



General Conditions of Purchase Orders

- 1. Scope – Acknowledgement of Order**

The present General Conditions shall be applicable to purchase orders placed by ESO, unless otherwise specified in the order. No provision contrary to the special or general conditions laid down in this order, whether included in the supplier's printed conditions of sale or explicitly formulated in his offer, will be accepted as a condition by ESO unless ESO has signified its agreement in writing. The supplier shall return to ESO the acknowledgement of the order, duly signed, within one week from the date of dispatch of the purchase order. ESO reserves the right to cancel the order should the supplier make any alteration to the acknowledgement. Any action taken to execute the order from ESO, even if there has been no acknowledgement of the order, shall be deemed to constitute acceptance of the present General Conditions.
- 2. Execution of Orders**

The supplier shall be solely responsible for the execution of the order in every respect, in accordance with the normal customs of the trade. He shall draw ESO's attention to any element likely to impede the satisfactory execution of the order, in particular by providing ESO at all times with all relevant information for this purpose.
- 3. Assignments – Sub-contracts**

The supplier shall request prior authorization from ESO, in writing, for the complete assignment or sub-letting of any ESO contract. ESO reserves the right to specify that authorization shall be sought in writing before any important part of an order is assigned or sub-let.
- 4. Deliveries – Time Limits**

The supplies specified in the order shall be delivered in compliance with the provisions of the order, on the date, at the place and in the manner set out therein. No delivery shall be made in advance of the specified date without the consent of ESO. No delivery shall be considered effective until the bill of lading or equivalent document is in the possession of ESO. Where the execution is likely to be delayed by circumstances beyond the supplier's reasonable control and where the supplier can show that he has made every effort to limit the consequences of such delay, the time limits shall be extended, provided that such extension does not necessarily lead to an alteration of the prices stipulated in the order. The supplier shall, within fifteen days of its coming to his notice, notify ESO by registered letter of any occurrence likely to delay the execution of the order, failing which he shall be precluded from making any claim in this respect.
- 5. Items supplied by ESO – Plans – Models – Special Tools**

Following prior agreement with ESO, whenever materials, parts, equipment and/or apparatus belonging to ESO are entrusted to a supplier for the execution of the order, all costs incurred, other than customs duties and taxes, for their transfer to the supplier's premises shall be borne by ESO. Any customs formalities required for their importation into the country where the supplier's premises are located shall be the responsibility of the supplier, including any advance requests for authorization of temporary importation and the provision of any customs bonds. In view of ESO's status as regards taxation and customs matters, ESO does not require certificates of origin, nor will it deliver them. Tools, plans, models or prototypes provided by ESO for the execution of an order, as well as any excess material, shall be returned to ESO with the final instalment of the delivery. The ownership of any tools specially manufactured for carrying out an order shall vest in ESO provided, however, they have been paid for by ESO.
- 6. Inspection**

ESO reserves the right to carry out inspections during the execution of the order, in the factory and the workshops or on the work sites of the supplier and/or of his sub-contractors; the goods so inspected shall on no account be deemed to have thereby been accepted.
- 7. Dispatch – Routing of Goods – Customs Clearance**

The supplier shall strictly follow the instructions attached to the order for the dispatch, routing and customs clearance of the goods, and shall remain solely responsible for the consequences if these instructions are not followed.

Trade terms used by ESO shall be interpreted according to the International Chamber of Commerce Rules - "**INCOTERMS**" - with the following exceptions:

 - 7.1 The supplier shall always be responsible for the routing of the goods to the ESO site and for providing the proper mode of Transport, even if the goods are invoiced "ex Works" or "ex Warehouse". Charges for such additional service shall be borne by ESO.
 - 7.2 Whenever Transport insurance is required, the supplier shall take out an insurance policy covering all risks and damages during the transportation of goods from the supplier's warehouse to the ESO site, unloading included.
 - 7.3 The term DELIVERED, as used by ESO for international trade, shall be construed as being EXONERATED FROM IMPORT DUTIES, and not DUTY PAID.

- 8. Acceptance of the Supplies** Acceptance of the supplies shall always take place on the ESO site, after due checking, even when the goods are invoiced "ex Works" or "ex Warehouse".
- 9. Return of Goods** ESO will refuse to accept any goods found not to be in accordance with the conditions of the order. Such goods shall be taken back by the supplier within 15 days of the date of ESO's rejection note or returned carriage forward to the supplier's address.
- 10. Guarantee** All supplies shall be guaranteed for two years from the date of their acceptance, in respect of any defect and/or fault in workmanship. The supplier shall meet all costs involved in the repair or replacement of supplies under guarantee.
- 11. Prices** Unless otherwise stated, prices shall at all times be deemed to be firm and not subject to revision. Supplies for the use of ESO are exempt from customs duty. With regard to taxes and levies, there are special arrangements for ESO and the supplier is required to become conversant with such arrangements. Accordingly, prices shall be quoted net and free of tax. Where VAT (Value Added Tax) is applicable, this tax shall be shown clearly on the invoice. Save in respect of possible exemption from VAT arising from the special fiscal conditions which apply to ESO, the supplier shall in no way be released from his obligation to pay any taxes which may normally be due.
- 12. Price Revisions** Price revisions, if applicable, shall not be effective beyond the specified time limits if the delay is due to the supplier. The indices used in the price revision formulae must be those of official government publications. Information from private sources shall be accepted only when such official sources are not available. The consequences of applying price revision formulae shall in any case be limited to the increase in prices which has effectively taken place.
- 13. Invoices** Invoices shall be made out in triplicate, and shall be addressed to:
ESO
Invoice Control Office
Karl-Schwarzschild-Strasse 2
D-85748 Garching bei München
- 14. Payments** Invoices shall be settled only to the value of the goods accepted, and on condition that the bills of lading and/or other necessary documents have been received at ESO. Provided the invoiced goods have been accepted by ESO after checking, ESO will settle the invoices by postal or bank transfer within one month from the date of acceptance of the supplies at the ESO site, or of receipt of the invoice, whichever is later.
- 15. Safety** In addition to observing all relevant national legislation in safety and health matters, the supplier shall, when on the ESO site, comply with the safety regulations in force thereon, with which he is required to become conversant. He shall take all necessary measures to this effect.
- 16. Intellectual Property and Patent Rights** The intellectual property and patent rights arising from the present order shall be subject to prior agreement between ESO and the Contractor. The price of all supplies shall be deemed to have included payment of any fees and royalties for the use of patent rights belonging to third parties.
- 17. Publicity** Suppliers of goods to ESO may not mention this fact for publicity purposes without prior written authorization from ESO.
- 18. Penalties for Delays** If the supplier fails to observe the time limits for executing the order, he shall be liable to penalties, subject to the provisions of Article 4. Prior warning by ESO shall not be necessary. The amounts of the penalties shall be set out in the order.
- 19. Cancellation** ESO reserves the right to cancel the order without compensation, on notice given by registered letter, in the event of gross negligence or misconduct on the part of the supplier.
- 20. Bankruptcy** In the event of bankruptcy, or of proceedings being opened which may lead to bankruptcy, ESO reserves the right to cancel the order without compensation, by serving notice of cancellation.
- 21. Cancellation for other Reasons** ESO reserves the right to modify or cancel any order it may place, subject to full compensation for the supplier, but in any case not greater than the amount of the order.
- 22. Disputes – Arbitration** Any disputes relating to the present order shall be submitted to international arbitration, in accordance with the arbitration clause applicable to ESO, a copy of which, if not attached to the purchase order, may be obtained on request. ESO shall not be bound by any jurisdictional clause specified by the supplier in his estimates, correspondence or invoices.
- 23. Applicable Law** The present purchase order is subject to the regulations adopted by ESO by virtue of its international status, and subsidiarily to the German law.