

1 DEFINITIONS:

1.1 'Acceptance Date'

Means the date shown on the Acceptance Certificate issued by Company X and shall be the date when the requisite Acceptance Tests as set out in the relevant Statement of Work are successfully completed by the Integrator to Company X's satisfaction.

1.2 'Acceptance Tests'

Means the tests specified in this Contract which are as set out in the relevant Statement of Work and which are processed in accordance with Clause 22 of this Contract and/or other such tests as may be agreed in writing between Company X and the Integrator to be carried out by the Integrator and witnessed by Company X on the Recommended Equipment. All Acceptance Tests prior to Final Acceptance shall be regarded as an Interim Acceptance only by both parties.

1.3 'Affiliate'

Means any corporation or other entity which controls, is controlled by or is under common control with a party to this Contract, and any joint venture or partnership in which the party to this Contract is a partner or joint venturer, or any entity in which the party to this Contract has an interest and to which it supplies or receives information processing services. A corporation or other entity shall be deemed to control another corporation or other entity if it owns, directly or indirectly, more than fifty per cent (50%) of the voting shares or other interests, or has the power to elect more than half the directors, of such other corporation.

1.4 'Associated SYSTEM X Software'

Means all the software and its associated documentation (including but not limited to all operating systems and database software) which is supplied as part of the Recommended Equipment as opposed to the applications software supplied as the SYSTEM X Software and defined below.

1.5 'Company X'

Means COMPANY X and includes its successors and assigns.

1.6 'Company X SYSTEM X Project Manager'

Means the person notified to the Integrator in writing as duly appointed by Company X to act as Company X's senior technical representative for the purpose of this Contract or the Company X SYSTEM X Project Manager's delegated authority or nominee.

1.7 'Change Control Process'

- Means the Change Control Process set out in the Quality Management Plan in Schedule 2.
- 1.8 'Communications Plan'
Means the Communications Plan as defined within the Quality Management Plan specified in the Controlling Specification (Schedule 2).
- 1.9 'Contract Price'
Means the sum so specified in the Cost Schedule (Schedule 4).
- 1.10 'Controlling Specification'
Means the components, documentation, functionality requirements, integration requirements, performance criteria and sites as specified in Schedule 2 of the Master Contract which are attached hereto and which comprise the System and which together with the standards and processes defined in the Quality Management Plan are to be supplied in full to Company X by the Integrator as part of this Contract
- 1.11 'Date(s) of Completion'
Means the date(s) included in this Contract or the SYSTEM X Project plan, or the Statement(s) of Work and which are the date(s) upon which it is agreed that the SYSTEM X Project or any part thereof is to be completed and against which liquidated damages shall be determined where applicable.
- 1.12 'Defect'
Means any failure, deficiency, malfunction, error or omission in the System which is discovered prior to an Interim Acceptance or Final Acceptance which prevents Company X's use of all or any portion of the System, or diminishes the integrity of the data which prevents the System from operating in conformance with the Controlling Specifications and the functionality and/or performance criteria therein.
- 1.13 'Designated Sites'
Means the locations defined in the Controlling Specification.
- 1.14 'Fault'
Means any failure, deficiency, malfunction, error or omission in SYSTEM X which is discovered after an Interim Acceptance Certificate or Final Acceptance Certificate has been issued which prevents Company X's use of all or any portion of the System, or diminishes the integrity of the data which prevents the System from operating in conformance with the Controlling Specifications and the functionality and/or performance criteria therein.

1.15 'Final Acceptance Certificate'

Means the document issued by Company X after the System is fully installed, tested, put in working condition, has passed Final Acceptance and has completed the reliability run (four (4) to five (5) week monthly business cycle) in accordance with the Controlling Specification, the relevant Statement of Work and Clause 23 below without any errors and/or faults, or after such deficiencies and/or faults are made good or rectified by the date stipulated on the Provisional Acceptance Certificate.

1.16 'Functional Unit'

Means any of the SYSTEM X Software business functions separately identified and numbered in the Controlling Specification.

1.17 'Functional Specification'

Means the applicable section(s) of the Controlling Specification for each agreed phase of the System which shall define the functionality to be provided by the agreed Project Plan in line with the Controlling Specification as may be amended pursuant to the Change Control Process.

1.18 'Installation'

Means that the System Components are ready to undergo Acceptance Tests at the Designated Site(s). Installation includes unpacking, assembling and performing all engineering services directly supporting the Installation as well as the loading of the Executable Code into the System required for the integration of all the components of the System.

1.19 'Integrator'

Means '***insert integrator full name and address here***'; their successors and assigns who are regarded as responsible for carrying out the SYSTEM X Project and shall include their personal representatives, successors and permitted assigns.

1.20 'Integrator Project Manager'

Means the person notified to Company X in writing as duly appointed by the Integrator to act as the Integrator's on-site representative in Quebec for the purpose of this Contract.

1.21 'Interim Acceptance Certificate'

Means the document issued by Company X signifying their interim, or qualified acceptance that the agreed activities and/or events and/or deliverables as defined in the Project Plan and the Statement of Work have been completed to Company X's satisfaction. Such acceptance by Company X is conditional upon the issue of the Final Acceptance Certificate and shall only become irrevocable after the issue of the Final Acceptance Certificate by Company X.

1.22 'SYSTEM X Project'

Means the design, development, customisation, supply, delivery, Installation, testing, implementation of the System through to the System being regarded by both parties as "in production"; the training of Company X staff in preparation for the System and the provision of all maintenance, repair, upgrade and support to be provided out by the Integrator under this Contract.

1.23 'SYSTEM X Software'

Means all the applications programs, media and associated documentation defined in the Controlling Specification that shall include but not be limited to: the third party applications software; the Integrator standard software; and software specifically written for Company X by the Integrator and which are not part of the Recommended Equipment and which are to be provided by the Integrator to Company X as part of the System under this Contract.

1.24 'Master Project Plan'

Means the Master Project Plan and the Master Work Breakdown Structure which shall be defined to the work breakdown level agreed between the parties and attached as Schedule 3 to the Master Contract or referenced therein, as may be amended pursuant to the Change Control Process.

1.25 'Phase'

Means an agreed set of tasks and activities which, within a defined time period, will result in one or more deliverables which can be measured and which shall form a part of the System. The Phase(s) are hereunder more particularly described or referenced in the Master Project Plan and Master Work Breakdown Structure.

1.26 'Phase Project Plan'

Means: the Controlling Specification; the detailed Statement(s) of Work including acceptance testing together with the Phase Plan which identifies deliverables, dependencies and delivery dates; the training needs analysis and training plan; the repair, maintenance and support plan; the price and payment plan and any additional items for a particular Phase Plan, as may be amended pursuant to the Change Control Process or as otherwise agreed in writing.

1.27 'Provisional Acceptance Certificate'

Means the document issued by Company X after the System is fully installed, customised, tested and put in working condition in accordance with Clause 23 stating all outstanding deficiencies and/or faults discovered, clearance action to be taken and the date at which such deficiencies and/or faults shall be made good or rectified.

1.28 'Quality Management Plan'

Means the Quality Management Plan as defined in the Controlling Specification Schedule 2 and which describes the quality specification and how the SYSTEM X Project will ensure the quality in the services and products, ensure validation of quality and finally that the quality requirements expressed by Company X concerning the System are met for their acceptance.

1.29 'Recommended Equipment'

Means the Integrator recommended computer or computers, LAN's, WAN's and communication equipment (including but not limited to all operating systems and database software) together with all documentation which is recommended and supplied by the Integrator and on which the System is installed to meet the Controlling Specifications and the performance criteria therein;

1.30 'Site Preparation Specification'

Means the Integrator prepared written description for the Designated Sites describing the set of attributes as described in the Statement of Work.

1.31 'Sizing and Performance Warranty Period'

Means the one (1) year period after Final Acceptance during which the System shall meet the standards defined in the Controlling Specification in terms of functionality and performance criteria.

1.32 Statement of Work'

Means the document which sets out the tasks that are to be undertaken by the Integrator and Company X (which shall include, inter alia, the scope of work, the timing and sequence of activities (project plan), the events and deliverables (including documentation) as agreed and which is appended as a schedule to each of the Project Plans and which may be amended pursuant to the Change Control Process.

1.33 'Sub-contractor'

Means any person firm or company to whom any part of this Contract has been Sub-contracted by the Integrator in accordance with this Contract or as otherwise agreed in writing by Company X and shall include the manufacturers of the Recommended Equipment and SYSTEM X Software as well as all the Sub-contractor's legal representatives, successors, agents and permitted assigns.

1.34 'System'

Means the SYSTEM X including but not limited to: the SYSTEM X Software, the Recommended Equipment and interfaces to Company X's systems; that has been fully integrated into the Company X environment and which as such shall conform to the Controlling Specification agreed between the Integrator and Company X as set out in Schedule 2 or as amended by the Change Control Process agreed between Company X and the Integrator, and which shall be delivered by the Integrator together with all warranties to Company X in order to achieve Final Acceptance of the System by Company X.

1.35 'System Component'

A defined sub-set of the System that may be subject to Acceptance Tests.

1.36 'Warranty Period'.

Means the identified time period immediately following the Acceptance Date of a qualifying System Component during which the Integrator provides support at no additional cost to Company X for the System Component in accordance with the service level standards defined in the Support Contract set out in Schedule 6 attached to the Master Contract.

1.37 'Work Breakdown Structure'

Means the detailed breakdown of the work to be done by the Integrator to the level that is required by Company X as shown in Schedule 3 attached to the Master Contract.

2 COMPLIANCE WITH COMPANY X QUALITY STANDARDS:

- 2.1 The Integrator shall implement and maintain a quality system which as a minimum conforms to the requirements of ISO 9000 (or any other equivalent standard approved by Company X in writing).
- 2.2 The Integrator shall permit Company X to audit its work and shall give Company X, reasonable access to all the Integrator's manufacturing locations, inspection records and test records to audit the effective operation of the Integrator's quality system throughout the Integrator's performance of its obligations under the Contract.
- 2.3 The Integrator shall use the 'insert software development methodology agreed by both parties here' I.T. methodology which shall:
 - 2.3.1 include a Quality Management Plan; and
 - 2.3.2 produce the '**insert software development methodology agreed by both parties here**' mandated documentation at the agreed frequencies and to the agreed level of accuracy and timeliness;

- 2.3.3 cause the Integrator to submit a quality plan to Company X which shall include but not necessarily be limited to the setting out the specific quality practices, resources and activities relevant to the Integrator's performance of its obligations under the Contract.
- 2.4 The Integrator shall perform one (1) quality audit using their Head Office Quality Function and shall share the results of the audit with Company X. The timing of the audit shall be agreed with Company X and identified in the Master Project Plan.
- 2.5 Company X may perform a quality inspection and carry out quality tests on all or any part of the SYSTEM X Project at any time during the Contract. The Integrator shall give Company X free and safe access to all parts of its premises or those of its Sub-contractors concerned with the implementation of the SYSTEM X Project and shall provide Company X with the necessary support including but not limited to inspection facilities, testing apparatus and services as Company X may reasonably require.
- 2.6 Where the quality inspection or the quality tests reveal that all or any part of the SYSTEM X Project does not, may not or will not fulfil the requirements of the Controlling Specification, Company X shall notify the Integrator of the deficiencies. For the avoidance of doubt, such notice shall not relieve the Integrator from any liability or obligation under the Contract. Company X shall not be obliged to accept the SYSTEM X Project if the Integrator does not rectify the deficiencies.

3 Company X SYSTEM X PROJECT MANAGEMENT PROCESS:

- 3.1 As part of the execution of this Contract, the parties shall mutually agree the Project Plan(s) and the Work Breakdown Structure detail to be provided with respect to the work (including training) to be undertaken in all the Projects.
- 3.2 The Change Control Process where necessary shall apply to the Statement(s) of Work where the Statement of Work materially and/or substantially deviates from the Controlling Specification.
- 3.3 The general outline of the components of the System to be provided by the Integrator to Company X is set out in the Master Project Plan and Master Work Breakdown Structure. The SYSTEM X Project is planned to be delivered in accordance with the agreed Master Project Plan and Master Work Breakdown Structure (see Schedule 2 attached hereto).
- 3.4 The detailed specification for the SYSTEM X Project and thereafter the initial Statements of Work for the first Project shall be provided by the Integrator to the Company X SYSTEM X Project Manager and the Company X SYSTEM X Quality Manager for approval no later than thirty (30) working days of entering into this Contract. All other Statements of Work thereafter shall be provided by the Integrator according to the Master Project Plan

- 3.5 Where a Statement of Work is received by Company X and is not sufficiently detailed to meet the requirements of Company X, Company X shall within five (5) working days of such receipt advise the Integrator of the need for more detail. The Integrator shall within a further five (5) working days of receiving such notification of the rejection of the Statement of Work, submit to the Company X SYSTEM X Project Manager and the Company X SYSTEM X Quality Manager a revised Statement of Work for their approval, showing the agreed detail and the number of day or weeks required for each separate activity. The content of such a revision shall adequately confirm that the Date of Completion quoted for the revised Statement of Work is achievable. In the event that the revised Statement of Work is further rejected Company X shall advise the Integrator of the rejection within three (3) working days. All subsequent revisions shall be submitted by the Integrator to the Company X Project Manager within three (3) working days.
- 3.6 On receipt of the revised Statement of Work, the Company X SYSTEM X Project Manager shall within the defined turnaround time either:-
- 3.6.1 approve the revision, in which event the revision shall form the Statement of Work ; or
 - 3.6.2 reject the revised Statement of Work stating the reasons for so doing and require that the Statement of Work be further amended and resubmitted by the Integrator within the timeframes stated in Sub-clause 11.5 above, or
 - 3.6.3 direct that both parties must agree the Statement of Work within three (3) working days, or
 - 3.6.4 refer matters for escalation as per Clause 27.
- 3.7 Approval and/or rejection by Company X of Statement(s) of Work shall be effected without undue delay and within a time-scale which takes into account the total time available for the SYSTEM X Project.
- 3.8 Once the Statement of Work is approved the Integrator shall undertake to develop a detailed schedule as well as a Quality Management Plan to complement the detailed specification for the SYSTEM X Project and the Statements of Work. The minimum requirements associated with the Quality Management Plan are set out in Schedule 2.

4 CONTRACT DATE OF COMPLETION:

- 4.1 Delivery to time is required and performance to time shall be measured.
- 4.2 Delays shall be measured as the difference between the Date of Completion identified in the Project Plan for the item in question and the Acceptance Date.

- 4.3 The Integrator shall provide all the required items as agreed and shall undertake Installation and shall complete the Statement of Work such that it is ready for Interim Acceptance or Final Acceptance on or before the Date of Completion shown in the Project Plan.
- 4.4 Where the Integrator at any time has reason to believe that the Date of Completion may be delayed, the Integrator shall promptly notify Company X of the delay itself, the expected period of the delay, the cause of the delay and the steps proposed to be taken by both parties or being taken by the Integrator/Company X to minimise the delay.
- 4.5 The Integrator shall define in writing the actual period of any delay caused by Force Majeure. Where the Date of Completion is necessarily delayed by Force Majeure and providing that prompt notice has been given in accordance with Clause 14 below, the Date of Completion shall be deferred; otherwise no alteration to the Date of Completion shall subsequently be admitted.
- 4.6 In the event that the delivery of the System is not completed by the Integrator through to Final Acceptance, Company X shall have at its sole discretion the right to return all third party items to the Integrator and to receive full refund of all monies paid for the returned items.

5 SYSTEM X PROJECT CONTROL:

- 5.1 Company X and the Integrator shall hold joint progress review meetings. Said meetings are chaired by Company X and are to be scheduled as defined in the Work Breakdown Structure. At said meetings the Integrator shall present a summary of progress and other issues to be defined in advance and included in an agenda to be issued by Company X to the Integrator at least two (2) days prior to said meetings. Proceedings of said meetings will be documented by the Integrator. the Integrator shall on a reasonable efforts basis, ensure that at least one (1) individual from the Integrator's organization (Project Manager or Systems Integration & Test Manager) are in attendance at each such meeting.
- 5.2 The Integrator shall appoint a full-time project manager for the SYSTEM X Project who shall act as the Integrator's SYSTEM X Project Manager on Company X's site and who shall:
 - 5.2.1 ensure that an Integrator's Project resource be present on-site for a minimum of 85% of any one week during the Definition and Acceptance stages and 40% of any one week during the Design and Development stages from commencement of the SYSTEM X Project until the Final Acceptance Date, unless otherwise agreed in writing with the Company X SYSTEM X Project Manager whose written agreement shall not be unreasonably withheld; and
 - 5.2.2 be fully conversant with all aspects of the Project; and
 - 5.2.3 have sufficient delegated authority to make day to day decisions on site during the progress of the SYSTEM X Project in addition to the management responsibility for the Integrator's personnel on Company X's site; and

- 5.2.4 regularly update Company X's General Manager – Information Systems, and Company X Contracts on the SYSTEM X Project until Final Acceptance of the System is achieved; and
 - 5.2.5 as an individual remain unchanged by the Integrator until Final Acceptance of the SYSTEM X Project is achieved unless otherwise agreed in writing with the Company X SYSTEM X Project Manager. Such written agreement by Company X shall not be unreasonably withheld.
- 5.3 Company X shall appoint a Company X SYSTEM X Project Manager who shall have sufficient delegated authority to make day to day decisions during the progress of the SYSTEM X Project in addition to the management responsibility for the Company X SYSTEM X Project personnel (where applicable). The Company X SYSTEM X Project Manager and the Integrator's SYSTEM X Project Manager shall work closely with each other and maintain a professional working relationship whilst seeking to co-operate closely with each other at all times.
- 5.4 The Integrator SYSTEM X Project manager may elect a delegate for temporary periods of absence which shall not exceed a total of twenty (20) working days within any one hundred (100) working day period providing that such periods of temporary absence do not exceed ten (10) continuous working days at any one time unless otherwise agreed in writing by the SYSTEM X Project Manager. Such consent by Company X shall not be unreasonably withheld.
- 5.5 Where it is required to carry out work on a time and materials basis, the following standards shall be applicable to any costs paid by Company X hereunder on a time and material basis.
 - 5.5.1 Where charged, fees and expenses should be shown separately at all times. Travel time shall not be charged by the Integrator.
 - 5.5.2 Expenses paid by Company X are Economy fares plus hotel rates described in the Quebec Government rates for their employees.
 - 5.5.3 Company X will pay actual expenses only at all times i.e. expenses will not be marked-up by the Integrator to cover handling charges.
 - 5.5.4 The Integrator shall support all their invoices with a reference that identifies the item to which the invoice applies fully.
 - 5.5.5 Where TME is the basis of the charge, time-sheets describing the work done must be submitted weekly and must be signed by the Company X SYSTEM X Project Manager before being presented to Company X for payment. All overtime shall be paid at the flat fee and only when identified in the agreement and agreed prior to the overtime being carried out.
 - 5.5.6 A separate "expenses sheet" shall be submitted weekly with full supporting evidence of the cost and description of the event. All expenses must be submitted weekly and must be signed by the Company X SYSTEM X Project Manager before being presented to Company X for payment

5.5.7 The Integrator shall ensure that results (deliverables) are agreed together with: the work scope (days of work); the work skills and the volume of resources required with the Company X SYSTEM X Project Manager, and that all such agreements shall be in writing. Thereafter the Integrator is expected to achieve the objectives identified as well as reasonably meet the quality expectations of the Company X SYSTEM X Project Manager for all such work.

6 DELIVERY, INSTALLATION AND IMPLEMENTATION:

- 6.1 Prior to scheduled delivery of the Recommended Equipment, Company X shall prepare the Designated Sites in accordance with the Integrator Installation site recommendations, which are in accordance with the Site Preparation Specifications document provided to Company X by the Integrator. The site preparation shall be completed not later than (10) days prior to the scheduled Delivery of the Recommended Equipment.
- 6.2 Following the preparation and ten (10) days prior to Delivery of the Recommended Equipment, the Integrator shall perform a pre-Installation inspection for the Designated Sites or at any other mutually agreed time. Within five (5) working days after the inspection, the Integrator shall confirm in writing that the Designated Sites meets or exceeds the Integrator's Site Preparation Specifications. If such confirmation is not received by Company X within said ten (10) days, the Designated Sites shall be deemed to have met said Requirements.
- 6.3 The Integrator in accordance with the dates set out in the relevant Project Plan and Statement(s) of Work shall be responsible for the delivery of the SYSTEM X Software and the Recommended Equipment to Company X's premises and the Installation of the SYSTEM X Software on the Recommended Equipment. Any variation to the agreed dates shall advise to Company X and shall be mutually agreed between the parties.
- 6.4 The Integrator shall install the Recommended Equipment and the System at each of the Designated Sites on the dates set out in the relevant Project Plan and Statement(s) of Work or at any other date mutually agreed upon by the parties and notify Company X of the completion of the Installation. This Installation is to include the following services, and subject to the conditions stated below;
 - 6.4.1 Should the Integrator decide to subcontract any or all of the Installation of the Recommended Equipment, then the Integrator agrees to submit the name of said Sub-contractor(s) in advance to Company X. Company X may, at its option, reject said Sub-contractor(s) and request the Integrator to propose a new Sub-contractor(s). Company X agrees to not unreasonably reject a Sub-contractor and to provide the Integrator with a brief explanation why a Sub-contractor was rejected.
 - 6.4.2 The physical Installation of the Recommended Equipment, including connection to wiring as provided for in the Site Preparation Specifications.
 - 6.4.3 The verification of communications between the System and the Company X IT network and telecommunications servers.

- 6.4.4 Immediately following the Integrator testing of the Installation, the Integrator will contact Company X to validate the Installation.
- 6.4.5 Prior to the commencement of Acceptance Testing of the System, it shall be the responsibility of the Integrator to ensure the System is operational and capable of demonstrating the successful operation of the Functions included in the functional and quality specifications of the Controlling Specifications and Quality Management Plan.
- 6.5 Where, at the Integrator's request or for reasons attributable to the Integrator, the SYSTEM X Software and the Recommended Equipment is not to be delivered or installed according to the Project Plan it shall require the prior permission of Company X in order that appropriate arrangements can be made. Such approval shall not be unreasonably withheld. Any refusal to accept such delivery shall not relieve the Integrator from any of its obligations under this Contract.
- 6.6 The Integrator hereby commits to deliver and install elements of the System Equipment and the SYSTEM X Software necessary to support the schedule of events as set forth set out in the relevant Project Plan and Statement(s) of Work.
- 6.7 The Integrator agrees to train two Company X employees from the IT Support and Maintenance for five (5) days and to impart sufficient skills to the Company X employee such that they understand:
 - 6.7.1 the system and data architecture and physical data structures in System X, and
 - 6.7.2 the process of identifying a software component location, checking it out of the configuration management system, making a modification, testing a modification, compiling and linking the software, checking it in the configuration management system and moving it to production
 - 6.7.3 the Disaster Recovery Procedure of System X, and
 - 6.7.4 understand the use of the SYSTEM X Software and Recommended Hardware facilities to manipulate data in said data structures, and
 - 6.7.5 the use of said data within the System.
 - 6.7.6
- 6.8 After the training, the said Company X representatives shall be sufficiently trained to support and maintain of equivalent Company X data and to conduct Disaster Recovery for the intended purposes within System.
- 6.9 The Integrator will provide sufficient personnel on-site at the Designated Sites to successfully support the schedule of events as set forth in the relevant Project Plan and Statement(s) of Work.

7 ACCEPTANCE TESTING:

- 7.1 Company X shall provide such information and facilities as are necessary to enable the Integrator to carry out the Acceptance Tests by the date specified in the SYSTEM X Project plan or the Statement of Work or such other reasonable date as may be agreed in writing.
- 7.2 The Integrator undertakes that Company X has a documented testing process and furthermore:
 - 7.2.1 they shall follow the Company X testing process or an equivalent process agree in writing;
 - 7.2.2 they shall carry out all testing and examination and other work necessary to minimize and so far as is reasonably practicable eliminate any risk to health or safety resulting from the provision and or use of the services provided against the Controlling Specification, for any purpose for which they are designed;
 - 7.2.3 where conditions exist under which there will or may be any risk to health or safety the Integrator shall immediately bring such conditions to the attention of Company X in writing and shall provide free of expense adequate information about such conditions and safeguards which should be observed to ensure that such risks are eliminated; and
 - 7.2.4 they will comply with all relevant Quebec Health and Safety Legislation and Laws.
- 7.3 The Integrator shall give Company X seven days (7) prior notice in writing or such notice as may be agreed, of the date when it will be ready to commence the Acceptance Tests or any part thereof in order that Company X may witness the said test. This notice shall include a specification of all resources required, the environment and the Company X employees recommended to attend. Unless otherwise agreed, the Acceptance Tests shall take place on the said date(s) in accordance with the applicable Statement of Work
- 7.4 Where, in the reasonable opinion of Company X, the Acceptance Tests are being unreasonably delayed, they may by notice in writing require the Integrator to carry out the Acceptance Test within seven days from receipt of the said notice and the Integrator shall carry out the Acceptance Tests on such date(s) within the said seven (7) days as the Integrator may fix and of which it shall give reasonable notice to Company X
- 7.5 In order to conduct the Acceptance Test(s), the Integrator shall develop an Acceptance Test(s) plan which it shall submit to Company X for review and shall obtain Company X's approval of the Acceptance Test Plan. When the Integrator determines that a Deliverable is ready for Acceptance Testing, it shall notify Company X in writing, the Integrator and Company X shall then be entitled to conduct an Acceptance Test.

- 7.6 The Integrator shall ensure that each Functional Unit of the Software has been reasonably unit, system and integration tested prior to commencement of the Acceptance Test by Company X and that the Integrator expects said Functional Unit of the Software to be in a condition which could reasonably be assumed to be able to meet Acceptance Test sign-off conditions by end-user representatives. The Integrator will complete integration and system testing with a reasonable set of test conditions prior to Acceptance Test to demonstrate to Company X project management team that said Functional Unit of the Software is ready for Acceptance Test by Company X. The final version of the system test cases will be available to Company X personnel for review and will be used to help the end users develop further test cases for the Acceptance Tests.
- 7.7 Each Functional Unit of the SYSTEM X Software will be subjected to an Acceptance Test after the last step of system testing which was done by the Integrator. Company X will in the presence of the Integrator's representatives, on a reasonable efforts basis, continuously conduct said Acceptance Test to validate basic functionality of each Functional Unit. Validation of basic functionality will be deemed to be the successful execution of the Acceptance Test for each function of said Functional Unit and is to be successfully executed over a period not to exceed four (4) weeks. Company X will commence Acceptance Testing of a Functional Unit of the Software as set forth set out in the relevant Project Plan and Statement(s) of Work. All problems identified by Company X during Acceptance Testing will be submitted in writing on a SYSTEM X bug report as shown in Schedule 6 to this Contract. All "Priority 1" problems must be corrected by the Integrator prior to Company X sign-off of the Acceptance Test for said Functional Unit of the Software.
- 7.8 Included in the Acceptance Test, the Integrator will ensure that the production system criteria, stated in the Controlling Specifications, are met and that operational acceptance activities are conducted following or concurrently to the functional acceptance activities before Interim Acceptance be considered.
- 7.9 The Integrator will ensure that the Acceptance Test environment consists of a minimum of:
 - 7.9.1 a copy of the Functional Unit of the Software; and
 - 7.9.2 six (6) terminals configured for concurrent access to said Functional Unit of the Software; and
 - 7.9.3 one (1) printer connected to said Functional Unit of the Software and capable of printing all output associated with said Functional Unit; and
 - 7.9.4 the Recommended Equipment running the Operating Software appropriate to support the above Recommended Equipment and SYSTEM X Software.
 - 7.9.5 three (3) draft copies of the documentation for said Functional Unit of the Software that comply with the standards defined in the Quality Management Plan.

- 7.10 Company X will supply the Integrator with onsite workspace at Company X premises where the Integrator is required to conduct the Acceptance Test(s). Said workspace will consist of a desk with a telephone. The Integrator shall meet the cost of all telephone calls made on their allocated lines.
- 7.11 In the event that an Acceptance Test is attempted and not successful, Company X shall outline in reasonable detail such deficiencies, and their respective urgencies, this written outline shall be called a "Deficiency Report" provided in Schedule 6. the Integrator shall, upon receipt of a Deficiency Report, review the deficiencies and provide a plan to correct all deficiencies with which it agrees. the Integrator shall provide this plan to Company X in not more than (2) business days. the Integrator shall correct the agreed to deficiencies specified in any Deficiency Report forthwith after its receipt, and in any event shall correct such deficiencies in not more than ten (10) days following receipt of the Deficiency Report. Upon receipt of notification from the Integrator that all deficiencies listed in any Deficiency Report have been corrected, Company X shall be entitled to a further Acceptance Period of ten (10) business days. Should the subsequent Acceptance Test turn up further deficiencies, the process herein shall be repeated.
- 7.12 The service levels related to the correction of Defects and Faults and the response times associated with the correction of a deficiency are addressed in section 24.5 herein. Deficiencies identified of lower urgency may be re-scheduled under a new Statement of Work to facilitate an immediate or more rapid acceptance of the truncated deliverable(s). Resolution of a dispute regarding the giving or withholding of an Acceptance Certificate shall be dealt with by way of the escalation mechanism provided for herein.
- 7.13 In the event that the repeat tests show that the SYSTEM X Software is not in accordance with this Contract, then Company X shall within a reasonable time exercise its right to:
 - 7.13.1 require the Integrator to supply, free of charge, such additional services to rectify such defects in the SYSTEM X Software as may be necessary to enable the SYSTEM X Software to pass the relevant acceptance test, or
 - 7.13.2 in the event that the required SYSTEM X Software is still found not to be in accordance with the Controlling Specification then Company X shall have the right to accept and retain such SYSTEM X Software as it may consider expedient at such (reduced) price as may be agreed between Company X and the Integrator, or
 - 7.13.3 reject the SYSTEM X Software and return it to the Integrator for a full refund.
- 7.14 Company X shall be deemed to have given Interim Acceptance to those System Components where such System Components are put into use (other than for the purpose of conducting Acceptance Test(s) before the System Component has passed the relevant Acceptance Test and providing such System Component perform in line by and large with the performance criteria and functionality requirements set out in the Controlling Specification.

8 ACCEPTANCE CERTIFICATES:

- 8.1 There shall be formal acceptances of the System carried out by Company X as per the Project Plan and the Statement of Work.
- 8.2 The forms of Acceptance Certificates in addition to showing the date they were raised shall show the formal "Acceptance Date" by Company X as a separate date therein. The Acceptance Date only shall be used to measure the performance of both parties.
- 8.3 Interim Acceptance Certificates shall be issued for all acceptances of deliverables up to Final Acceptance once it has been demonstrated by the Integrator and agreed by Company X that all the deliverables as defined in the relevant Statement of Work have been delivered in accordance with the Project Plan and the Statement of Work.
- 8.4 The issuance of any form of Acceptance Certificate, other than the Final Acceptance Certificate, shall be without prejudice to any future claim of Company X in respect of any defects which may subsequently become apparent or be discovered.
- 8.5 Resolution of a dispute regarding the giving or withholding of Acceptance shall be dealt with by way of the escalation mechanism provided for herein. Company X will issue a Final Acceptance certificate when it has been demonstrated that:
 - 8.5.1 the System has been delivered in accordance to the contract; and
 - 8.5.2 the performance of the System meets the quality criteria set out in the Quality management Plan; and
 - 8.5.3 the System has completed a reliability run comprising of four (4) weeks of satisfactory continuous operational working with no major (level 1) system or application breakdown unless caused by external power supply failure, or by the error on the part of staff not employed by the Integrator or (and / or its affiliates).
 - 8.5.4 A two (2) weeks continuous reliability run may be restarted and repeated until the quality criteria is obtained.
- 8.6 In the event that during the Acceptance Test(s) identified in 23.1 above deficiencies and/or faults in the System and/or the SYSTEM X Software and/or the Installation are discovered, Company X may nevertheless elect to issue a Provisional Acceptance Certificate provided that the value of such deficiencies and/or faults as assessed by Company X is withheld from any payment(s) due until all such deficiencies and faults have been made good or rectified. Such deficiencies or faults shall be made good or rectified by the date stipulated at the time and noted on the Provisional Acceptance Certificate.
- 8.7 Where the System and/or the SYSTEM X Software does not meet the above criteria then the Integrator shall investigate the cause of any malfunction or breakdown and correct the System and /or SYSTEM X Software design or SYSTEM X Software fault such that the System shall comply with the Controlling Specification.

- 8.8 Company X will issue a Final Acceptance Certificate within five (5) working days when it has been demonstrated that:
- 8.8.1 the SYSTEM X Software and Recommended Equipment have been delivered in accordance with Contract, and
 - 8.8.2 the Performance of the SYSTEM X Software and Recommended Equipment meets the requirements of Company X as defined in the Controlling Specification and the final Project Plan, and
 - 8.8.3 the SYSTEM X Software having been successfully tested by the Integrator in the presence of Company X and has passed the requirements of the agreed schedule of tests defined in the Controlling Specification, and
 - 8.8.4 the System as a totally integrated solution has been satisfactorily completed and is properly co-operating with existing Company X systems as defined in the Controlling Specification and has completed a four (4) week reliability run.

- 8.9 In the event that during the final test described in 23.8 above deficiencies and/or faults in the System and/or the SYSTEM X Software and/or Installation are discovered, Company X may nevertheless elect to issue a Provisional Acceptance Certificate provided that the value of such deficiencies and/or faults as assessed by Company X is withheld from any payment(s) due until all such deficiencies and faults have been made good or rectified. Such deficiencies or faults shall be made good or rectified by the date stipulated at the time and noted on the Provisional Acceptance Certificate.

9 WARRANTY:

- 9.1 Within the provision of the System, the Integrator warrants that from the Acceptance Date of the items and services required by the latest agreed version of the Controlling Specification and the Statement of Work until the end of the Integrator Warranty Period that:
- 9.1.1 all items and services provided under this Contract shall be deemed of satisfactory quality and fit for the purpose for which they are intended; when they materially conform to the Controlling Specification set out in the relevant Statement of Work, and
 - 9.1.2 any data and/or SYSTEM X Software developments supplied shall be free from material defects in workmanship or material arising in the course of their proper use; and
 - 9.1.3 all items, where applicable, shall have full compatibility with Company X's designated systems and their defined interfaces as specified in the Controlling Specification; and
 - 9.1.4 the programs included in any SYSTEM X Software shall meet Company X's requirements in accordance with the latest agreed version of the Controlling Specification and shall not contain any computer viruses; and

- 9.1.5 all program modifications shall operate in all material respects with any subsequently agreed technical specifications for the life of this Contract, and
- 9.1.6 in providing any warranty service hereunder it shall exercise reasonable skill and care commensurate with professional and both IT Industry Telecommunications Industry standards.

9.2 The Integrator warrants that:

- 9.2.1 the SYSTEM X Software, when installed and used with the Recommended Equipment, will perform in accordance with the Controlling Specification and the jointly developed Quality Management Plan which shall expand on the performance criteria defined in Schedule 2, for the Warranty Period following the System Component Acceptance Test and/or the Final Acceptance Test.
 - 9.2.2 upon the issue of the Final Acceptance Certificate delivery the System shall process Company X's data in an accurate manner and shall meet the performance criteria, as described in the jointly developed Quality Management Plan of this Contract.
 - 9.2.3 any Defects or Faults which occur during the Warranty Period will be corrected during the Software Warranty Period at the Integrator's cost in accordance with the services levels defined in Schedule 6 using the performance criteria set out in Schedule 2.
 - 9.2.4 following the Warranty Period any Defects or Faults will be corrected as stipulated in the System Maintenance, Repair and Support Services Contract (Schedule 6) to be executed between Company X and the Integrator as part of his Contract.
 - 9.2.5 the SYSTEM X Software, once installed and used with the Recommended Equipment and providing the SYSTEM X Software has been continuously maintained by the Integrator and providing the System is operating within the limits proscribed in the Integrator sizing recommendation, will perform in accordance with the Quality Management Plan Specifications for the Sizing and Performance Warranty Period.
- 9.3 In the event that during the Sizing and Performance Warranty Period the Software does not operate in accordance with the Controlling Specification, the Integrator shall replace or correct, at no charge to Company X, any Defect or Fault that is discovered in the Software by either Company X, the Integrator or any third party.
- 9.4 In the event that the System does not meet the performance criteria, as described in the Controlling Specification, the Integrator shall:
- 9.4.1 make recommendations to Company X on how to correct the performance deficiency in order to achieve the performance criteria set out in the Controlling Specification and assist Company X in tuning the System until the required performance is achieved, or

9.4.2 provide, at the Integrator's cost, an upgrade of CPU and/or an upgrade of memory and/or an upgrade of disk to achieve the performance criteria set out in the Controlling Specification and to install, commission and tune the same until the required performance is achieved.

9.5 The above warranties and the Integrator obligations shall apply only if:

9.5.1 the System is used and maintained under normal conditions and in accordance with the user manuals and documentation and other instructions furnished by the Integrator; and

9.5.2 the combination of software and hardware used is in accordance with the Integrator's recommendations and has not been installed by any third party without the consent of the Integrator, and

9.5.3 Company X has promptly given the Integrator written notice of any error prior to expiration of the warranty period; and

9.5.4 the error was not caused by due to faults related to inter-working equipment not supplied or approved by the Integrator.

9.6 The Integrator shall provide support services to the service level standards specified in Schedule 6 at its own expense to remedy any defect in any portion of the SYSTEM X Project which may be identified on any Acceptance Certificate or which develops and is notified to the Integrator during the life of the SYSTEM X Project and/or the Warranty Period, and which results in a System fault or a failure of: the System; the SYSTEM X Software or the Recommended Equipment whereby the System or any part thereof fails to provide the functionality required or fails to meet the performance criteria detailed in the latest agreed version of the Controlling Specification.

9.7 Where Company X notifies the Integrator in writing during the Warranty Period of any alleged breach of warranty under Sub-clause 24.1 above or any error in SYSTEM X or any part thereof which prevents it from operating in accordance with the latest agreed version of the Controlling Specification, the Integrator shall remedy the same in accordance with Sub-clause 24.6 below.

9.8 Remedial work: Recommended Equipment and SYSTEM X Software Warranty and Service.

9.8.1 the Integrator shall provide warranty support cover on a seven (7) days per week, twenty four (24) hours per day basis using an agreed delivery process, unless otherwise agreed in writing between the parties.

9.8.2 Where the Integrator is in breach of the warranty at Sub-clause 24.1 above, which prevents the System from operating in accordance with the applicable part of the Controlling Specification the Integrator shall, without additional charge to the sums specified in the Statement of Price, respond within two working hours of receipt of notification from Company X unless otherwise agreed by the parties.

- 9.8.3 The Integrator will be required to effect a working solution for all items that impact the integrity and or material operation of Company X's business, the Integrator will pro-actively agree with Company X the priority level, actions and time scales. Where on-site working at Company X's premises is defined as necessary by Company X and requested in writing, the Integrator will assign appropriately qualified staff knowledgeable of the System and/or the SYSTEM X Software to commence work on Company X's premises within forty eight (48) hours of the written notification being received by the Integrator and shall advise Company X of such assignment within twenty four (24) hours of the written notification being received by the Integrator. Once on site such staff shall work diligently using all reasonable endeavors to correct promptly such breach of warranty to an agreed time scale, and in keeping with the priority of the item.
- 9.9 The severity/priority level appearing in Schedule 6 (attached hereto) shall apply to the remedying of faults under warranty whereby:
- 9.9.1 the Integrator shall, at no additional cost to Company X, rectify all agreed faults. The support services provided by the Integrator shall include all the necessary maintenance of the Recommended Equipment and all necessary maintenance of the System as delivered and accepted by Company X or any part thereof and shall include all labor and materials
- 9.9.2 the Integrator shall not be deemed to have completed fault-correction until the identified fault(s) is corrected and regression-tests are completed and an Acceptance Certificate has been issued by Company X. Regardless of the nature of the fault it shall be accepted by both parties that the fault is satisfactorily cleared when it can be shown that the fault no longer affects the normal use and operation of the System and that the System performance is as specified in the Controlling Specification. The fault may be remedied by repair, replacement, re-delivery or additional delivery.
- 9.10 Notwithstanding anything to the contrary in this Contract, the Integrator does not warrant that the System will be completely error-free, nor that it will perform totally without interruption.

10 MAINTENANCE:

- 10.1 Prior to the execution of this Contract the Integrator, shall as part of this Contract enter into a Repair and Maintenance Contract (hereinafter referred to as Schedule 6).
- 10.2 For a period of five (5) years following on immediately after the completion of the Integrator Warranty Period, the Integrator shall provide Company X with maintenance and repair services for the System in accordance with Schedule 6. the Integrator shall ensure that it has sufficient competence and resources to meet its obligations under Schedule 6 in full.

- 10.3 Where for any application Company X are a sub-licensee to the Integrator, the Integrator shall ensure that Company X shall have step-in rights to their repair and maintenance agreement(s) agreed with the licensor and/or any involved third party such that Company X may obtain the rights there under where necessary.
- 10.3.1 The Integrator shall be obligated to respond to all faults which are properly reported subject to their severity level and the corresponding service levels defined in Schedule 6.
- 10.3.2 For the life of the Support, Repair and Maintenance Agreement in Schedule 6 the Integrator shall, at no additional cost to Company X, rectify all agreed faults. The support services provided by the Integrator under Schedule 6 shall include all the necessary maintenance of the Recommended Equipment and all necessary maintenance of the System as delivered and accepted by Company X or any part thereof and shall include all labor and materials
- 10.4 The Integrator shall not be deemed to have completed fault-correction until the identified fault(s) is corrected, regression-tests (where applicable) are completed and an Acceptance Certificate has been issued by Company X. Regardless of the nature of the fault it shall be accepted by both parties that the fault is satisfactorily cleared when it can be shown that the fault no longer affects the normal use and operation of the System and that the System performance is as specified in the Controlling Specification. The fault may be remedied by repair, replacement, re-delivery or additional delivery.