changes that the team would like in this regard.

With options selected and terminology chosen we can then move to Activity 3 however please note that none of the decisions / choices made at the Orientation Workshop are final and unchangeable – any decision can be changed at any stage in the future and all functional options chosen can be changed by the Users (subject to permissions).

Key Activity 3: System Configuration

At this stage we at Morgan Kai take the decisions from the Orientation Workshop and configure them within the release to the customer. Once configured the software is released to the customer for installation – this will include the server and client side or just the client side if the customer has chosen to use Morgan Kai's hosting service. Note: all software releases come with a full set of technical instructions.

Key Activity 4: Software Installation

This includes both the server and client side installation or just the client side installation if using Morgan Kai's hosting service. On-site installation support can be provided if required although this is usually not necessary as the install is a simple process.

Key Activity 5: Report Template Development

A standard part of all implementations is the development of customer specific report templates for dealing with things such as draft audit reports etc. These are specified in terms of layout and design and built by Morgan Kai's team as part of normal implementation support.

Key Activity 6: Training

The final main implementation activity is the training of the team. The training is normally broken into two main groups. Firstly, senior members of the team need full knowledge of the system and who will operate as systems administrators and secondly, all other members of the team. Training typically lasts 2 days for systems administrators and 1 day for the rest of the audit team.