Terms and Conditions for Modifications or Enhancements to Software Products

1. Scope

1.1 The customer may use the modifications or enhancements of the standard programs to the same extent as the customer is entitled to use the related standard programs.

1.2 Vector shall deliver modified standard programs in object-code only.

1.3 Enhancements to standard programs or individual programs shall only be delivered in source code, if this is expressly agreed on in the contract. In this case, the documentation related to the source-code shall also only be delivered if expressly agreed on.

1.4 Vector shall only deliver a user documentation if expressly agreed. In this event the following shall apply: The user documentation for modifications and enhancements need not be integrated into the user documentation of the related standard programs, but shall be delivered as an addition thereto.

2. Performances and Acceptance

2.1 Vector shall develop a detailed specification with the customer's assistance and shall submit it to the customer for approval. The customer shall respond in writing within 14 days. Unless otherwise agreed this performance shall be remunerated on the basis of time and material. The detailed specification may be further detailed by Vector with the customer's assistance.

2.2 The customer agrees to test the programs and to confirm their acceptance in writing if the programs meet the final specification. The acceptance test period shall be two (2) weeks. The customer is deemed to have accepted the programs as soon as their use has not been substantially restricted by a reported defect after two (2) weeks from the end of the agreed acceptance test period.

3. Change Requests

3.1 If the customer requests Vector to undertake any modification of the agreed requirements, (including any addition to it) and if the requested modification is reasonable and acceptable, Vector must agree. If the realization of such a request results in any burden on Vector's side, Vector is entitled to an appropriate adaptation of the terms of the contract, in particular to the extension of time for the completion of the programming and/or to additional compensation.

3.2 Agreements on modifications and resulting adaptations of the terms of the contract shall be made in writing. If the customer requests a modification orally, Vector may request the customer to deliver it in writing or Vector may confirm it in writing itself. If Vector confirms Customer's request for modification in writing, the wording of Vector's confirmation shall be deemed to express the customer's requirement correctly unless the customer objects in writing without delay.

3.3 Vector shall submit requests for adaptations of the contract without delay. The customer shall notify Vector without delay if the customer refuses the requested adaptation.

4. Maintenance of Customer Specific Programming

4.1 As long as there exists an agreement on basic maintenance of the standard programs, Vector shall render maintenance for the related modifications and/or enhancements subject to remuneration on the basis of costs, unless otherwise agreed in the individual contract.

4.2 If maintenance of modifications and/or enhancements performed for Customer subject to a lump-sum charge is agreed in the individual contract, it shall apply; Vector shall render the same maintenances services as for the standard programs. The lump-sum charge shall cover the transfer
of modifications/enhancements onto new versions of the standard programs and if needed the adaptation of additional Programs to further developed versions of the standard programs. The customer is entitled to terminate the maintenance, giving three (3) months prior notice, to the end of a maintenance year, regardless of the termination of the maintenance of the standard programs.

5. Charges and Payments

5.1 All support (including specifically pre-installation support, further installations, brief or extended training or consultancy) shall be reimbursed on the basis of time and material, unless otherwise agreed. Hourly rates, travel expenses and incidental expenses shall be paid in accordance with Vector's current standard rates (price list), unless other rates are agreed on. Vector may submit invoices on a monthly basis.

5.2 In case the value of an order exceeds € 25,000.00, a fixed price shall be paid as follows, unless otherwise agreed on in the contract:

- 30 % with the conclusion of the contract,
- 50 % with delivery,
- 20 % with acceptance.

All support (including specifically installation, brief or extended training, consultancy) shall be reimbursed on the basis of time and material, unless it is expressly included in the fixed price.

5.3 Payments shall be due without deductions within 30 days after invoicing.

5.4 Duties, taxes and levies including V.A.T. – if applicable – shall be paid by the customer on all charges.

6. Vector’s Delay

6.1 In the event of any circumstances for which Vector is not responsible, and which adversely affect the performance of the contractual obligations, including strike and lock-out, Vector may request an appropriate adaptation of the terms of the contract, in particular an appropriate extension of the delivery date. If the cause is attributable to the customer and results in additional efforts to Vector, Vector is also entitled to additional compensation.

6.2 If Vector’s delay exceeds 30 days, the customer is entitled, for every subsequent week, to a penalty of 0.5 % of the value of the performances that cannot be used in accordance with the contract, but the penalty shall be limited to 5 % of the total contract value.

7. Remedy of Defects

7.1 If the customer finds, in the course of correct use of the programs what the customer believes to be a defect in a program, the customer shall provide Vector with reasonably specific information as to the nature of the defect and the conditions under which it occurs, in writing, if so requested by Vector.

7.2 The customer may only raise claims if the customer can reproduce the defect or demonstrate it directly or by using computer output.

7.3 Upon request, the customer shall provide all necessary support to Vector, in particular provide a copy of the relevant program which the customer used when the defect appeared. The customer shall provide testing time on the customer’s IT-system and install corrections or replacements delivered by Vector.

7.4 Vector shall, within a reasonable period of time and at no cost to the customer, remove the defect at Vector’s discretion either by replacing or correcting the defective product or by correcting the defect. If a defect substantially restricts the use of the programs, Vector shall provide a workaround prior to
the final remedy of the defect so that the defect is not substantial any longer. With respect to third party products Vector may only provide such corrective measures as Vector itself receives from the pre-supplier.

7.5 The obligation to remedy defects is expressly excluded for those programs which the customer modifies or manipulates in any other way, unless the customer proves that the defect did not result from any such modification or manipulation.

7.6 Vector is entitled to reimbursement of costs if the customer reports what the customer believes to be a defect without being able to prove it to be one.

8. Vector’s Liability

8.1 In the event Vector defaults on its performances the customer may set a reasonable period for performance or supplementary performance. If the period expires without result, or if the performance or supplementary performance ultimately fails in any other manner, the customer may assert its statutory claims, damage claims within the framework of Section 8.3. Vector may request a period for the customer to declare whether the customer still requests primary or supplementary performance. If the customer does not request primary or supplementary performance within this period, the customer shall no longer be entitled to claim it.

8.2 The limitation period for claims based on defects shall be 24 months.

8.3 Vector – including any person engaged in performing any obligation under this contract – shall be liable for damages under any claim based on normal negligence only if Vector breaches a basic obligation of the contract which jeopardizes the contract goal (cardinal obligation). In this event, Vector’s liability shall be restricted to € 100,000.00 or the contract value, whichever amount is higher. The customer may claim a higher maximum, but Vector may then require a surcharge for the aggravated risk.

8.4 The restrictions shall not apply to the extent the damages are covered under Vector’s business liability insurance and the insurance company has paid Vector. Vector agrees to maintain the insurance coverage in effect at the time of the execution of the contract.

8.5 Claims for bodily injuries and claims based on the German Product Liability Act shall remain unaffected.

9. Confidentiality

9.1 Vector shall keep the customer’s trade and business secrets confidential as well as all other information designated in writing as confidential.

9.2 Vector is not obliged to keep confidential any ideas, concepts, know-how or techniques related to hard- and/or software services. Vector shall have no obligation with respect to information that is already in its possession, is independently developed or becomes publicly known through no wrongful act of Vector.

9.3 Vector shall oblige its employees to adhere to the confidentiality obligations.

9.4 Vector may enter the customer’s name into its list of customers together with a short description of Vector’s performances. All other references that the customer is Vector’s customer are subject to the customer’s prior approval.

10. Miscellaneous

10.1 The contract shall constitute the entire agreement between the parties and shall not be altered, amended or cancelled, except in writing and with the consent and signature of all parties concerned.
10.2 The contract shall conform with and be governed by the laws of the Federal Republic of Germany without regard to its choice of law rules and excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods. Exclusive venue shall be Vector’s main place of business.