

1. DEFINITIONS AND INTERPRETATION

1.1 In these Telefonica PTs the following words and phrases shall have the following meanings:

Acceptance has the meaning given to it in Schedules 1, 2, and/or 3 (as appropriate);
Agreement means an agreement between Telefonica and Supplier made via a PO;
Bespoke IPR means any and all new IPRs created by or on behalf of Supplier, or jointly by or on behalf of Supplier and Telefonica, in the performance of its obligations under an Agreement;

Change of Control means any change in control of the Supplier, "control" having the meaning attributed to it in Section 840 of the Income and Corporation Taxes Act 1988;

Charges means charges payable for the Deliverables as agreed between the parties;
Completion Date(s) means dates set for the delivery and/or provision of Deliverables in the PO, an Agreement, or as otherwise agreed by the Parties;

Confidential Information has the meaning given to it in clause 27;

Conflict Minerals are any of one or more of the following: cassiterite (the metal ore from which tin is extracted), columbite-tantalite (known as coltan, the metal ore from which tantalum is extracted), gold and wolframite (metal ore from which tungsten is extracted), that have been extracted from the Democratic Republic of Congo, Angola, Burundi, Central African Republic, Republic of Congo, South Sudan, Tanzania, Uganda or Zambia;

Data Protection Legislation means all applicable laws and regulations relating to the processing of Personal Data and privacy including the Data Protection Act 1998, the General Data Protection Regulation 2016/679, the Privacy and Electronic Communications (EC Directive) Regulations 2003 and any statutory instrument, order, rule or regulation made thereunder, as from time to time amended, extended, re-enacted or consolidated. The terms "Personal Data", "Data Controller", "Data Processor" and "process" (in the context of usage of Personal Data shall have the meanings given to them in the Data Protection Legislation);

Defect means a material error, omission, failure, inefficiency or inconsistency in a Deliverable (and "Defective" is construed accordingly);

Deliverables means Goods, Services and/or Software (as the context requires);

Documentation means documentation, if any, required for the proper use of the Deliverables;

EFM means an event of force majeure being one or more of the following: riot; civil unrest, military action, terrorism, earthquake, storm, flood, inability to obtain supplies of power, fuel, or transport; exercise of emergency powers by any governmental authority;

Employment Liabilities means losses, costs, claims, demands, awards, fines, liabilities or expenses (including reasonable legal expenses) arising from the employment of any person, the termination of such employment, the operation and/or termination of any collective agreement, any dispute which relates to such employment or collective agreement or their termination and any failure to discharge in full any obligation to inform or consult appropriate representatives or any person about the transfer of employees under TUPE;

Future Supplier means any third party providing deliverables to Telefonica similar to the Deliverables (or any part of the Deliverables) following the expiry or termination of an Agreement (in whole or in part);

Goods means goods to be supplied under an Agreement, and where relevant includes any Documentation supplied to aid use of such goods;

Group means in respect of a Party, any company which is a subsidiary or a holding (including ultimate holding) company of that Party, and any company which is a subsidiary of such holding company, (the terms subsidiary and holding company having the meanings given in Section 1159 of the Companies Act 2006 as amended);

Information Retention Policy means the Telefonica information retention policy as set out at:

https://www.telefonica.com/en/web/about_telefonica/suppliers/supplier-policies

and which is one of the Telefonica Policies;

IPRs means any (and any rights subsisting in any) patents, designs, trade marks and trade names (whether registered or unregistered), copyright and related rights, moral rights, database rights, know-how and Confidential Information; (ii) all other intellectual property rights and similar or equivalent rights anywhere in the world which currently exist or are recognised in the future; and (iii) applications, extensions and renewals in relation to any such rights;

Manufacturer means the manufacturer of Goods (whether or not Supplier);

Media means the media on which the Software and related Documentation are recorded or printed as provided by Supplier to Telefonica;

Party means either Telefonica or Supplier and "Parties" shall mean both of them;

Personal Data Breach means any breach of security leading to the accidental or unauthorised destruction, loss, alteration, disclosure of, or access to, Personal Data;;

PO means a Telefonica purchase order;

Services means the services to be provided under an Agreement;

Software means the software to be supplied (whether licensed or assigned) under an Agreement and where relevant, includes any Documentation supplied to aid use of such software;

Specifications means the description or specification of the Deliverables as agreed between Telefonica and Supplier in writing and signed on behalf of both parties (an original signed copy of which has been provided to Telefonica);

Supplier means the supplier named in the PO;

Supplier IPR means any and all IPRs owned or controlled by Supplier that exist prior to the date of this Agreement or are created after the date of this Agreement from developments unconnected with an Agreement;

Supplier Personnel means any person used by Supplier (whether directly or indirectly) to perform any of its obligations under an Agreement;

Telefonica means the company in whose name a PO (by which an Agreement is made) is placed, in the relevant Agreement which shall be either: (a) Telefonica UK Limited a company registered in England and Wales (company number 1743099) having its registered office at 260 Bath Road, Slough, Berkshire, SL1 4DX; or (b) O2 Holdings Limited a company registered in England and Wales (company number 2604354) whose registered office is at 260 Bath Road, Slough, Berkshire, SL1 4DX; or (c) Telefonica Digital Limited a company registered in England and Wales (company number 7884976) having its registered office at 260 Bath Road, Slough, Berkshire, SL1 4DX; (d) or Giffgaff Limited a company registered in England and Wales (company number 04196996) having its registered office at 260 Bath Road, Slough, Berkshire, SL1 4DX; or (e) Weve Limited a company registered in England and Wales (company number 08178832) having its registered office at 260 Bath Road, Slough, Berkshire, SL1 4DX.

Telefonica IPR means any and all IPRs owned or controlled by Telefonica that exist prior to the date of this Agreement or are created after the date of this Agreement from developments unconnected with an Agreement;

Telefonica Policies means all policies as set out at

https://www.telefonica.com/en/web/about_telefonica/suppliers/supplier-policies

and which shall apply equally to each of the companies listed in the definition of Telefonica above, notwithstanding any reference on such website to such policies applying only to Telefonica UK Limited or (b) such policies not making express reference to their application in respect of O2 Holdings Limited or Telefonica Digital Limited; and any other relevant policies as advised by Telefonica from time to time;

Telefonica Premises means premises belonging to or in the control of Telefonica or such other premises as may be agreed between the parties;

Telefonica PTs means these Telefonica purchasing terms as the same may be varied from time to time pursuant to clause 2, a copy of which appears on the Telefonica Website;

Telefonica Website means

https://www.telefonica.com/en/web/about_telefonica/suppliers/supplier-policies;

TUPE means the Transfer of Undertakings (Protection of Employment) Regulations 2006 as re-enacted, amended or consolidated from time to time;

VAT means VAT chargeable under the VAT Act 1994 and any subsequent amendments;

Warranties means the warranties provided by Supplier in relation to the Deliverables and those set out in Schedules 1, 2, and/or 3 (as appropriate), and "Warranty" shall mean each of them;

Warranty Period has the meaning given to it Schedules 1, 2, and/or 3 (as appropriate); and

Working Day means between the hours of 0900 and 1730 on any day (other than a Saturday or Sunday) on which the clearing banks are open for normal banking business in England.

1.2 In these Telefonica PTs (unless the context requires otherwise): (a) any reference to a clause is to the relevant clause of these Telefonica PTs, (b) any reference to a Schedule is to a schedule of these Telefonica PTs, (c) headings are included for convenience only and shall not affect the construction or interpretation of these Telefonica PTs, (d) any reference to "persons" includes natural persons, firms, partnerships, bodies corporate, corporations, associations, organisations, governments, states, foundations and trusts (in each case whether incorporated and whether or not having separate legal personality), and (e) references to any statute, statutory provision or statutory instrument include a reference to that statute, statutory provision or statutory instrument together with all rules and regulations made under it all as from time to time amended, consolidated or re-enacted.

2. INCORPORATION OF TERMS AND ORDER OF PRECEDENCE

These Telefonica PTs are incorporated into and shall govern (to the exclusion of all other terms which relate to the same subject matter, including without limitation any terms appearing on Supplier's invoices or other paperwork) each and every Agreement unless the parties agree and sign up to separate terms and conditions. No conduct by Telefonica shall be deemed to constitute acceptance of any terms put forward by Supplier or any other terms. Telefonica shall be entitled to vary the terms and conditions set out herein from time to time and any such variation shall be binding upon Supplier with effect from the date at which the Telefonica PTs, as set out on the Telefonica Website, are updated to reflect the relevant variation. It shall be the Supplier's responsibility to visit the Telefonica Website periodically for the purpose of familiarising itself with the then current Telefonica PTs. Where a change to the

Telefónica PTs (a) has a direct, material and significant impact on the Supplier's provision of the Services; and (b) will unduly and unreasonably prejudice the Supplier, such change will be subject to mutual agreement. If the parties cannot reach mutual agreement, the Supplier shall be entitled to terminate the Agreement upon 30 days' written notice to Telefónica. Telefónica hereby agrees to buy, and Supplier hereby agrees to supply the Deliverables in accordance with and subject to this clause. Telefónica shall be entitled to resell the Deliverables either on a standalone basis or as part of a package along with other goods and services. To the extent that any of the terms agreed and set out in a PO is inconsistent with any provision of these Telefónica PTs (other than in respect of Charges which shall be those as are agreed between the parties in an Agreement), the variable details set out in a PO shall prevail. In the event of any inconsistency between an Agreement and another agreement which has been entered into between Telefónica and Supplier which relates to the same subject matter and which has been signed by authorised signatories of both Parties, the terms of such agreement shall prevail. For the avoidance of doubt, Supplier's Agreement is with Telefónica and nothing contained herein shall amount to a guarantee of Telefónica's obligations by any other member of the Telefónica Group.

3. CHANGES IN REQUIREMENTS

3.1 Acting reasonably, Telefónica may at any time direct, by prior notice in writing, changes to an Agreement. If any such change causes an increase or decrease in the cost of or timing required to provide the Deliverables, either Party (acting reasonably) shall be entitled to request an equitable adjustment to the Charges or Completion Date or both. Any request by Supplier for adjustment under this clause must be made within 15 days from the date of receipt by Telefónica of the notification of change.

3.2 Supplier shall not change Specifications of Deliverables without prior written consent of Telefónica (such consent not to be unreasonably withheld).

4. RELEVANCE OF SCHEDULES

4.1 These Telefónica PTs (including the Schedules) shall apply to the sale and purchase of Deliverables as follows:

- The supply of Goods shall be subject to the additional terms of Schedule 1.
- The provision of Services shall be subject to the additional terms of Schedule 2.
- The licence of Software shall be subject to the additional terms of Schedule 3.

4.2 For the avoidance of doubt, Schedules 1 to 3 are not mutually exclusive. Accordingly, one or more of Schedules 1 to 3 may apply to the supply of each Deliverable (or part thereof).

4.3 If an Agreement does not relate to either Goods or Services or Software, then the above referenced schedule(s) shall not apply to that Agreement.

5. TELEFÓNICA POLICIES

5.1 In providing Deliverables, Supplier shall use its best endeavours to observe the Telefónica Policies in all material respects.

5.2 If so required by Telefónica, the Supplier will demonstrate to Telefónica that it maintains policies which align with the requirements of the Telefónica Policies.

5.3 Telefónica may terminate any Agreement immediately by notice in writing by Telefónica if Supplier is in material or continuing breach of the Telefónica Policies.

6. CHARGES AND PAYMENT TERMS

6.1 Subject to clause 3.1 Charges shall be as set out in an Agreement and shall remain fixed until completion of an Agreement. Except as expressly stated herein, all Charges are exclusive of VAT (if any) but otherwise fully inclusive including without limitation: (a) all royalties, licences fees or other expenses arising from the use or sub-licence (if permitted) by Telefónica, any member of the Telefónica Group, their employees, sub-contractors or agents of any IPRs supplied by Supplier for the purpose of performing an Agreement, (b) supply and, where applicable delivery, off-loading and installation, (c) customs, duties and all other taxes or import levies, and (d) in the case of Goods, delivery DDP to Telefónica's premises per Incoterms 2000 (as may be renewed or replaced). Supplier shall, following Acceptance of any Deliverables, be entitled to submit an invoice for the appropriate Charge. Each VAT invoice shall contain the particulars required by statute in respect of VAT, the PO number and any other particulars prescribed in the PO and shall be sent to the invoice address specified in the PO. Payment of a correct invoice submitted in accordance with this clause shall be processed by Telefónica on the first Friday after expiry of 45

calendar days (or such number of calendar days as is specified on the PO or in an Agreement) from the date of receipt of invoice. Telefónica reserves the right to refuse payment of part or all of any invoice which is not submitted in accordance with these Telefónica PTs. If either party fails to pay any amount due on time, the other party shall be entitled to charge and receive interest at a rate of 2% per annum above the base lending rate from time to time of Barclays Bank plc. Such interest shall accrue from the due date until the date of payment and shall be calculated on a daily basis.

6.2 Telefónica and the Supplier agree that the remedies set out in an Agreement and/or the PO (Liquidated Damages) (if any) are a genuine pre-estimate of the loss that Telefónica will suffer in the event of a failure or delay in delivery by the Supplier.

6.3 The PO may refer to an amount which exceeds the charges agreed between the parties and those set out in an Agreement. For the avoidance of doubt, and in the event of inconsistency, the agreed Charges shall take precedence over the amount set out in a PO.

6.4 On Telefónica's request, both Telefónica and Supplier shall register for and use the electronic procedures of the Adquira e-commerce platform ("Adquira") for the purpose of raising POs and submitting and viewing invoices under an Agreement. In such circumstances, the Supplier agrees that it shall formalise its relationship with Telefónica Compras Electrónicas, S.L. through a corresponding contract and acknowledges and agrees that in doing so, it shall be required to pay certain upfront and recurring fees to Telefónica Compras Electrónicas, S.L. Where Supplier registers to use Adquira, all invoices subsequently submitted by Supplier to Telefónica must be submitted via Adquira, unless otherwise instructed by Telefónica.

7. TERMINATION

7.1 Any Agreement may be terminated immediately by notice in writing by either Party if the other Party commits a material breach of any term of the Agreement which breach is irremediable or (if such breach is remediable) fails to remedy that breach within 30 days after being notified in writing to do so.

7.2 Any Agreement may be terminated by either Party if any of the following events occurs in respect of the other Party (or any event analogous to any of the following occurs in respect of the other Party in a jurisdiction other than England and Wales): (a) a proposal is made for a voluntary arrangement within Part I of the Insolvency Act 1986 or of any other composition scheme or arrangement with, or for the assignment for the benefit of, its creditors; (b) a shareholder's meeting is convened for the purpose of considering a resolution that it be wound up or a resolution for its winding-up is passed (other than as part of, and exclusively for the purpose of, a bona fide reconstruction or amalgamation); (c) a petition is presented for its winding up (which is not dismissed within fourteen (14) days of its service) or for the making of an administration order, or an application is made for the appointment of a provisional liquidator or a creditor's meeting is convened pursuant to s.98 of Insolvency Act 1986; (d) a receiver, administrative receiver or similar officer is appointed over the whole or any part of its business or assets; or (e) it is or becomes insolvent within the meaning of s.123 Insolvency Act 1986.

7.3 In the case of an Agreement related to Goods, Telefónica shall be entitled without cost or liability to terminate an Agreement in respect of all or part of a PO at any time up to 30 Working Days prior to the agreed date for shipping of the Goods on giving written notice to the Supplier. In the case of an Agreement relating to Deliverables other than Goods, Telefónica shall be entitled without cost or liability to terminate the Agreement in respect of all or part of a PO at any time on giving 30 Working Days' notice to the Supplier. In the event that Telefónica terminates an Agreement or any part of an Agreement pursuant to this Clause and without limiting clause 7.5 below, Telefónica shall pay the reasonable costs and expenses incurred by the Supplier in connection with the Agreement or part which has been terminated up to the date of termination provided always that the Supplier shall have an obligation to mitigate such costs and expenses and to demonstrate to Telefónica's reasonable satisfaction that the same have been incurred.

7.4 If at any time during the term of an Agreement the Supplier is subject to a Change of Control, Telefónica shall be entitled to terminate absolutely that Agreement without penalty immediately by notice in writing.

7.5 If an Agreement is terminated for any reason: (a) any sums due to Telefónica shall become immediately payable by Supplier without set-off or deduction; (b) Supplier shall return to Telefónica all tangible property and Confidential Information belonging to Telefónica in its possession, custody or control and Telefónica shall return to Supplier all of its tangible property and Confidential Information in its possession, custody or control; (c) each Party will cease use of the other Party's Confidential Information and IPR; and (d) each Party will, at its sole option, either return or destroy all records, documentation, data, and any other information and all copies thereof which are owned by or licensed to the other Party, and on the other Party's request, a director of the returning/destroying Party shall certify in writing that the Party has complied with this clause.

7.6 Termination will not prejudice or affect any right of action or remedy already accrued to either Party.

7.7 Notwithstanding any termination of an Agreement the provisions which by their nature are intended to survive such termination will remain in full force and effect including without limitation the obligations of confidentiality.

7.8 If a Party (the first Party) is prevented from performing its obligations under an Agreement by an EFM which continues for more than 30 days then the other Party will be entitled to terminate that Agreement without liability to the first Party forthwith on giving written notice of termination to the first Party.

8. FORCE MAJEURE

8.1 Subject to the remaining provisions of this clause, to the extent that either Party is prevented from performing its obligations under an Agreement by an EFM beyond such Party's reasonable control, such Party's obligation to perform its obligations under that Agreement will (during the continuation of the EFM) be read and construed as an obligation to perform such obligations to the best level reasonably achievable in the circumstances.

8.2 Notwithstanding clause 8.1, if Supplier claims that it is affected by an EFM, such claim shall be valid only to the extent that a prudent supplier operating to standards expected of a leading supplier of the Deliverables in question could not have foreseen and prevented or avoided the effect of such event or occurrence.

8.3 A Party claiming to be affected by an EFM will not be entitled to invoke the provisions of clause 8.1 unless it performs fully the following obligations: (a) on becoming aware of any EFM it shall have notified the other Party by the most expeditious method then available, giving details of the EFM, the obligations on its part which are affected and its reasonable estimate of the period for which such failure or delay will continue; and (b) it takes all reasonable steps to prevent, avoid, overcome and mitigate the effects of such EFM.

9. INDEMNITY

9.1 Supplier shall be liable to Telefónica for (and in respect of any third party claims against Telefónica, shall indemnify Telefónica and hold Telefónica harmless against): (a) all claims, liability, demands, proceedings, costs and expenses arising as a result of any act or omission of Supplier in the performance or purported performance of its obligations under an Agreement, except to the extent such claims, liability, demands, proceedings, costs or expenses are directly attributable to the negligence of Telefónica; and (b) any costs, damages, liabilities, losses or expenses (including legal expenses) incurred by Telefónica and arising from any legal actions, claims or demands brought against Telefónica by any third party which state that Telefónica's (or its sub-contractor's or agent's) possession and/or use of the Deliverables or Documentation (or any part thereof) infringes any IPRs of a third party (a "Claim"). If a Claim is made: (A) Telefónica shall: (i) inform Supplier of it; (ii) provide Supplier (at Supplier's expense) with such assistance as Supplier may reasonably require in connection with defending the same; and (iii) make no admission of liability without Supplier's prior written consent (such consent not to be unreasonably withheld); and (B) Supplier shall (i) replace the infringing material with non-infringing material that functions and performs at least as well as the infringing material and complies with any relevant Specification or other requirements of an Agreement, or (ii) obtain the right for Telefónica lawfully to possess and use in accordance with the provisions of these Telefónica PTs all the relevant Deliverables and/or documentation and to exercise the rights granted under an Agreement. In the event that Supplier is unable to provide either of the remedies set out in B(i) or B(ii) above to Telefónica's satisfaction, Supplier shall refund to Telefónica all amounts paid to Supplier under the applicable Agreement.

9.2 The following matters shall be excluded from the indemnity contained in clause 9.1 above (except to the extent that such matters are contemplated and agreed by the Parties having regard to the provisions of an Agreement, and Supplier's actual knowledge of Telefónica's intentions as to the use of Deliverables): (i) infringements

arising directly from the use of Confidential Information supplied by Telefónica, where Supplier's use of such Confidential Information in the performance of an Agreement and in accordance with the terms of the Agreement is the sole and direct cause of such infringement; (ii) infringements arising from the modification of the Deliverables or Documentation by Telefónica where such modification is not authorised by or within the reasonable contemplation of Supplier and the claimed infringement arises solely and directly from such modification; (iii) infringements arising from the combination, operation or use of the Deliverables or Documentation with any hardware, software or other device not furnished by the Supplier; and (iv) infringements arising from Telefónica's failure to promptly implement an update or modification to the Deliverable which has been communicated by the Supplier to Telefónica in writing.

10. CAP ON LIABILITY

10.1 Nothing shall exclude or limit the liability of either Party for death or personal injury caused by its negligence, or for fraud, fraudulent misstatement or for any other liability that may not be excluded or limited by law.

10.2 Except for the liability of the Supplier under clause 9, the aggregate liability of either Party to the other under an Agreement for all losses, damages, costs, claims or expenses suffered by the other arising out of or in connection with any breach by such Party of the terms of an Agreement or any tort or breach of statutory duty in connection with such Party's obligations under an Agreement shall be limited in the following ways: (a) the amount recoverable shall be no more than the greater of £2,000,000 or 125% of the total of all sums paid or due to Supplier for Deliverables in any 12 month period in which the circumstances giving rise to such claim(s) arise(s), and (b) neither Party shall be liable to the other in respect of any indirect or consequential loss, irrespective of whether such loss was foreseeable or whether the Party has been advised of the possibility that such loss may be incurred.

11. ENTIRE AGREEMENT

11.1 Each Agreement (including the terms of any relevant PO) sets out the full extent of the Parties' obligations and liabilities arising out of or in connection with such Agreement, and there are no conditions, warranties, representations or terms, express or implied, that are binding on the Parties except as specifically stated or contemplated in such Agreement.

11.2 Any condition, warranty, representation or other term which might otherwise be implied into or incorporated or any collateral contract, whether by statute, common law or otherwise, is hereby expressly excluded. No representation, undertaking or promise shall be taken to have been given or be implied from anything said or written in negotiations between the Parties prior to entering into an Agreement, except as expressly stated in each Agreement.

11.3 Neither Party shall have any remedy in respect of any untrue statement made by the other upon which that Party relied in entering into an Agreement (unless such untrue statement was made fraudulently) and that party's only remedies shall be for breach of contract as provided herein.

12. SEVERABILITY

If any of the provisions of an Agreement is judged to be invalid, illegal or unenforceable, the continuation in full force and effect of the remainder of that Agreement will not be prejudiced but such provision will be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the Parties will be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the Parties as set out in such Agreement.

13. WAIVER

No failure or delay by either Party in enforcing its respective rights will prejudice or restrict the rights of that Party, and no waiver of any such rights or of any breach of any contractual terms will be deemed to be a waiver of any other right or of any later breach.

14. RELATIONSHIP OF THE PARTIES

The relationship between Telefónica and Supplier is that of purchaser and supplier. Nothing in an Agreement is intended to create a partnership or joint venture of any kind between the Parties, or to authorise either Party to act as agent for the other. Save where expressly so stated in an Agreement neither Party will have authority to act in the name of or on behalf of or otherwise to bind the other.

15. ASSIGNMENT AND SUB-CONTRACTING

15.1 Subject to clause 15.2, neither Party shall be entitled to assign, novate or otherwise to transfer any of its rights and/or obligations under an Agreement without the prior written consent of the other Party (not to be unreasonably withheld).

15.2 Telefónica shall be entitled to assign, novate or otherwise to transfer any or all of its rights and/or obligations under an Agreement to any member of the Telefónica Group provided that it shall give written notification to Supplier of any exercise of its rights under this clause.

15.3 For the avoidance of doubt, the Supplier shall not sell, assign, novate or otherwise transfer (including by way of power of attorney) its present and/or future rights of payment under this Agreement without the prior written consent of Telefónica.

16. THIRD PARTY RIGHTS

Save as expressly set out in an Agreement, the Parties intend that a person who is not a Party to an Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 or otherwise to enforce any term of an Agreement.

17. NOTICES

Any notice given under an Agreement by either Party to the other must be in writing and must be delivered either personally or by recorded delivery post or first class post. In the case of notices to Telefónica a copy of any notice shall also be sent by email to: legalnotices@telefonica.com. In the case of post such notice will be deemed to have been given 2 Working Days after the date of posting. Notices will be delivered or sent to the addresses of the Parties on the PO or to any replacement address notified in writing by either Party. Each Party may specify by notice in writing to the other a particular individual or office holder to whom any notices served on it are to be addressed in which event a notice will not be validly given unless so addressed.

18. DOCUMENTATION

Supplier shall provide Telefónica with all information required in order to enable Telefónica to understand and operate the Goods or Software (including, but not limited to installation, commissioning, operation and maintenance). Telefónica shall have the right to copy, reproduce and generally use the Documentation for Telefónica's business purposes and the implementation and operation of the Goods and Software. The right to copy, reproduce and use the Documentation shall also extend to the Telefónica's third party suppliers provided that such use is required for the purposes of providing services to Telefónica or Telefónica's customers.

19. SECURITY

19.1 Supplier shall ensure that Supplier Personnel conform to all security, safety and works regulations and such other local instructions, as may be notified by whilst on any Telefónica Premises or customer premises. Telefónica may (a) remove from and refuse entry and re-admission to any Telefónica Premises, any person who is, in the reasonable opinion of Telefónica, not conforming with these requirements or is otherwise not a fit person to be allowed on premises; and/or (b) search any Supplier Personnel, their vehicles, or Goods upon any Telefónica Premises or upon entry to and departure from any Telefónica Premises.

19.2 Supplier shall use its best endeavours to ensure that Supplier Personnel are aware of and comply with these requirements and that no Supplier Personnel unwilling to comply will be employed on any Telefónica Premises.

20. AUDIT

20.1 Supplier shall, subject to agreeing confidentiality terms substantially similar to those in an Agreement, permit Telefónica (and its agents) to inspect, review, verify and take copies of any associated records and documentation in the control or possession of Supplier relating to the provision of the Deliverables for the purpose of auditing the work provided for under an Agreement. Telefónica shall provide 30 days' written notice to the Supplier prior to conducting an audit. Telefónica shall have the right to audit the Supplier once in any 12 month period, unless otherwise required by law, regulation or an investigation.

20.2 If an audit reveals that there has been any overpayment of the Charges, the amount of the overpayment shall be reimbursed (including interest accrued at rate set out in Clause 6) by the Supplier within 30 days of receipt of Telefónica's invoice for such sum. This is without prejudice to Telefónica's other rights in relation to such breach. Where the audit reveals a significant overpayment by Telefónica (in excess of 5% of the Charges properly due in the period covered by the audit), the Supplier will also reimburse the costs and expenses incurred by Telefónica in conducting the audit

21. EMPLOYMENT LIABILITIES

If at any time during the course of an Agreement or following the termination or expiry of an Agreement it is found or alleged that any Supplier Personnel is or has become an employee of Telefónica or a Future Supplier pursuant to TUPE or otherwise then Supplier shall indemnify Telefónica (for itself and as trustee for any Future Supplier) and keep it indemnified in full against any and all Employment Liabilities arising out of or in connection with any claim or demand by such Supplier Personnel or any trade union, staff association, worker's committee or any other worker representative who represents or purports to represent any or all of the Supplier Personnel.

22. SET-OFF

22.1 Each Party shall be entitled to set off any liability owed to it by the other Party against any liability it may owe to such other Party.

22.2 In the case of any member of Telefónica's Group, it shall further be entitled to set off any liability that it owes to the other Party against any liability such party owes to any member of Telefónica's Group.

22.3 Immediately upon any liability being owed to a Party by any member of Telefónica's Group (the "Owing Telefónica Group member") in circumstances where there is a concurrent liability of that Party to any other member of Telefónica's Group (the "Receiving Telefónica Group member"), there shall be deemed to have taken place at that point in time an equitable assignment of such monies as are due (or such part of any cause of action arising) by the Receiving Telefónica Group member to the Owing Telefónica Group member as:

22.3.1 is sufficient to extinguish the obligations due to the Party; or

22.3.2 can be assigned to minimise the obligations due to the Party (where they cannot be extinguished in full).

22.4 Neither Party shall be obliged to give effect to an equitable assignment pursuant to clause 22.3 in its dealings with the other Party unless notice of the same has been given by Party seeking to rely on the assignment pursuant to the terms of the Law of Property Act 1925. In the absence of such notice, it shall be good discharge by a Party to perform its obligations to the original Group member that it owes such obligations to.

22.5 To the extent that there are any contractual relations between a Party and any member of Telefónica's Group entitling any Telefónica Group member to exercise a right of set off as above in respect of any monies due and/or owing, such relations shall be deemed to give rise to mutual credits, mutual debts or other mutual dealings between one Party and the other Party.

22.6 Any exercise by a party of its rights under this clause shall be without prejudice to any other rights or remedies available to it under an Agreement.

23. ANNOUNCEMENTS AND PUBLICITY

Supplier shall not make any announcement relating to an Agreement or its subject matter without the prior written approval of Telefónica except as required by law or regulatory authority.

24. GOVERNING LAW AND JURISDICTION

Each Agreement and any issues or disputes arising out of or in connection with it (whether such disputes are contractual or non-contractual in nature, such as claims in tort, for breach of statute or regulation, or otherwise) shall be governed by and interpreted in accordance with English Law and the Parties submit to the exclusive jurisdiction of the English Courts provided that Telefónica may apply to any court of competent jurisdiction to defend its IPRs.

25. COMPLIANCE WITH LAWS, DATA PROTECTION AND INFORMATION RETENTION

25.1 In performing its obligations under an Agreement, Supplier shall comply with all applicable laws, rules and regulations of governmental entities, having jurisdiction over such performance, including any health and safety legislation and environmental legislation.

25.2 For the purposes of an Agreement, both parties may receive Personal Data. Where the parties receive Personal Data as Data Controllers each party agrees to comply with Data Protection Legislation. Where a party receives Personal Data as a Data Processor, that party shall:

- (a) act solely on the instructions of the party sending the Personal Data in relation to the processing of that Personal Data. In the event that a legal requirement prevents the Data Processor from complying with such instructions the Data Processor shall, unless such legal requirement prohibits it from doing so, inform the other party of the relevant legal requirement before carrying out the relevant processing activities;
- (b) at all times, ensure that the necessary technical and organisational measures are in place to prevent unauthorised and unlawful processing or disclosure of such Personal Data and such measures shall include taking reasonable steps to ensure the reliability of any of its staff who may have access to Personal Data and ensuring that such staff are subject to appropriate confidentiality undertakings. The Data Processor shall, save where prohibited by law and as soon as reasonably practical, notify the other party of any legal obligation which requires the Data Processor to disclose the Personal Data to a third party;
- (c) not transfer the Personal Data outside of the European Economic Area (as such term is commonly understood) or to any third party without the other party's written consent;
- (d) send to the other party any communications received from individuals in relation to their Personal Data as soon as reasonably practicable. The Data Processor shall provide reasonable co-operation to the other party in relation to any individuals exercising their rights under the Data Protection Legislation;
- (e) give the other party reasonable assistance in relation to its compliance with Data Protection Legislation;
- (f) take reasonable steps to ensure the confidentiality, integrity, availability and resilience of processing systems and services associated with the processing of Personal Data;
- (g) co-operate with and provide such information and access to any facilities, premises or equipment from or on which Personal Data is, has been, or is to be processed pursuant to this Agreement (including any such facilities, premises or equipment used by staff and / or sub-contractors) as the other party may reasonably require to enable it to monitor compliance by the Data Processor with the obligations in this Agreement;
- (h) notify the other party of any Personal Data Breach and assist the other party with any investigation into and remediation of a Personal Data Breach. The Data Processor shall also provide the other party with reasonable assistance with any notifications made to relevant authorities and / or individuals in relation to a Personal Data Breach;
- (i) not subcontract any of its obligations under this Agreement regarding the processing of Personal Data to a third party (a "Sub-Processor") without the prior written consent of the other party. The Data Processor shall be liable for the acts and omissions of the Sub-Processor as if they were the acts or omissions of the Data Processor itself and the Data Processor shall ensure that there is a written contract executed between the Data Processor and the Sub-Processor that contains equivalent protections for the Personal Data as are set out in this Agreement; and
- (j) immediately cease processing the Personal Data and immediately supply any Personal Data to the other party or delete the Personal Data in accordance with the other party's instructions.

25.3 Where applicable the Supplier shall comply with all payment card scheme rules and regulations and required certifications as such rules and regulations apply to the provision of the Services, including but not limited to the most recent version of the Payment Card Industry Data Security Standard as promulgated by the PCI Security Standards Council as updated from time to time ("PCI DSS"). Telefonica may request Supplier to provide written proof of such compliance which Supplier shall provide within one (1) month of Telefonica's request. The Supplier shall perform annual reviews of their card holder environments in accordance to the PCI DSS requirements, reporting to Telefonica any identified vulnerability or non-compliance as per the PCI DSS standard.

25.4 The Supplier shall comply with Telefonica's Information Retention Policy (as amended from time to time) and will notify Telefonica of any law in the jurisdiction (s)

in which the Supplier operates which would prevent the Supplier from complying with Telefonica's Information Retention Policy.

25.5 The Supplier shall maintain and keep up to date a list detailing the location of all Telefonica data (including Personal Data) together with details of any third party sub-contractors or third parties with whom the Supplier has shared any Telefonica data.

25.6 In addition to and without prejudice to clause 25.1, the Supplier and Telefonica each agree and undertake to the other that in connection with an Agreement and the transactions contemplated by an Agreement, they will each respectively comply with all applicable laws, rules, regulations of the United Kingdom relating to anti-bribery and anti-money laundering and preventing the facilitation of tax evasion.

25.7 In the event that Telefonica has any basis for a good faith belief that the Supplier may not be in compliance with the undertakings and/or requirements set out in clause 25.6, Telefonica shall advise the Supplier in writing of its good faith belief and the Supplier shall cooperate fully with any and all enquiries undertaken by or on behalf of Telefonica in connection therewith, including by making available the Supplier's relevant personnel and supporting documents if reasonably deemed necessary by Telefonica.

25.8 Any breach by the Supplier of clauses 25.6 and 25.7 shall be deemed to be a material breach of this Agreement for the purposes of clause 7.1.

26. EURO COMPLIANCE

All Deliverables related to financial information shall be compliant with all laws and regulations applicable to all relevant currencies (including, without limitation, EC Regulations 1103/97 and 974/98), and if the UK becomes a "Participating Member State" (as defined in EC regulation 1103/97), all laws and regulations then applicable to sterling and/or to the euro, such compliance being "Euro Conformance". Notwithstanding anything to the contrary in these Telefonica PTs, and without prejudice to any of Telefonica's other rights and remedies, Telefonica shall not be obliged to accept nor to pay for Deliverables if Supplier is unable to demonstrate their Euro Conformance to Telefonica's reasonable satisfaction.

27. CONFIDENTIALITY

27.1 Each Party shall ensure that disclosure of the Confidential Information is restricted to those employees, directors or contractors, and/or members of its Group who need access to the Confidential Information for the purposes of an Agreement. Copies or reproductions of the Confidential Information shall not be permitted except to the extent reasonably necessary for the purposes of such Agreement and all copies made shall remain the property of the disclosing party.

27.2 In this clause "Confidential Information" shall mean product, business, market, strategic or other information or data (including but not limited to information retained on all types of medium including written, diagrammatical, software or other storage medium) relating to an Agreement or the business or affairs of the Party disclosed whether in writing, orally or by any other means, and whether or not that information is marked "confidential" excluding any information which: (a) at the time of receipt by the recipient is in the public domain, or subsequently comes into the public domain through no fault of the recipient or its personnel; (b) is lawfully received by the recipient from a third party on an unrestricted basis; (c) is already known to the recipient before receipt under an Agreement; (d) is required by law, regulation or order of a competent authority to be disclosed by the recipient provided that the disclosing party is given reasonable advance notice of the intended disclosure and a reasonable opportunity to challenge the same; or (e) is disclosed by the recipient with the prior written approval of the other Party in accordance with the terms of such written approval.

27.3 Each Party shall maintain Confidential Information in confidence and shall exercise in relation to the Confidential Information no lesser security measures and degree of care than those which it applies to its own confidential information, which each Party warrants as providing the protection required by these Telefonica PTs against unauthorised disclosure, copying or use.

28. INSURANCE

Supplier shall have in force and shall maintain a policy of insurance in respect of its liabilities under an Agreement with a limit of indemnity not less than £2,000,000 for any one claim arising out of any one incident or event and without limit as to the number of claims during the period of insurance.

29 IPR

29.1 All Telefonica IPRs supplied to the Supplier by Telefónica and/or its sub-contractor(s) are supplied solely for the purposes of the Supplier performing its obligations under the Agreement. Telefonica IPR vests in and remains with Telefónica and nothing in this Agreement shall transfer ownership, or any aspect of ownership in and to Telefonica's IPRs to Supplier or be deemed to grant to Supplier any rights or interest or a licence of Telefonica's IPR except as expressly set out herein.

29.2 The Supplier warrants that all Supplier IPRs vest in and remain with the Supplier and/or its sub-contractor(s) as the case may be and Supplier warrants that:

(a) it has the right to use and/or exploit such Supplier IPRs as envisaged under this Agreement; and

(b) that the Supplier IPR's and the use by Telefonica of Supplier's IPR does not infringe the rights of any third party.

29.3 Without prejudice to clause 10.2 above, Telefonica's remedy and the Supplier's liability, for any breach of this clause 29.2 will be as set forth in clause 9.1(B) above.

29.4 Supplier hereby grants to Telefónica an irrevocable, non-exclusive, perpetual licence to use, copy, install, maintain, modify, enhance and adapt the Supplier IPR and to allow members of the Telefónica Group to do the same. Telefónica may also assign or sub-licence its licence to use the Supplier IPR (or any part thereof) to any third party supplier to whom it may outsource the operation of a part of Telefónica's operations or business or to a third party customer to whom Telefonica may provide services provided that such third party's use, copying, installation, maintenance, modification, enhancement and adaptation is solely for the purpose of, in the case of a Telefonica Supplier, providing a service to Telefónica and, in the case of a Telefonica customer, using the services provided by Telefonica.

29.5 In respect of Bespoke IPR, the Parties shall clearly identify in writing which of the IPRs ownership options set out in clause 29.6 shall apply. If the Parties fail to enter into discussions or to reach agreement in relation to the ownership of such Bespoke IPR, clause 29.6 5(a) shall apply.

29.6 The options for ownership of Bespoke IPR shall be as follows:

(a) Telefónica exclusively owns the Bespoke IPR (in which case Supplier agrees to take all such actions and to execute all such documents, including but not limited to an assignment of all future rights in and to the Bespoke IPR, as may be necessary to enable Telefónica to obtain, defend or enforce its rights to use the Bespoke IPR, and shall not do or fail to do any act which would or might prejudice Telefónica's rights).

(b) Supplier exclusively owns the Bespoke IPR (in which case Supplier hereby grants to Telefónica an irrevocable, non-exclusive, perpetual licence to use, copy, install, maintain, modify, enhance and adapt the Bespoke IPR and to allow members of the Telefónica Group to do the same).

(c) The Bespoke IPR is owned jointly by both Parties. In this case each party grants the other party a royalty free, irrevocable, perpetual and transferable licence to use the Bespoke IPR.

30 SURVIVAL OF PROVISIONS

Clauses 1, 7, 9, 10, 11, 12, 13, 16, 20, 21, 23, 24, 25.2 (to the extent that a party retains Personal Data provided by the other party), 27, 29, 30 and paragraph 3 of Schedule 3 of an Agreement shall survive termination of that Agreement, for whatever reason.

31 MITIGATION

Each party shall use all reasonable endeavours to mitigate any loss or damage suffered arising out of or in connection with this Agreement, including any losses for which the relevant party is entitled to bring a claim against the other party pursuant to the indemnities in this Agreement. Each party shall act in good faith when exercising its rights under this Agreement.

32 COUNTERPARTS

An Agreement may be executed in any number of counterparts by the Parties to it on separate counterparts, each of which is an original but all of which together constitute one and the same instrument.

SCHEDULE 1 - ADDITIONAL TERMS RELATING TO THE SUPPLY OF GOODS

1. RIGHT TO INSPECT

Supplier shall, at Telefónica's request, allow Telefónica to inspect and test the Goods prior to despatch to the Telefónica Premises. If as a result of any inspection or testing Telefónica is not satisfied that the Goods will comply in all material respects with an Agreement, and Telefónica so informs Supplier within 7 days of such inspection or testing, Telefónica shall not be deemed to have accepted such Goods, and Telefónica shall not be obliged to pay any relevant Charges until the non-compliance is remedied. No such inspection shall diminish or otherwise affect Supplier's obligations.

2. DELIVERY AND ACCEPTANCE

2.1 Supplier shall, at its own expense, deliver the Goods during a Working Day, properly packed and secured to the place specified in the PO or such other location as may subsequently be advised in writing by Telefónica to Supplier. All Goods shall be delivered by the relevant Completion Dates, and time shall be of the essence in relation to delivery of the Goods.

2.2 Supplier shall supply Telefónica in good time with any instruction or other information required to enable Telefónica to take delivery of the Goods.

2.3 Telefónica shall accept Goods immediately after Supplier has demonstrated to Telefónica's satisfaction that the Goods (i) comply with the PO pursuant to which they are supplied; (ii) comply with the relevant Agreement; and (iii) are in accordance with the Specification, and "Acceptance" shall be construed accordingly for the purposes of this Schedule 1.

2.4 Telefónica may reject any Goods delivered earlier or later than the relevant Completion Date, unless previously agreed in writing by the Parties provided that Telefónica shall use its reasonable endeavours to accommodate deliveries effected prior to the relevant Completion Date.

2.5 If the Goods (or any parts of them) are not delivered by the relevant Completion Date, Telefónica may terminate in whole or in part the relevant Agreement without cost or liability. Where Telefónica exercises this option: (a) Supplier shall refund to Telefónica in full any payments made by Telefónica to Supplier in respect of such Goods; (b) no further payment will be due from Telefónica in respect of such Goods; (c) following receipt of payment in full of all monies due to it in relation to the Goods in respect of which an Agreement has been terminated (whether in whole or in part) Telefónica shall make such Goods available for collection by Supplier and Supplier shall collect such Goods at its own expense within 5 Working Days of the payment, and if Supplier fails to collect within this period, Telefónica may dispose of such Goods in its absolute discretion without notice or liability to Supplier; (d) title in the Goods will revert to Supplier following receipt by Telefónica from Supplier of payment in full of the refund due to Telefónica; and (e) risk in the Goods shall revert immediately to Supplier.

2.6 Supplier undertakes at its own expense to repair or replace (at the option of Telefónica) Goods lost or damaged in transit, and Acceptance will not be deemed to have taken place until replacement or repaired items have been delivered to the satisfaction of Telefónica.

3. RISK AND TITLE

Without prejudice to Telefónica's other rights under an Agreement: (a) title in the Goods shall pass to Telefónica on payment for the relevant Goods, and (b) risk in the Goods shall pass to Telefónica on Acceptance save where the Agreement includes installation, in which case risk shall not pass to Telefónica until completion of the installation work.

4. WARRANTIES

4.1 Supplier shall provide Telefónica with the benefit of any Manufacturer's warranties in respect of the Goods and additionally Supplier warrants to Telefónica as follows: (a) Supplier holds absolute legal and beneficial title in and to the Goods and has the unfettered right to sell and supply them and to pass good unencumbered title to Telefónica, (b) the Goods are manufactured, supplied and installed in accordance with Telefónica Policies, new and unused, of satisfactory quality and conform in all respects to their description and with the Specification, (c) the Goods will be free from Defects whether actual or latent and whether in design, material or workmanship (d) the Goods will comply in all material respects with all relevant statutory requirements and standards issued from time to time by the International Organisation for Standards (ISO), ITU-T and any other applicable organisation or recognised standards body, (e) the Documentation provided by Supplier in respect of the Goods are or will be of such a standard as to enable suitably trained personnel of Telefónica to understand, operate and maintain the Goods to a level of competence sufficient for Telefónica's business purposes, (f) where Supplier modifies the Goods or any part of the Goods for Telefónica, such modification will not materially reduce the functionality of the Goods save to the extent that may be agreed

by Telefónica in writing prior to Supplier carrying out such modification and (g) the Goods do not contain any of the Conflict Minerals. The Goods shall conform with each Warranty for 12 months from the date of Acceptance (the "Warranty Period").

4.2 If any of the Goods are in breach of any Warranty during the Warranty Period, Supplier will (at Telefónica's option and without prejudice to its other rights or remedies): (a) repair the Goods promptly at Telefónica's premises (and where that is not possible repair the Goods and redeliver to Telefónica) or (b) replace the Goods promptly with Goods that conform with the Warranties. This shall be at no cost to Telefónica. If Supplier fails to repair or replace any Goods within a reasonable period determined by Telefónica, Telefónica may either itself or through a third party, repair or replace the Goods and set off the cost of doing so against any sum Telefónica owes or will owe to Supplier and recover any further amount outstanding from Supplier as a debt. Telefónica's rights and remedies are in addition and without prejudice to its other rights and remedies at law.

4.3 Save as expressly provided to the contrary, each of the Warranties is, and shall be construed as, separate and distinct from the other Warranties. Accordingly, a Warranty shall not be limited or restricted by reference to, or inference from, the terms of any other Warranty or any other term of an Agreement.

4.4 The Warranties apply equally to any Goods repaired or replaced in which case the Warranty Period shall be the longer of the remainder of the original Warranty Period or 6 months from the date of receipt of the repaired or replaced Goods by Telefónica.

4.5 Telefónica's rights under an Agreement are in addition to the statutory conditions (if any) implied in favour of Telefónica by the Sale of Goods Act 1979, Supply of Goods and Services Act 1982, and any successor or equivalent legislation.

SCHEDULE 2 - ADDITIONAL TERMS RELATING TO THE PROVISION OF SERVICES

1. GENERAL

Supplier shall provide the Services during Working Day(s) (unless otherwise agreed with Telefónica) at the place specified in the PO or such other location as may subsequently be advised in writing by Telefónica to Supplier. All Services shall be delivered by the relevant Completion Dates, and time shall be of the essence. If the Services (or any parts of them) are not provided by the relevant Completion Date, Telefónica may terminate in whole or in part the relevant Agreement without cost or liability. Where Telefónica exercises this option: (a) Supplier shall refund to Telefónica in full all payments made by Telefónica to Supplier in respect of any Services; (b) no further payment will be due from Telefónica in respect of any Services; and (c) a full refund shall be due to Telefónica in respect of any payments already made. Where Supplier is in possession of Telefónica's property in pursuance of providing the Services, it shall at its own expense repair or replace (at the option of Telefónica) any such property that is lost or damaged while in Supplier's possession to the satisfaction of Telefónica.

Telefónica shall accept Services immediately after Supplier has demonstrated to Telefónica's satisfaction that the Services (i) comply with the PO pursuant to which they are supplied; (ii) comply with the relevant Agreement; and (iii) are in accordance with the Specification, and "Acceptance" shall be construed accordingly for the purposes of this Schedule 2.

2. WARRANTIES

2.1 Supplier warrants to Telefónica: (a) that it will ensure that Supplier Personnel will use the skill, care and diligence as would be expected from a skilled and experienced supplier engaged in the same type of business as Supplier and will be performed by employees, authorised agents and sub-contractors possessing the appropriate accreditations, skills and experience for all tasks assigned to them; (b) that Supplier Personnel will carry out the Services in such a way as (i) not to cause any material fault or malfunction in the Deliverables (ii) not to cause any material interruption to Telefónica's business (other than any agreed downtime and unavoidable interruption which is required in order to perform the Services in a proper and efficient manner) (iii) to comply in all material respects with Telefónica Policies (iv) to work in a co-operative manner with Telefónica and Telefónica's suppliers (where the provision of the Services interact with services of such other suppliers) and ensure the effective performance of the Services; (c) that the Services will conform in all material respects to the relevant Specification and will comply in all material respects at the time the relevant Service is performed with all statutory requirements or regulations or any other standards relating to the Services and their supply, that have been issued by any recognised and appropriate standards bodies; and (d) that any Deliverables produced by Supplier in the course of performing Services shall comply with the applicable Warranties set out elsewhere in these Telefónica PTs. The Services shall conform with each of the Warranties for 12 months from the date of their Acceptance (the "Warranty Period").

2.2 If any of the Services performed are found to be in breach of any Warranty during the Warranty Period, Supplier will (without prejudice to its other rights or remedies) re-perform the Services promptly at Telefónica's premises. This shall be at no cost to Telefónica. If Supplier fails to re-perform the Services within a reasonable period determined by Telefónica, Telefónica may either itself or through a third party, re-perform the Services and set off the cost of doing so against any sum Telefónica owes or will owe to Supplier and recover any further amount outstanding from Supplier as a debt. Telefónica's rights and remedies are in addition and without prejudice to its other rights and remedies at law.

2.3 Save as expressly provided to the contrary, each of the Warranties is, and shall be construed as, separate and distinct from the other Warranties. Accordingly, a Warranty shall not be limited or restricted by reference to, or inference from, the terms of any other Warranty or any other term of an Agreement.

2.4 The Warranties apply equally to Services re-performed, in which case the Warranty Period shall be the longer of the remainder of the original Warranty Period or 6 months from the date of re-performance.

SCHEDULE 3 – SOFTWARE LICENCE TERMS

1. DELIVERY AND ACCEPTANCE

Supplier shall deliver the Software to Telefónica and (where appropriate, if not pre-installed by Supplier or installed by Telefónica) install the same at Telefónica's Premises in accordance with the relevant PO, Agreement and the Specification. Supplier shall, in accordance with an acceptance plan mutually agreed between the Parties, conduct acceptance tests in respect of the Software at Telefónica's Premises during a 14 calendar day acceptance period (or such other acceptance period as the Parties may agree in writing), such acceptance period to commence once the Software is operational. Telefónica shall accept the Software immediately after Supplier has demonstrated to Telefónica's satisfaction that the relevant Software (i) complies with the PO pursuant to which it is supplied; (ii) complies with the relevant Agreement; and (iii) is in accordance with the Specification, and "Acceptance" shall be construed accordingly for the purposes of this Schedule 3. Upon Acceptance, Telefónica shall, if requested by Supplier, sign Supplier's acceptance certificate acknowledging Acceptance of the relevant Software by Telefónica.

2. RISK AND TITLE

Risk in and title to the Media shall pass to Telefónica on the date of Acceptance. If any part of the Media shall thereafter be lost, destroyed or damaged by Telefónica, Supplier shall at the request of Telefónica replace the same promptly subject to Telefónica paying the reasonable costs associated with such replacement. Supplier shall at all times retain ownership of the Software.

3. LICENCE

Supplier hereby grants to Telefónica an irrevocable, non-exclusive, perpetual licence to use, copy, install, maintain, modify, enhance and adapt the Software throughout the world and to allow members of the Telefónica Group to do the same. Telefónica may also assign its licence to use the Software (or any part thereof) to any third party to which it may outsource the operation of a part of Telefónica's operations or business provided such third party enters into a direct undertaking to respect the terms of this Schedule 3 with Supplier. The grant of rights in this paragraph 3 shall also include implementation (in accordance with the reasonable written instructions of Telefónica) of new releases, versions and upgrades to the Software.

4. WARRANTIES

4.1 Supplier shall provide Telefónica with the benefit of any Manufacturer's warranties in respect of the Software (if any) and additionally Supplier warrants to Telefónica as follows: (a) Supplier's title to and property in and to the Software is free and unencumbered, and Supplier has the right, power and authority to licence the same to Telefónica; (b) the Software conforms in all material respects to their descriptions (if any) and with the Specification; (c) the Software will be free from Defects which materially affect the performance or functionality of the Software; (d) the Software will comply in all material respects with all relevant statutory requirements and any relevant industry standards issued by any applicable organisation or recognised standards body; (e) the Software will be supplied free of any known computer code programming instruction or set of instructions that damages, interferes with, or otherwise adversely affects computer program data files, or hardware, without the consent of the computer user, including self-propagating program instructions (all commonly called "Viruses") and when providing Services, Supplier will not knowingly introduce any Viruses to any of Telefónica's computer systems; (f) any new software releases, versions or upgrades supplied to Telefónica under an Agreement will include any data conversion software required to enable Telefónica to continue reading and writing data using the Software in the same manner as previous software releases, versions or upgrades; (g) new releases, versions and upgrades shall not cause a material diminution in the functionality or the performance of the Software; (h) neither the performance nor functionality of the Software will be adversely affected by dates, and all relevant years will be recognised as leap years; and (i) the Software is capable of performing its functions for more than one currency and also for the Euro, and will comply with all legal requirements applicable to the Euro.

4.2 The Software shall conform to each of the Warranties set out in paragraph 4.1 from Acceptance for the longer of 12 months or the period of any standard warranty as applies to any Software supplied by Supplier ("Warranty Period"). The Warranties in paragraph 4.1 shall not apply to the extent that Telefónica makes or causes to be made to the defective Software any modifications in breach of this licence or if Software has been altered, repaired, installed or relocated by any party other than Supplier or Supplier's agents unless such alteration, repair, installation or relocation shall have been performed in accordance with Supplier's standards therefor.

4.3 If any Software is in breach of any Warranty during the Warranty Period, Supplier shall, at Telefónica's option and at Supplier's own expense: (a) carry out all such alterations or corrections as are necessary to cause the Software or Media to comply fully with this Schedule 3 by repairing or replacing it; or (b) refund to

Telefónica any and all Charges paid by Telefónica for the Software. If Supplier fails to repair or replace the Software within a reasonable period determined by Telefónica, Telefónica may do so either itself or through a third party and set off the cost of doing so against any sum Telefónica owes or will owe to Supplier and recover any further amount outstanding from Supplier as a debt. Telefónica's rights and remedies are in addition and without prejudice to its other rights and remedies at law.

4.4 Save as expressly provided to the contrary, each of the Warranties is, and shall be construed as, separate and distinct from the other Warranties. Accordingly, a Warranty shall not be limited or restricted by reference to, or inference from, the terms of any other Warranty or any other term of an Agreement.

4.5 The Warranties apply equally to Software and Media which have been repaired or replaced, in which case the Warranty Period shall be the longer of the remainder of the original Warranty Period or 6 months from the date of repair or replacement.

5. TRAINING AND MAINTENANCE SERVICES

Supplier shall provide such training in respect of the Software as is necessary to allow Telefónica to use it. At Telefónica's request, Supplier shall provide such Software maintenance services as Telefónica may require and in the event of such a request by Telefónica, the parties shall (acting reasonably) negotiate in good faith to agree Charges in respect of the same.