

General Conditions

Purchasing

IMPORTANT: the original Dutch text of the conditions is binding under all circumstances.
No rights whatsoever may be derived from this translation.

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CHAPTER A – GENERAL CLAUSES

The clauses of chapter A are applicable to the purchase of goods as well as the purchase of services.

SCOPE

1.1 These General Purchasing Conditions (hereinafter: GPC) shall apply to all Purchase Orders issued by Royal KPN N.V. or any of its subsidiaries (collectively 'KPN') and all agreements that result from them. The GPC shall set aside the general conditions of Supplier.

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FORMATION OF AGREEMENTS

1.2 An agreement comes into existence upon the acceptance by Supplier of the Purchase Order from KPN. The Purchase Order will be deemed to be accepted:

- a if Supplier has accepted KPN's Purchase Order explicitly;
- b at the moment upon which Supplier has started with the work described in the Purchase Order;
- c if Supplier has not explicitly rejected the Purchase Order within three working days after receiving it.

INVOICING AND PAYMENT

Supplier shall not invoice KPN any amounts owed for products and/or services before the date of their delivery or rendering. Supplier shall send invoices to the agreed KPN Accounts Payable Department..

Every invoice has to comply with the invoice - requirements as stated in the Turnover Tax Act 1968 (TTA). If applicable, and in so far as not stated in the TTA each invoice shall also state the KPN Purchase Order number, place of delivery, date of delivery, price per unit, VAT and the total invoiced amount.

KPN shall return to Supplier any invoices that fail to meet the conditions contained in this article and shall state the reasons for not accepting the invoice. KPN shall effect payment of owed amounts 90 calendar days from the date it received a correct invoice. Moreover the undersigned statement of hours worked, if applicable, shall be attached to the invoice.

KPN shall have the right to suspend payment in full or in part for such time as Supplier is in default with regard to fulfilment of the agreement.

On receipt of an invoice KPN shall have the right to set off against the invoiced amount any unpaid amounts owed by Supplier to KPN. Supplier shall not have the right to set off any amounts owed to KPN against amounts that Supplier owes KPN.

All rights of action of the Supplier against KPN, whether based upon contract, tort or otherwise shall expire after one year the right of action against KPN has come into existence.

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LATE OR INCORRECT DELIVERY

Supplier shall have failed, as from the agreed date of delivery, to fulfill an obligation and be in default without further notice if a consignment is not delivered on the agreed delivery date or if products and services are not supplied in accordance with the contractual obligations before or on the agreed delivery date. KPN shall have the right to charge Supplier a penalty to the extent that Supplier fails to fulfill such obligation for reasons imputable to Supplier. The penalty per working day from the agreed delivery date shall be 1% of the value of the order subject to a maximum of 15% of such value. The penalty shall leave intact the obligation of Supplier to pay KPN compensation for damage caused by late or incorrect delivery, if and to the extent that such damage exceeds the amount of the penalty.

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GUARANTEE

Supplier shall ensure that delivered products, the rendered services and/or results meet the specifications contained in the agreement. Moreover, the Supplier shall ensure that the delivered products have no defects and are made of sound materials. Without prejudice to the right of KPN to claim compensation for all costs and damages arising through a defective or unsound product delivered by Supplier, Supplier shall at its expense during the guarantee period fully repair or replace by the same product and/or results any defective products and/or results within 3 weeks of receiving KPN's first written notification. In relation to the products the guarantee means also that Supplier shall at the discretion of KPN, issue a credit note for the total number of returned defective products based on the most recent purchase price thereof. Unless otherwise agreed, the guarantee period shall be 18 months for non-consumer goods, starting from delivery date. The guarantee period for consumer goods shall be 24 months, after the date of sale to the consumer, with a maximum of 30 months after the date of delivery. In urgent cases, KPN shall have the right - without prejudice to its other rights - to repair or commission the repair of the defective products or parts at its customers' premises at the expense of Supplier. Supplier shall provide free of charge all requested spare parts, tools, advice and support.

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INTELLECTUAL PROPERTY RIGHTS

5.1 If and in so far as the delivered products, rendered services and/or results are subject to pre-existing intellectual property rights of the Supplier, Supplier hereby grants KPN a non-exclusive license in respect of such rights, including the right to grant a sub-license for such rights to its customers. Supplier shall have deposited the source code of the pre-existing intellectual property rights of any software in escrow and KPN shall have the right to become beneficiary of the escrow agreement.

5.2 KPN shall be the owner of any result of work performed by Supplier for KPN in the development and provision of products and/or services. The full right, title and interest in all intellectual property rights, other than the pre-existing intellectual property right, in any such result (hereinafter: Intellectual Property Rights) shall vest in KPN.

Supplier hereby assigns the full right, title and interest in the Intellectual Property Rights to KPN, which assignment is hereby accepted by KPN.

To the extent necessary, Supplier hereby grants KPN irrevocable power of attorney to execute in the name of Supplier any deeds necessary to assign to KPN the rights, title and interest in any Intellectual Property Rights. As far as permitted by law, Supplier hereby waives its rights as stated in article 25 of the Copyright Act 1912. Supplier shall deliver the source code of computer software developed for KPN within ten (10) working days of acceptance of the result by KPN in conformity with the required specifications.

5.3 Supplier shall indemnify, defend and hold harmless KPN against any claims, proceedings, penalties or payment of damages, liabilities and losses, and other expenses arising out of or in connection with any claim or action brought on the grounds that the products and/or services, or any part thereof, and/or their commercial use by KPN within its business operations, infringe, directly or indirectly or through contributory infringement, or violate the Intellectual Property Rights of any third party or constitute an unlawful disclosure, use, or misappropriation of another party's trade secret ("Claim"), provided that KPN notifies Supplier within a reasonable period of the Claim and gives Supplier sole control of the defense and negotiations for its settlement or compromise.

In the event of any such Claim, Supplier shall procure that no interruption and disruption to KPN's business operation shall occur. Supplier shall reimburse all costs incurred by KPN in connection with the Claim.

CONFIDENTIALITY

KPN and Supplier shall refrain from disclosing to third parties any product, market, customer or company information relating to the other party, unless i) the information is already in the public domain other than through violation of this confidentiality clause, or ii) was developed independently by the disclosing party without making use of this information, or iii) if the other party obtained the information lawfully from a third party who was not bound by a similar obligation of confidentiality, or iv) if the information must be disclosed by law, rules or regulations, an order issued by a court of law with jurisdiction or on the instructions of a statutory regulator. Parties undertake to use such information solely for performance of the agreement. Parties shall impose the same obligations as those mentioned above on persons engaged by them to carry out the agreement.

TERMINATION OF THE AGREEMENT

KPN shall have the right to terminate ("ontbinden") the agreement in whole or in part without prejudice to any rights to claim compensation for incurred damage, without recourse to the courts and without entitlement of Supplier to reimbursement of costs, if Supplier fails to fulfill, fulfill punctually or fulfill properly any obligation under the agreement and Supplier fails to remedy such failure within 5 working days after receipt of a written notice of default.

Without prejudice to the right to obtain compensation for incurred damage, KPN shall have the right to terminate with immediate effect all or part of the agreement without recourse to the courts, without Supplier being entitled to reimbursement of costs and without notice of default, if:

- a Supplier discontinues its business activities;
- b Supplier has applied for or has been granted a suspension of payment;
- c Supplier has applied for or is the subject of a petition for bankruptcy or has been declared bankrupt;
- d all or some of the Supplier's assets have been attached; or
- c the control of Suppliers business has passed to a third party.

APPLICABLE LAW, DISPUTES AND LANGUAGE

Dutch law shall govern the agreements, including these GPC. The delivery conditions shall be interpreted within the meaning attributed to them in the Incoterms 2000. The United Nations Convention of the International Sale of Goods shall not apply. Disputes relating to the agreements, including these GPC, shall be referred to the competent court of law in The Hague, the Netherlands. These GPC exist in Dutch and English versions. The Dutch version shall prevail and be binding upon KPN and Supplier in the event of differences in interpretation.

CHAPTER B – CLAUSES APPLICABLE TO PRODUCTS

The clauses of chapter B are next to the clauses of chapter A solely applicable to the purchase of Goods

GENERAL REQUIREMENTS FOR PRODUCTS

To the extent applicable, the products shall:

- work in accordance with and meet the agreed requirements;
- meet the specifications in the agreed documentation;
- meet the requirements prescribed by or pursuant to law;
- possess the characteristics stated by Supplier;
- be free of material, production, construction and design faults;
- be made of new and sound material and packaged in decomposable and biodegradable material;
- not have been manufactured more than 3 months before delivery;
- not have been produced through child labor within the meaning of ILO Resolution 182;
- bear the CE-mark;
- meet the most recent specifications of the KPN network at the time of signature of the agreement;
- have ESD (Electrostatic Discharge)-safe packaging.

The documentation shall be written in Dutch, English and German.

PRODUCTION AND QUALITY ASSURANCE

Supplier shall test the finished and unfinished products during and after the production process. KPN shall be provided with a copy of the test report on request. To the extent applicable, Supplier shall use a quality system in accordance with or equal to NEN-EN ISO 9001.

HAZARDOUS SUBSTANCES AND/OR PREPARATIONS

Supplier shall ensure that the products meet the requirements laid down by or pursuant to law and that they do not contain any legally prohibited substances and/or preparations or any substances and/or preparations unsuitable for normal waste processing methods. Supplier shall allow KPN on request to examine how environmental protection was taken into account in the design and manufacture of the products. Supplier shall inform KPN completely and correctly of any constituent substances and/or preparations harmful to people, property or the environment. Supplier shall state the product components suitable for re-use or recycling other than by incineration at the end of their useful life and for that purpose shall at KPN's first request take back the products or pay KPN an appropriate fee for waste processing/recycling, unless the parties have agreed otherwise.

DELIVERY OF PRODUCTS

Supplier shall not deliver before the agreed delivery date any products and associated documentation purchased by KPN. Delivery shall take place Delivery Duty Paid (under Incoterms 2000) on the agreed date at the delivery address stated in the agreement. Each consignment shall be accompanied by a packing list.

Supplier shall ensure that all details (including the KPN purchase order number) are filled in on the consignment note and packing list. KPN is entitled to refuse a consignment (in full or in part) if:

- the consignment does not contain the quantity stated on the consignment note and packing list;
- the contents of the consignment or the packaging are damaged or do not comply with the agreement in any other respect;
- the consignment is not delivered at the agreed time or place.

A consignment shall be deemed delivered in accordance with the agreement only to the extent that by or on behalf of KPN has been signed for receipt the consignment note, or any other document used by Supplier as a receipt. Supplier has to see to it that the acknowledgement of receipt shall be done by a KPN employee or an employee of a company that is entitled by KPN to

receive the products on behalf of KPN. The signing has to consist of a signature stating the complete name in block letters and the personnel number of the employee who has received the consignment.

Supplier shall immediately take back any consignment not accepted for delivery. Partial deliveries shall not be allowed without the prior written consent of KPN.

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OWNERSHIP AND RISK

Ownership of the products and also the risk of their damage or loss shall pass to KPN at the time of delivery of the consignment.

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INSPECTION DURING AND AFTER DELIVERY

KPN shall have the right to reject a consignment or product (or parts thereof) within 30 calendar days of their delivery if they fail to meet the general requirements stated in article 9 of these GPC and/or the contractual conditions. If KPN rejects a consignment or product (or parts thereof), Supplier shall, within 3 working days of notification of rejection, take the following action on the instructions of KPN:

a deliver what is missing, or

b collect the rejected consignment or product, repair or replace it (according to KPN's instructions) and deliver the consignment or product after repair or replacement.

KPN shall also have the right to commission an independent testing institute to test finished and unfinished products during manufacture and thereafter within 30 days of delivery of the products. Supplier shall bear the costs if the testing institute declares the products unsound.

KPN may return an uncollected rejected consignment or product at the expense of Supplier. The ownership and risk of the rejected consignment or product shall revert to Supplier at the time of collection or return. KPN shall have the right to examine or re-examine consignments or products or parts thereof. If they are again declared unsound, Supplier shall at KPN's discretion be bound to ensure performance of the agreement within the period stated by KPN. Supplier shall pay the costs of re-examination and transport in such instances.

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PRODUCT LIABILITY

Supplier shall indemnify KPN against any claims brought by third parties under the product liability provisions of the Dutch Civil Code.

CHAPTER C – CLAUSES APPLICABLE TO SERVICES

The clauses of chapter C are next to the clauses of chapter A solely applicable to the purchase of Services

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GENERAL REQUIREMENTS FOR SERVICES

16.1 Supplier undertakes to perform all Services in accordance with such diligence, prudence, expertise and professionalism as are generally accepted as industry standards and shall ensure that the results of the services shall meet the agreed specifications and/or service descriptions.

16.2 Supplier shall not assign any of its obligations under the agreement to a third party (subcontracting or sub engagement) without the prior written consent of KPN,. Supplier shall also after written consent of KPN remain liable for performance by such third parties of all obligations, including but not confined to payment of turnover tax, payroll tax, national insurance contributions and employed persons insurance. Supplier shall provide all information requested by KPN with regard to the work performed.

16.3 Supplier shall co-operate with a third party designated by KPN if KPN so requests.

16.4 Supplier shall deploy only trained, skilled persons suitably qualified for the job concerned. In case of justified doubts concerning suitability, KPN can demand that the relevant person will be replaced without undue delay at the Supplier's expense.

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ASSESSMENT AND ACCEPTANCE

17.1 Persons and/or departments designated by KPN shall assess the services and decide on acceptance of the results. KPN shall have the right to refuse to accept the services and/or results if it judges that the services have not been rendered in conformity with the agreed conditions and/or the results fail to meet the specifications. KPN shall provide a written notification of refusal and state therein the reasons for non-acceptance. Supplier shall correct faults and shortcomings without delay. All costs arising from such correction shall be payable by Supplier.

17.2 Without prejudice to clause 17.1, KPN and Supplier may perform random checks. Supplier shall correct without delay any faults or shortcomings revealed by such checks. Identified faults and shortcomings shall impose upon Supplier an obligation to check and if necessary correct earlier results.

PERFORMANCE OF SERVICES

The services shall be performed at the place and time as agreed in the agreement.

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TARIFFS AND REIMBURSEMENTS FOR SERVICES

19.1 Unless the agreement states otherwise, KPN shall pay a fixed price for all work performed under the agreement.

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19.2 The tariffs stated in the agreement shall apply for the term of the agreement, unless otherwise agreed.

19.3 The agreed price shall include all expenses. Supplier may charge traveling expenses and traveling time only if the origin and destination of a business trip differ from those agreed and the business trip was undertaken on the instructions of KPN.

TAXES AND SOCIAL SECURITY CONTRIBUTIONS

20.1 Supplier shall be and remain responsible and liable for the fulfillment of all obligations related to the agreement that arise from tax and social security laws. Supplier shall indemnify KPN against any claims brought with regard to these matters.

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20.2 Within 30 days of KPN's first request, Supplier shall submit a statement to KPN that shows that the person(s) engaged by Supplier are employed by Supplier. This statement shall be drawn up by a chartered accountant, accountant or auditor.

20.3 Within 30 days of KPN's first request, Supplier shall submit statements showing that it has punctually and fully paid value added tax, payroll tax, social security contributions and employee contributions for its employee(s). These statements shall be prepared by a (chartered) accountant or accounting consultant and shall be certified as authentic.

20.4 If and for such time as the Supplier fails to submit the statements referred to in subsections 2 and 3 of this Article, KPN shall be entitled to suspend all payments to the Supplier and to retain the amounts in question until Supplier has submitted the relevant statements. In such an event, KPN shall not owe any interest on these amounts.

20.5 If Supplier uses third parties and/or personnel not employed by Supplier, for the performance of an agreement, with KPN prior written permission, Supplier shall contractually impose upon such third parties exactly the same obligations as those described above.

20.6 If Supplier does not have a registration number with the Social Security Authority (UWV), Supplier shall submit within 30 days of KPN's first request, a Declaration of Independent Contractor Status (Verklaring Arbeids Relatie, VAR) that shows that the engaged persons have the status of self-employed persons. In so far as Supplier fails to submit this VAR declaration, KPN shall have the right to suspend all payments to Supplier under an agreement and to retain such amounts without being liable for payment of interest.

20.7 KPN will pay the amount for which KPN can be held liable under Section 34 of the Collection of State Taxes Act, i.e. 50% of the invoiced amount, into a designated blocked account ("G-account") of Supplier. To this end, Supplier shall inform KPN of its G-account number and shall state the number on each invoice. In the absence of a proper G-account, KPN has the right to pay the amount directly to the Tax Department. Supplier accepts payment into its G-account or, as the case may be, directly to the Tax Department.

NON-COMPETITION

Unless KPN and Supplier agree otherwise, Supplier shall ensure that no persons that it makes available to KPN shall be made available to KPN's competitors for the performance of closely related assignments for up to 1 year after termination or rescission of the agreement.

Where appropriate, Parties shall describe as accurately as possible the scope of this non competition clause and the competitors to which it applies.

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