



Tender no. 104068110, Specification: STR-1980 & STR-1996

**THE ISRAEL ELECTRIC CORPORATION LTD.
ANNEXURE “A16” - GENERAL CONDITIONS FOR THE PURCHASE OF
SUBSTATION EQUIPMENT AND RELATED SERVICES
version March 2024 updated 06.05.2026**

1. DEFINITIONS

The terms detailed herein below shall mean the following:

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| 1.1 | All terms contained herein which are defined in Incoterms 2020 issued by the International Chamber of Commerce. | - | shall have the meaning specified therein subject to the applicable provisions of Annexure “R”; |
| 1.2 . | “Approval”, “as approved”, “acceptable”, “satisfactory”, “or equal” or other similar term | - | unless expressly stated otherwise, shall mean “as approved”., by the Purchaser or its duly appointed representative, such approval not to be unreasonably withheld; |
| 1.3 | “Assembly/Unit” or “Unit” | - | as defined in the Agreement; |
| 1.4 | “Basic Contract Price” | - | as defined in the Agreement; |
| 1.5 | “Invoice” | - | Any request for payment, invoice, commercial or certified invoice, document whose purpose is for payment; |
| 1.6 | "Change Order" | - | as defined in Article 4 below |
| 1.7 | “Contractor” | - | as defined in the Agreement; |
| 1.8 | "Contract/Order" -
. | | shall mean the order/contract issued or a framework contract comprising of Draw Orders, including any options exercised under any of them, including this annexure and any other attachments or annexures thereto, by which the Purchaser purchases the Equipment/On Site Services/special services from the Contractor. |
| 1.9 | “Contract Price” | - | as defined in the Agreement and the order/contract or in the framework contract; |
| 1.10 | Reserved | | |
| 1.11 | Reserved | | |

- 1.12 “Date of Starting the Trial Run” of the Equipment - a calendar date notified by the Purchaser to the Contractor after completion of installation and commissioning of the Equipment, upon which the Purchaser is ready and intends to start the trial run of said Equipment;
- 1.13 “Deliverable” or “Deliverable Item” - An item for delivery which may be, a component of a larger piece of the Equipment, or a complete item of Equipment, or a package containing several pieces of the Equipment and/or components, or it may be services payable in a lump sum, services payable at an hourly or per diem rate, or portions of Work as defined by milestones.
- 1.14 “Documentation” - all technical information, drawings, commercial documents or other documentation required in the Contract including but not limited to, drawings, analyses, materials certifications, radiographs, data sheets, inspection test reports, non-destructive test records, quality plan, installation, operation, maintenance and storage instructions, inspection and test plan and all other reports specified in the Contract;
- 1.15 Draw Order - shall mean the draw order issued under the Contract/Order, including this annexure and any other attachments or annexures thereto, by which the Purchaser purchases part of the Equipment/On Site Services/special services from the Contractor;
- 1.16 Reserved
- 1.17 “Equipment” - the Equipment described in article 2 of the Agreement; with all the related machinery, apparatus, materials and items specified in Annexure “B”;
- “Equipment Price”
- 1.17A - as defined in the Agreement;
- 1.18 “Signature of the Contract” - Signature of the Contract by all Parties thereto;
- 1.19 Reserved

- 1.20 “Good Engineering Practice” - any of the practices, methods, specifications, standards of safety and performance employed by experienced international contractors or operators in the electricity utility industry, engaged in a similar type of undertaking under similar circumstances and conditions which, in the exercise of reasonable judgment in the light of the facts which should have been reasonably known at the time the decision was made, would have been expected to accomplish the desired result and are considered good, safe and prudent practice consistent with cost-effectiveness, reliability, and safety – all in a timely manner.
- 1.21 “In his discretion”, or “as may be determined”, or “in his opinion”, or other similar term - unless expressly stated otherwise, such discretion, determination or opinion being exercised reasonably and in good faith;
- 1.22 “On Site Services” - services performed by Contractor’s or it’s subcontractor’s personnel at the Site or such other place in Israel as indicated by the Purchaser and as required by the Work as further detailed in Annexure “N”;
- 1.23 “Party” or “Parties” - as defined in the Agreement;
- 1.24 “Price for On Site Services” - as defined in the Agreement;
- 1.25 “Acceptance” of an Equipment Package - successful completion of the installation/assembly, trial run (a period of 4 weeks of continuous operation), and testing of an Equipment Package in conjunction with other equipment, all forming part of an Assembly/Unit, whereupon said Equipment Package is accepted for normal unrestricted safe and reliable operation, all as further detailed in Annexure “B”;
Acceptance shall be deemed to have occurred in the case of i) 4 weeks of continuous operation of the Equipment, or ii) delayed testing over a reasonable period without Contractor’s fault (excluding Force Majeure events under clause 10);
- 1.26 “Acceptance Certificate” - a certificate (in the form of Form 2) that the Purchaser provides to the Contractor upon Acceptance of an Equipment Package

forming part of an Assembly/Unit as defined in the Agreement;

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| 1.27 | “Purchaser” | - | as defined in the Agreement; |
| 1.28 | “Replacement Parts” | - | those parts of the Equipment which are required to be supplied by the Contractor on its own account to replace non-conforming parts as part of the performance of Contractor’s obligations under the Contract; |
| 1.29 | “Site/s” | - | as defined in the Agreement; |
| 1.30 | “Spare Parts” | - | those parts which Purchaser purchases on its own account from Contractor for servicing the Equipment; |
| | Special Services | | services rendered by the Contractor or its subcontractor/s outside of Israel |
| 1.31 | “Warranty Period” | - | as set forth in Sub-article 16.3 below; |
| 1.32 | “Work” or “Works” | - | includes, unless the context clearly indicates otherwise, the Equipment as well as all labor, intellectual property rights, computer software components, transportation, insurance, and other facilities and services which the Contractor is required to provide in order to meet its obligations under the Contract and normally considered part of the scope of work covered by the Contract, whether or not fully detailed therein; |
| 1.33 | Reserved | | |
| 1.34 | “LD2”, “LD2C” | - | liquidated damages for delays in delivery as referenced in sub-articles 11.2 and 12 below, at the specific rates and limits stated in the Agreement; |
| 1.35 | Reserved | | |
| 1.36 | Reserved | | |
| 1.37 | “LDlimitdelays” | - | the maximum aggregate amount payable as liquidated damages for delays as referenced in Sub-article 12 below, at the specific rate stated in the Agreement; |

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| 1.38 | “WP”, “WCO” | - | Warranty Period and Warranty Cut-off date as referenced in Sub-article 16.3 below, for the specific periods stated in the Agreement; |
| 1.39 | “DP”, “RE” | - | Down Payment, Retention Payment as referenced in Sub-article 18.3 below, at the specific rate and for the specific period stated in the Agreement; |

2.

CONTRACTOR’S DOCUMENTATION

- 2.1. The Documentation shall be submitted by the Contractor in accordance with the specification hereto and/or as otherwise agreed upon by the Parties, in a timely manner. The Documentation shall be submitted to the largest extent possible using electronic media and in all cases shall be clear, legible and of quality consistent with Good Engineering Practice.

Where not specified in the Contract, further details and procedures for handling of documents shall be agreed upon by the Parties during the performance of the Contract.

- 2.2. Reserved

- 2.3. The Contractor shall be responsible for any discrepancies, errors, or omissions in the Documentation supplied by it, whether they have been approved by the Purchaser or not, provided that they are not due to discrepancies, errors or omissions contained in drawings or information provided to the Contractor by the Purchaser.

- 2.4. The Contractor shall at its own expense carry out any alterations or re-performance necessitated by reason of such discrepancies, errors, or omissions and modify the Documentation accordingly. The performance of its obligations under this sub-article shall be in full satisfaction of the Contractor’s liabilities under sub-article 2.3 above, and shall not relieve the Contractor of its liabilities under Article 11 below.

- 2.5. The Purchaser shall be responsible for modifications, discrepancies, errors, and omissions in drawings and information supplied by the Purchaser.

- 2.6. The Purchaser undertakes to submit its approval or comments to Contractor’s Documentation (as per the Specification or as otherwise specified in the Contract) within 14 working days from the receipt thereof. The Contractor must, within 10 working days following the Purchaser's notification of any comments or queries, amend the document/s or otherwise take account of or respond to the Purchaser's comments or queries and resubmit the document/s for the Purchaser's review. For the removal of doubt, submission of Documentation for Purchaser’s approval/comments shall not derogate from Contractor’s right to proceed, at its responsibility and risk, with any part of the Work and that approval by the Purchaser shall only mean that upon Purchaser’s review of the Documentation, faults were not detected. The Contractor remains responsible

for the correctness and accuracy of the Documentation even if such faults are detected after submission of Purchaser's approval.

2.7. Reserved.

2.8. Receipt by Purchaser of a substantially complete and adequate issue of the instruction manual, as well as receipt of the electronic EXCEL file with all the Spare Parts data, (as specified in sub-articles 2.7.1 and 2.7.2 above) shall together form a condition precedent to the issuance of the Acceptance Certificate.

3. QUALITY ASSURANCE, INSPECTION AND FACTORY TESTING

3.1. The Contractor shall provide and maintain a program to verify and demonstrate that the quality of the Work will be in accordance with the Contract.

3.2. The Contractor shall approve its subcontractor(s)' quality assurance/control programs and shall verify that they are consistent with the requirements of the Contract.

3.3. The Contractor shall implement the agreed inspection and factory testing program specified in Annexure "B" which consists of Purchaser's quality assurance/control procedure and basic requirements (if any) and of Contractor's basic inspection and factory test plan (as submitted with the Contractor's technical proposal and approved by the Purchaser).

In addition, the Contractor shall submit in writing, , in the Specification, its detailed recommended inspection and test program which shall include, without limitation, the inspection and factory test operations and procedures necessary for the accomplishment of the Work and the scheduling thereof. The Contractor shall implement the agreed inspection and factory testing program at such times and in the manner specified in the Contract.

3.4.

3.4.1. Subject to prior notice and coordination with the Contractor, the Purchaser or its duly authorized representative shall have the right during normal working hours to inspect or observe the production, inspection and factory testing of the Work in accordance with the inspection and test plan at any facilities where Work is performed, including those of Contractor and its subcontractors.

3.4.2. The Contractor shall provide the Purchaser with preliminary notification of readiness for factory testing and inspection of each part of the Work for which tests (witness points) are specified in the agreed upon inspection and test plan 2 months prior to such readiness. Final notification shall be provided to the Purchaser 2 weeks prior to such readiness. In exceptional cases this notification can be re-issued at least 3 working days prior to the respective event.

Purchaser shall provide Contractor with prior written notice of its attendance and shall bear the expenses related to such attendance. In the event the Purchaser's representatives fail to attend the factory tests or inspections as scheduled, the Contractor may proceed while properly recording the test procedures and all the test results for timely submission to Purchaser, except in the case of specific hold points (if any) agreed

upon in the Contract, where (unless instructed otherwise by Change Order in accordance with article 4 below), Contractor may proceed as above only after giving the Purchaser an additional 3 days prior notification.

- 3.4.3. The witnessing of the Contractor's factory tests and inspection(s) by the Purchaser shall in no way whatsoever delay Contractor or relieve the Contractor of any of its responsibilities or liabilities under the Contract, nor shall it be interpreted in any way as implying acceptance of the Work.

3.5.

- 3.5.1. The Contractor shall conduct, at its responsibility and expense, all factory tests and inspections called for by the Contract (excluding tests and inspections that require dismantling of Equipment which Contractor has declared in its proposal to be manufactured and assembled prior to signing this Contract) and any inspection required by statutory authority, governmental regulation or other similar authority of the applicable codes or standards.

- 3.5.2. The Contractor shall repair and replace, without cost or delay, anything found defective by factory tests and/or inspections and shall also conduct, at its own responsibility and expense, any re-inspection and re-testing to verify conformance with the Contract. Where during the course of such tests and inspections corrective measures are agreed upon, such measures shall be documented in a quality control report and the Purchaser shall be notified of the dates for re-testing and inspection for verification of their proper implementation.

- 3.5.3. If during verification under Sub-article 3.5.2 above it is found that the agreed upon corrective measures were not properly implemented by the Contractor, the Contractor shall additionally bear all direct substantiated costs of the Purchaser (or Purchaser's representative(s)) in attending any further re-testing and inspections for verification of the implementation of said corrective measures.

- 3.6. In the event Contractor fails to provide Purchaser with notifications and access for inspection as set forth in Sub-article 3.4 above and if it is reasonably necessary to dismantle the Equipment for such inspection, then, upon Purchaser's request, Contractor shall dismantle and reassemble such Equipment and bear the expense thereof.

- 3.7. The Contractor shall provide the Purchaser with a copy of each factory test certificate as soon as available upon the completion of the related test without undue delay. Purchaser shall be entitled to reasonably demand the provision of quality records for Equipment not manufactured specifically for this Contract, and Contractor shall reasonably endeavor to provide Purchaser with same.

- 3.8. The provision by Contractor of a copy of the Quality Control Certificate by e-mail in the format of Form 5 attached hereto shall be a condition precedent for delivery of Equipment and payment therefor.

- 3.9. The Purchaser shall inform the Contractor in writing immediately upon becoming aware of any defect(s) in the Equipment. The Purchaser shall not be

obliged to accept Equipment or any part thereof as long as it is in material non-conformance with the terms of the Contract regardless of the stage of completion of the Work, or the time or place of discovery of such defects and regardless of whether Purchaser's inspector has previously accepted the Work in question.

4. CHANGES IN THE WORK

- 4.1. The Contractor shall not alter any of the Work except as set forth in writing by the Purchaser's Procurement Division.
- 4.2. The Purchaser shall have the right to direct the Contractor to delete, add to or otherwise amend any portion of the Work by issuing to the Contractor in writing an amendment to the Contract (hereinafter referred to as a "Change Order")
- 4.3. In the event of any amendment to any of the technical and engineering codes and standards which are relevant for the performance of this Contract, the Contractor shall inform the Purchaser of such amendments and the expected impact (if any) on the performance of the Contract, (including *inter alia* any impact on the Contract Price and the schedule). The Purchaser shall then direct the Contractor to either perform the Contract in accordance with the technical and engineering codes and standards valid at the time of Contract Signature or in accordance with the changed technical and engineering codes and standards. In the latter case, or if compliance with such changed technical and engineering codes and standards is mandatory, Contractor shall be entitled to a Change Order as described above. Purchaser shall have fifteen (15) working days to respond to Contractor's request. In the event Purchaser fails to respond within such fifteen-day period or Purchaser rejects Contractor's request, the matter shall be resolved in accordance with the provisions of Article 32.
- 4.4. Without derogating from the generality of the above, the relevant provisions of this Contract shall be adjusted by way of a Change Order requested by either Purchaser or Contractor, to take account of any necessary changes resulting from changes in legislation of the State of Israel. For purposes hereof, legislation shall refer to any law, order, regulation, by-law, or treaty having the force of law, which have come into force after the date of submission of the price proposal and which affects the performance of the Contract by either Contractor or Purchaser, as the case may be. However, this sub-article 4.4 shall not apply to price increases for those commodities the price of which is regulated by the Government of the State of Israel, nor to increases in income tax payable in Israel by any Israeli Contractor or Israeli subcontractors.
- 4.5. With the exception of the special changes in the Change Order (including the exercise of Options as detailed in article 5 below) which have been expressly agreed to between the Parties, all the other provisions of this Contract shall be applicable with the necessary changes required.

5. EXERCISE OF OPTIONS

- 5.1. The Purchaser shall have the right to exercise any options during the Contract period.
- 5.2. Upon finalization by the Parties of all the details regarding the exercise of an option, Purchaser shall issue a Change Order.

- 5.3. All the provisions of this Contract, with the necessary changes required, shall be applicable to the exercise of the options and the Equipment/On Site Services/special services purchased pursuant thereto.

6. CONTRACTOR'S TOOLS, REPLACEMENT PARTS AND SPARE PARTS

6.1. Contractor's Tools

The cost of transportation and insurance of any tools imported by the Contractor for the purpose of the Work to the Site in Israel and return is included in the Contract Price. Any costs of entry into or exit from Israel for these tools shall be for Purchaser's account. Contractor shall give Purchaser two months and then one month advance written notice of shipment of tools to be sent to the Site.

A detailed notice relating to the tools shall be sent to the Purchaser seven (7) days prior to shipment. Such notice shall include a detailed list of the tools together with a *pro forma* invoice showing their value for customs purposes and indicating that same are the property of Contractor, its subcontractor(s) and/or their respective representatives and are imported for the performance of the Work.

6.2. Replacement Parts

In addition to Article 16 below and without derogating therefrom, the Contractor shall provide in a timely manner Replacement Parts throughout the installation, start up, commissioning, testing and operation of the equipment until the end of the Warranty Period.

6.3. Spare Parts

The Contractor undertakes to ensure that Spare Parts, (or, if no longer being manufactured, their functional equivalent), shall be available for purchase from or through the Contractor at the prices and lead times for delivery quoted in Annexure "C" (subject to price adjustment (if any) until the end of the Warranty Period for the related Equipment Package.

7. REPORTS AND SCHEDULES

Contractor shall provide Purchaser with the Contractor's Project Schedule after execution of the Contract and as scheduled in the specification, the Contractor shall submit to the Purchaser for its review and comments a detailed "Contractor's Project Schedule". The Contractor's Project Schedule shall be in conformance with Purchaser's project milestones, Annexure "C" and the Specification.

The Contractor's Project Schedule shall contain, where applicable and as agreed upon by the Parties, details regarding major milestones of design, fabrication, factory testing and shipment.

8. COMMERCIAL INVOICES

- 8.1 The commercial invoice will be presented net after discounts, but gross before set-off of retention and down payment. It is possible to present with a textual comment the set-off amounts and the net derived from them, but the amount of the invoice has to represent the full monetary value of the Equipment or Services that were supplied.
- 8.2 Where On Site Services are rendered the Contractor shall digitally submit detailed invoices made out in the name of the Purchaser, showing the prices of the On Site Services rendered. Such invoices shall contain the following particulars:
- 8.2.1 a general description of the On Site Services and the scheduled dates and actual dates of performance;
- 8.2.2 With respect to On Site Services rendered on a per diem basis - a separate calculation for each engineer or expert, indicating regular time and overtime separately as well as details of travel, living and accommodation expenses as per Annexure "N"; such calculation to be substantiated by enclosing the Purchaser's standard weekly time sheet duly filled in by the Contractor, countersigned by an authorized employee of the Purchaser; and/or
- 8.2.3 With respect to On Site Services rendered on a lump sum basis - a clear indication of the state of completion of the Services and the amount due in accordance with the Contract; such amount to be substantiated by enclosing the related Milestone Completion Certificate as per Form 2, duly filled in by the Contractor, and countersigned by an authorized employee of the Purchaser.
- 8.3 Invoices for On Site Services shall be submitted for each calendar month separately, or another pre agreed period between the parties and for each expert/engineer separately.
- 8.4 It is possible, but not obligatory that an invoice for On Site Services of an expert/engineer shall include the charge that the Contractor demands for living expenses and the associated costs detailed in Annexure "N", but not for refund of flight tickets.
- 8.5 For On Site Services flights reimbursed, the Contractor shall submit a separate invoice for flight tickets and it will be able to do so for all the flights that were taken, but only if it attached to the invoice supporting documents substantiating the amounts of the flight tickets, their dates and the name of the passenger.
- 8.6 For On Site Services the Contractor shall submit an invoice within 21 days of the end of the month for which the Work was performed and if the Contractor is a "Foreign Company" registered with the Israeli Tax Authority, within 14 days.
- 8.7 Digital Invoice
- 8.7.1 The Contractor shall be obliged to submit all invoices through a uniform computerized platform (hereinafter referred to as: "Digital Invoice").

All costs in connection with submitting the Digital Invoice through this computerized system, shall be borne by the Contractor and shall be paid directly to the platform provider.

8.7.2 Upon Contractor's connection to the computerized platform, the Purchaser shall render the computerized platform operator any and all relevant data regarding the company's agreement with the Contractor, such as price, total value of agreement, terms of payment, supply dates and so on, all in order to enable accurate and controlled submission of invoices.

8.7.3 During the first phase of operation of the computerized platform, and until Contractor is notified otherwise by the Purchaser, the Contract will be valid only once issued directly by the Purchaser, whereas the fact that a Contract is updated on the computerized system is insufficient for indicating its validity.

8.7.4 It is hereby emphasized that submission of the invoice, as applicable, shall be a prerequisite for any payment Purchaser shall make to the Contractor under the Contract.

8.7.5 In the event any charges shall be imposed on the Contractor in connection with the Contract, the invoices will be invoiced digitally via the computerized system, and sent to the Contractor via email.

8.8 VAT invoices of Israeli Subcontractors:

Where the Contractor is not registered for tax purposes in Israel the following shall apply:

- Israeli Subcontractors shall invoice the Contractor for any payment due under the Contract by issuing a VAT invoice in the name of the Contractor, in such currency as agreed between the Contractor and the Israeli Subcontractor and shall state that the Equipment or Services provided by the Israeli Subcontractor are **"FOR THE ISRAEL ELECTRIC CORPORATION LTD."**.
- The Contractor shall ensure that the Purchaser receives the original VAT invoice to enable the Purchaser to pay the VAT directly to the Israeli Subcontractor.
- The Israeli Subcontractor shall issue a duplicate original of the VAT invoice to the Contractor.
- The Contractor confirms that it understands the implications of the taxation derived from this provision.
- If a Contractor initiates its registration as a "Foreign Company" in Israel with the Israeli Tax Authority, it is obliged to inform Purchaser of such so that Purchaser does not pay and does not deduct the VAT from the invoices of Contractor's Israeli Subcontractors.
- In addition it is hereby clarified that if Purchaser as a "special company" under Israeli law, determines that a Contractor has acquired the status of "permanent establishment" in Israel, then the continued arrangement for payment of VAT to Israeli Subcontractors will be conditioned upon the specific examination of the Purchaser's entitlement to set-off of VAT, and it is possible that the above arrangement shall be suspended until a decision is made in this regard.

8A SHIPPING INVOICE AND PACKING LIST

8A.1 With respect to the Equipment, the Contractor shall give early notification of delivery by email to Purchaser's Project Management Dept., Procurement Division, at least 30 days before each delivery and then subsequently upon delivery, submit detailed shipping invoices made out in the name of the Purchaser, showing the value of the Equipment and containing the following particulars (which may also be required by the Israeli Customs Authorities) on the face of the shipping invoice:

8A.1.1 a detailed description of the Equipment (as fully itemized per component as possible) including the Purchaser's Contract number (the invoice shall relate only to one of Purchaser's Contracts and display such number next to the invoice number) and the item and catalogue numbers specified therein;

8A.1.2 if the Equipment contains dangerous goods (DG)

8A.1.3 whether the Equipment is sensitive;

8A.1.4 the consecutive shipment/consignment number;

8A.1.5 Reserved;

8A.1.6 shipment measurements including: the total gross and net weights of the consignment, physical size of crates and whether they are stackable or not;

8A.1.7 freight and packing and other additional charges if not included in the prices;

8A.1.8 Item reference to that stated in the Summary of Prices (Annexure "C");

8A.1.9 a clear statement as to the applicable Incoterms delivery term including port of export where required;

8A.1.10 the country of origin of the Equipment;

A signature and attestation in the following manner: We declare that the Equipment is of #####..... origin.

A printout of the name and title of the signatory.

8A.1.11 transportation method (whether by sea or air);

8A.2 Reserved

8A.3 Reserved

8A.4 All shipping documents (shipping invoices, packing lists, and bills of lading) shall be distributed as follows:

(i) Delivered to the Purchaser's Project Management Department of the Procurement Division by email;

(ii) Delivered to Purchaser's freight forwarder (against receipt) for onward transmission to Purchaser (with original certificate of origin)

8A.5 If the customs authorities in Israel determine that the country of origin of the Equipment is different than the one, specified by the Contractor in its original offer, or in the certificate of origin, or elsewhere, as applicable, or if the Contractor fails to deliver a certificate of origin, when appropriate, or required and consequently, the Purchaser is required to pay customs in excess of the customs, that the Purchaser would have, otherwise, been required to pay, the Contractor shall reimburse to the Purchaser the amount of such excess customs.

8A.6 Where the Contractor provided Purchaser with a certificate of origin and as a result Purchaser did not take into consideration in the proposal evaluation the customs costs imposed on the Contractor, and the customs authorities in Israel conducted an inquiry as to the origin of such Equipment, in such instance, the Contractor shall:

- (i) Provide Purchaser and/or the Israeli customs authorities with all the necessary documents required; and
- (ii) Reimburse Purchaser for custom payments paid by Purchaser following the customs authorities' demands, regardless as to when the customs duties are required to be paid and even after the warranty period has elapsed. Should the Contractor fail to reimburse Purchaser, Purchaser shall be entitled to deduct from any Contract signed with the Contractor, the customs due to Purchaser.

9. ADHERENCE TO TIME SCHEDULE

9.1. The Parties shall adhere to the contractually agreed upon schedules and time requirements set forth in the Contract. Failure by any Party to meet the contractually agreed upon schedules and/or time requirements shall be deemed to be a breach of the Contract.

9.2. In addition to the above and without derogating therefrom, in the event the Purchaser is of the reasonable opinion that the Contractor and/or any of its subcontractors is unable to keep or maintain the Contract schedule or its ability to perform the Contract is otherwise impaired or likely to be impaired, the Purchaser may demand of the Contractor by notice in writing and Contractor shall supply within thirty (30) days of the Purchaser's demand additional data and information and/or reasonable assurances of due performance to the satisfaction of the Purchaser.

10. FORCE MAJEURE

10.1 "Force Majeure" shall mean an event or circumstances beyond the control of a Party, which:

10.1.1 at the time of signing the Contract/Order, the Party affected either did not know about and should not have known about or did not foresee and should not have foreseen in advance ; and

10.1.2 the Party affected could not have prevented; and

10.1.3 make the performance of the Contract/Order impossible or fundamentally different from what was agreed upon between the Parties.

Such event or circumstances shall include but shall not be limited to fire; other natural disasters; embargo; hostile actions; war; and/or sectoral or general strikes, provided the conditions set-forth in sub-article 10.1 exist.

- 10.2 Neither Party affected by a Force Majeure shall be responsible to the other for loss or damage due to such Force Majeure. It is hereby clarified that the Party affected by such circumstances, shall take all reasonable steps and measures in order to mitigate the damages caused to the other Party, including acting to reduce and/or to shorten the suspension / to prevent and/or to catch up with the arrears/ delay, as the case may be.
- 10.3 Upon becoming aware of the occurrence of any Force Majeure, the Party affected shall notify the other in writing by the fastest means possible but not later than seven (7) days after becoming aware of the Force Majeure, and the Parties shall promptly thereafter consult with one another for the purpose of finding a solution to the difficulties in performing the Contract due to said Force Majeure.
- 10.4 Any delays resulting from any Force Majeure shall extend performance time of that part of the Work so affected by the period of such delay, or such other appropriate period as the Parties may agree upon in writing, taking into consideration remobilization and other appropriate arrangements.
- 10.5 Reserved
- 10.6 If due to Force Majeure it shall become impossible to perform the Contract in whole or a substantial part thereof for a period in excess of 180 days in the aggregate, this Contract may be cancelled by either Party.
- 10.7 In the event of notice of cancellation of the Contract under sub-article 10.6 above, or other material disagreements regarding the provisions of this article 10, the Parties shall immediately consult with one another for the purpose of agreeing upon the basis for settlement of respective obligations and shall try to reach an amicable agreement between the Parties, within 30 days, failing which the matter shall be subject to the provisions of article 32 below.

11. DELAYS IN DELIVERY AND DELAYS IN ACCEPTANCE

11.1. General

- 11.1.1. In every case of delay or anticipated delay, from whatever cause, in fulfillment of the Contract by the Contractor, which is likely to postpone the scheduled dates provided for in the Contract, the Contractor will notify the Purchaser in writing within seven (7) working days after Contractor becomes aware of such delay, of the cause of the delay and of the changed date. The Contractor shall not be absolved from making every reasonable endeavor to anticipate, and overcome such delay and the above notification shall not release the Contractor from its obligations under the Contract.
- 11.1.2. In the event the Equipment or any part thereof has been delivered in substantial non-conformance with the Contract, the Purchaser, upon becoming aware of such non-conformance, shall promptly notify the Contractor in writing of such non-conformance, and delivery of said Equipment or any part thereof shall be deemed not to have been made and the provisions of Sub-article 11.2 below shall apply.

The Purchaser may assess liquidated damages for delays in delivery from the date of Purchaser's notice to Contractor regarding the non-conformance.

11.2. Delays in Delivery

11.2.1. The Contractor shall pay the Purchaser for delays in delivery which are attributable to Contractor, liquidated damages, at the rate of LD2 per full week for delays. The said rate shall be applied to the portion of the Contract Price (however with regard to Options, only Options actually exercised), reasonably allocated to such part of the Work the delivery of which has been delayed and to all such other parts of the Work dependent

thereon for delivery, installation and/or commissioning, per full week of delay.

11.2.2. Nothing contained in this article shall relieve the Contractor of its obligation to deliver the Work as close as possible to the specified delivery date(s).

11.2.3. Payment of liquidated damages for delays in delivery as aforesaid shall be limited to LD2C of the Contract Price (however with regard to Options, only Options actually exercised) and for up to a period of 10 weeks of delays, shall constitute the sole remedy available to the Purchaser and Contractor's exclusive liability with respect to claims resulting from such delays and this without derogating from Purchaser's rights as set out in Articles 19 and 30 below.

11.3. Reserved.

12. **CAPS ON LIQUIDATED DAMAGES**

The maximum aggregate amount payable as liquidated damages for delays with respect to delivery of Equipment and Acceptance as per sub-article 11.2, shall be limited to LDlimitdelays of the Contract Price, however with regard to Options, only Options actually exercised.

12A **STORAGE PRIOR TO DELIVERY**

12A.1 If the Contractor is ready to deliver any part of the Equipment in accordance with the Contract and such delivery cannot be effected for a period exceeding thirty (30) days for any reason attributable to the Purchaser or Force Majeure affecting the whole country of Israel, then the Purchaser shall either make arrangements for immediate acceptance of delivery or acknowledge in writing its request (as a Change Order) to place said part of the Equipment into storage for a maximum period of 12 months (taking into consideration the shelf life limitations of said part of the Equipment, as applicable). In such case the Contractor shall take the necessary steps to secure adequate storage of said part of the Equipment at a place and in a manner to be mutually agreed upon until delivery can reasonably be affected by Contractor following adequate request by Purchaser to affect delivery.

In such case, upon placement into storage, the Purchaser shall pay the amounts which were otherwise due upon delivery, title to stored parts of the Equipment shall pass to the Purchaser, and the Purchaser shall bear the reasonable expenses substantiated by the Contractor of storage preparation, insurance, and all other costs incurred in connection with the storage.

- 12A.2 Any part of the Equipment which cannot be delivered as stated above shall be stored separately and distinctly from other equipment. The Contractor shall mark and designate said part of the Equipment as belonging to the Purchaser and shall do such acts as are required by the law of the country where said part of the Equipment is stored to pass title to said part of the Equipment to the Purchaser.

The passage of title, however, shall not affect Contractor's liability for the risk of loss or damage to the Equipment, nor shall it affect Contractor's liability for bodily injury or death of any person or its liability for loss or damage to property caused by or in any way relating to the Equipment or its storage. However, the Purchaser shall not be entitled to claim liquidated damages for late delivery in the event Contractor is required to rework or replace any part of the stored Equipment as a result of damage during storage.

- 12A.3 In order to cover the risk in the storage of any part of the Equipment which cannot be delivered as stated in Sub-article 12A.1 above, the Contractor shall insure said part of the Equipment and maintain such insurance until completion of the storage, namely Property Insurance against damage to the Equipment, with a limit of not less than the replacement value plus ten percent (10%) for Equipment damage caused whilst it is in storage at Contractor's premises at Contractor's risk of loss. Such insurance shall also name Purchaser as an additional insured, and the party incurring the cost of repairs shall be the loss payee.

Such insurance shall also provide for direct payment of the insurance proceeds to the Purchaser in the event of damage or loss relating to the Equipment, not rectified by Contractor. Alternatively, Contractor shall indemnify Purchaser with regard to any damage below the deductible &/or costs excluded by the Contractor's policy caused to Purchaser's Equipment during the repair process whilst it is at Contractor's premises. The Contractor shall furnish the Purchaser with copies of the insurance policies or certificates of insurance within 30 days after submission of Purchaser's request to place said part of the Equipment into storage but in no event later than the actual date of placing said part of the Equipment into storage.

- 12A.4 Notwithstanding the foregoing, after the expiration of the maximum period of 12 months set forth in sub-article 12A.1 above, unless otherwise agreed upon by the Parties, the Purchaser shall be obliged to accept delivery of the Equipment.

13. DELIVERY

The terms and conditions applicable to delivery are specified in the Agreement and Annexure "R".

14. TITLE

14.1. Title to the Equipment free and clear of all liens and encumbrances, shall pass to the Purchaser upon delivery by the Contractor and receipt by the Contractor of all documents necessary to evidence such delivery as stipulated in Annexure “R”.

14.2. In the event of storage, title shall pass as set forth in sub-article 12A.1 above.

15. RISK OF LOSS OR DAMAGE

15.1. Upon delivery, the risk of loss or damage to the Equipment shall pass from the Contractor to the Purchaser in accordance with the contractual terms of delivery as set forth in sub-article 7(d) of the Agreement and Annexure “R”.

15.2. Where Purchaser's equipment is delivered to the Contractor or to any of its subcontractors for repair or upgrade, then, from receipt of said equipment until its redelivery to the Purchaser, Contractor shall assume the same responsibility for loss or damage thereto as it assumes for the Equipment being supplied by it.

15.3. In the event of storage, risk of loss or damage to the Equipment shall pass as set forth in Article 12A.1 above.

16. WARRANTY

16.1. Warranted Work

The Contractor warrants that:

16.1.1. in respect of the design, material, skill and workmanship, the Work shall be non-infringing, of third parties' intellectual property rights, and of the quality specified in the Contract and, where not so specified, shall be of a professional standard consistent with Good Engineering Practice;

16.1.2. The Equipment, Replacement Parts and Spare Parts shall be unused unless otherwise specified, shall be free from deficiencies and defects shall be in conformance with the requirements of the Contract, and suitable for the purposes contemplated therein;

16.1.3. All advice, recommendations, technical information, reports, analysis and performance of services forming an integral part of the Work, whether On Site Services or otherwise, shall be of a professional standard consistent with Good Engineering Practice and shall be rendered by appropriately qualified personnel using proper skill, care and diligence at the times and places to be specified;

16.1.4. Until the end of the Warranty Period, any part of the Work (excluding wear and tear parts as set forth in Sub-article 16.2.5.2) below shall not develop an undue amount (as compared with specific requirements of the Contract and, in the absence thereof, as compared with professional standards consistent with Good Engineering Practice) of noise, vibration, heating, leakage, deterioration, deformation, strain or wear and tear.

16.2. Remedy

- 16.2.1. The Contractor agrees to repair, remedy, replace or re-perform any part of the Work (hereinafter “Remedy”) whether on the Purchaser’s premises or elsewhere, which within the Warranty Period does not comply with the warranties set forth in Sub-article 16.1 above, as well as all other parts of the Work damaged due to such non-compliance.

The Purchaser undertakes to inform the Contractor in writing of any warranty issue promptly after discovery of the matter by the Purchaser and to take all reasonable action to mitigate damage to the Equipment.

- 16.2.2. The Contractor shall bear all costs of the Remedy including:

16.2.2.1. delivery free of any charge to Purchaser, to the designated site of all Remedied Equipment or materials;

16.2.2.2. dismantling, shipping to and from Contractor’s facilities, reinstallation, testing and all labour and technical direction; and

16.2.2.3. replacing materials forming part of the Equipment and/or attached to the Equipment (e.g. thermal insulation, cables) damaged by such Remedy.

16.2.2.4. re-performance of non-conforming services.

During the Remedy the Purchaser shall provide at no cost to Contractor operating personnel, fuel, electricity, water, compressed air and the like as may be required for the operation of the Assembly/Unit.

Purchaser undertakes to provide the Contractor reasonable access to the Equipment to perform the Remedy.

For purposes of this subparagraph, “access” is defined as the possibility of the Contractor to fulfill its Remedy obligations, and includes, if necessary, disassembly, removal, replacement and reinstallation by Purchaser of walls, structures and other Purchaser-provided equipment, material, obstruction or component in a professional manner that inhibits the Contractor from performing the Remedy.

- 16.2.3. The Remedy shall render the Work compliant with the requirements set forth in the Contract and shall be scheduled in co-ordination with the Purchaser’s operating requirements.

Without derogating from the above, should two Warranty events occur in a sub-assembly of the Work, the decision to repair or replace the relevant sub-assembly shall be made by the Purchaser, taking into account Contractor’s recommendation.

- 16.2.4. If Contractor does not begin and diligently continue to perform the Remedy within a reasonable time after written notice by the Purchaser, then the Purchaser may, after further written notice to Contractor, remedy it by its own personnel or by others at Contractor’s expense and shall be entitled to retain and apply the balance of any sum which may be otherwise due to the Contractor under the

Contract as may be necessary for the payment of the substantiated reasonable costs and expenses incurred in the execution thereof.

In the event the foregoing substitutive performance by the Purchaser or any other third party fails to comply with the Contractor's reasonable written instructions, or, where, due to any wrongful act of the Purchaser and/or said third party, the substitutive performance does not resolve the problem, or, where the substitutive performance resolves the problem, then the payment as aforesaid shall be the sole remedy of the Purchaser and Contractor's exclusive liability with respect to defects in design, material, workmanship or skill with respect to such warranty claim. In all other cases the Purchaser shall be entitled to exercise all its other rights and remedies under the Contract.

16.2.5. Contractor's warranty obligations under this Article shall not apply in cases of:

16.2.5.1. Purchaser's storage and handling of the Equipment, installation, commissioning, testing, operation, maintenance, modification or repairs not in accordance with the instructions specifically set forth by the Contractor in the Contract or in any manuals, provided such instructions were submitted in writing to Purchaser in a timely manner, or, in the absence of such instructions, in accordance with Good Engineering practice; and/or

16.2.5.2. normal wear and tear of items specified by the Contractor in its proposal and (where applicable) listed in Annexure "C" to the Contract, such as gaskets, seals, filters, fuses, wear plates or any other consumable parts of the Equipment (if any) that in accordance with Contractor's operation and maintenance policy should either be periodically replaced or are likely to wear within the Warranty Period to the extent that they have to be replaced, provided such items shall properly function for the substantial length of their normal life expectancy; and/or

16.2.5.3. effects resulting from or caused by failure of items or equipment not forming part of the Work or resulting from non-conformity of such items or equipment with specified interfaces specified under the Contract, in both cases for reasons not attributable to the Contractor; and/or

16.2.5.4. The Purchaser failed to order the related compulsory On Site Services specified in Annexure "C".

16.3. Warranty Period

16.3.1. Equipment and On Site Services

The Warranty Period for an Equipment Package forming part of an Assembly/Unit as well as for On Site Services related to said Equipment Package, however excluding repaired parts or Replacement Parts related to said Equipment Package, shall run until WP1 after the date specified in the Acceptance Certificate in respect of said Equipment Package (after trial run of 4 weeks of successful continuous operation), but not more than WCO1 after the

date of delivery or the date of placement into storage (in accordance with Article 12A above) of each Unit, whichever is the earlier.

16.3.2. Repaired/Replacement Parts

The Warranty Period for a repaired or a Replacement Part forming part of an Equipment Package of an Assembly/Unit shall run WP1 from its installation or from the Acceptance of the Equipment Package of said Assembly/Unit, whichever occurs later, but not more than twelve (12) months from the expiration of the Warranty Period of said Equipment.

16.3.3. Spare Parts

The Warranty Period for a Spare Part shall run for WP2 from its installation, but not more than WCO2 from its delivery, whichever is the earlier.

16.3.4 Warranty Extension for “Down-Time”

Subject to the cut off provisions of Sub-articles 16.3.1 and 16.3.2 above, the Warranty Period for any part of the Equipment supplied under the Contract shall be extended by a period equal to the period for which said part of the Equipment has been out of operation due to any non-compliance with the warranties set forth above and/or Remedy performed by Contractor, based on a substantiated Warranty claim and in any event shall not exceed 12 months.

16.3.5 Optional Warranty Extension (where relevant)

In the event the Purchaser exercises the Warranty extension option as stipulated in the Agreement and Annexure “C”, the Contractor shall accordingly extend the validity date of the Performance Guarantee specified in Article 19 below with the understanding that the Warranty extension price includes the costs of extending the Guarantee.

16.4. THE WARRANTIES SET FORTH ABOVE ARE IN LIEU OF AND EXPRESSLY EXCLUDE ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

16.5. Subject to the provisions of Article 24 below and without derogating from Purchaser’s rights and remedies under Articles 19 and 30 below, the provisions of this Article 16 shall constitute Contractor’s sole duty as to its warranty obligations, with regard to any non-conforming and/or defective Work.

17. RESERVED

18. PAYMENT

18.1. Conditions Precedent for Payment

Any payment under this Contract shall be subject to the following conditions:

- 18.1.1. the Purchaser has received a fully signed copy of this Contract;

- 18.1.2. the Purchaser has received the guarantees which the Contractor is required to provide in accordance with sub-article 19 below;
- 18.1.3. the Purchaser has received copies of the insurance certificates which the Contractor is required to provide in accordance with Annexure “L”;

18.2. Method of Payment

Payment shall be made by direct bank transfer or swift to Contractor’s designated bank account (unless otherwise specified).

18.3 Terms of Payment

18.3.1 The Equipment Price shall be paid as follows:

18.3.1.1 Down Payment or DP shall be paid forty-five (45) days after Signature of each Draw Order, against receipt of Contractor's request for payment, and provision of the related Down Payment Guarantee in accordance with sub-article 19.2.2.2 below.

18.3.1.2 Upon delivery of Deliverables in accordance with the terms stipulated in Annexure “R” the contractual price of such Deliverables shall be paid forty-five (45) days after receipt by Purchaser of the following documents , less (i) the related retention(where applicable) (as per sub-article 18.3.1.3 below) and (ii) the Down Payment, as detailed in sub-article 18.3.1.1 above.

18.3.1.2.1 Contractor’s commercial invoice;

18.3.1.2.2 Quality Control Certificate;

18.3.1.2.3 Reserved; and

18.3.1.2.4 The appropriate delivery documents stipulated in Annexure “R”.

18.3.1.3 Terms of payment for retention (RE), where applicable

In the event that retentions apply under the Contract, the retention payments shall be affected against Contractor's request for payment, net 45 days after receipt of the Acceptance Certificate, unless otherwise agreed upon by the parties.

For each Invoice submitted, the retention component will be deducted from the payment, after receipt by the Purchaser of:

18.3.1.3.1 Contractor’s request for payment

18.3.1.3.2 the Acceptance Certificate (AC), issued for the relevant Equipment and signed by the Purchaser

In the event the Equipment was delivered in accordance with Article 13 above, and Acceptance of said Equipment is delayed for reasons which are not attributable to Contractor, the Purchaser shall issue the AC by no later than WP1 prior to the Warranty cut off date (the Warranty cut off date is WCO1 after delivery, extended, where applicable, in accordance with sub-articles 16.3.4 and/or 16.3.5 above) of the related Equipment, and the Contractor shall be paid as stated above.

18.3.2 Payment of VAT due on the importation of Equipment delivered DDP **(applicable only to non-Israeli Contractors)** shall be made in accordance with the provisions of Annexure “R” (Procedure for Purchaser’s payment of VAT upon release in Israel).

18.3.3 Payment of VAT to Contractor's Israeli Subcontractors (if applicable); shall be dealt with in accordance with article 8.8 above.

18.3.4 Reserved

18.3.5 Price for On Site Services and Special Services shall be dealt with in accordance with the provisions of sub-article 8 above.

18.3.6 Payment for extended warranty shall be made at the end of a quarter and within 45 days after receipt of Contractor's invoice by the Purchaser.

18.3.7 Payment according to milestones (if applicable)

In the case of payments to Contractor according to milestones, one hundred percent (100%) of the milestone price shall be paid forty-five (45) days after completion of the related milestone, in accordance with the milestone definitions as set forth in Annexure “C”, after receipt of:

18.3.7.1 Contractor’s commercial invoice;

18.3.7.2 Milestone Completion Certificate in the format of Form 2 attached hereto, duly executed by Purchaser.

18.3.8 Reserved

18.3.9 Set-off

The Purchaser shall have the right to set-off from any Contract entered into with the Contractor any sum due to the Contractor, such sum(s) as may be due and payable to the Purchaser under this Contract from the Contractor. Purchaser shall inform the Contractor in advance as to the reason for the set-off, and grant the Contractor the possibility to pay such due and payable sum before such set-off.

18.4 Certification

No certificates given or payments made shall be considered as conclusive evidence of the performance of the Contract, either wholly or in part, nor shall any certificates or payment be construed as acceptable of any defective or non-conforming part of the Work.

19. GUARANTEES

19.1 General

19.1.1 To secure the due, timely and complete performance by the Contractor of its obligations under the Contract, and as a condition precedent to Purchaser’s making any payment under Article 18 above, the Contractor shall, at its expense, within thirty (30) days of the Signature of the Contract,

provide the Purchaser with a guarantee for the due performance of the Contract (hereinafter: “**Performance Guarantee**”) in the form of either an irrevocable standby letter of credit (hereinafter: “**SBLC**”) as per Annexure “E1” or an Israeli bank guarantee as per Annexure “E3”.

19.1.2 In addition to and without derogating from the provisions of Sub-article 19.1.1 above, and to secure the repayment of any Down Payment made on account of the Contract Price in the event of default by the Contractor, the Contractor shall as a condition precedent to receiving any such Down Payment, provide an additional guarantee (hereinafter: “**Down Payment Guarantee**”) in the form of either an irrevocable SBLC as per Annexure “F2” or an Israeli bank guarantee per Annexure “F4”.

19.1.3 In the event the Purchaser has notified the Contractor that the Contractor is in breach of Contract and seven (7) business days thereafter, the Contractor has failed to remedy said breach of Contract then the Purchaser shall have the right to draw on the Performance and/or Down Payment Guarantees.

19.2 The Guarantees shall be:

19.2.1 in English, issued in the name of the Purchaser, not transferable, by a guarantee provider approved by IEC, as specified in Annexure “Y”. The guarantees shall not be transferable, bearing clear statements with respect to the latest validity date and maximum amount available for drawing, given and maintained until their expiration.

Guarantees issued in the form of a SBLC by a bank outside of Israel shall be advised by way of an authenticated SWIFT through an Israeli bank, also to be approved by the Purchaser.

Guarantees issued in the form of an Israeli bank guarantee shall be provided to the Purchaser by way of digital media, in which case the electronic signature on the guarantee shall be authenticated in accordance with the Electronic Signature Law, 5761-2001. Contractor asking instead to provide a bank guarantee to Purchaser in a printed format duly signed, shall submit its justified request in advance, which shall be subject to Purchaser's approval.

19.2.2 Terms of Guarantees

19.2.2.1 The Performance Guarantee shall be:

- provided where the value of the Order/Contract is in excess of NIS2,000,000 (in this case Order/Contract excluding options and/or flexibilities and/or VAT) or the equivalent of the foreign currency in NIS (in accordance with the applicable exchange rate, as set forth by the Bank of Israel, on the first working day prior to the date of submission of the price proposals to the tender/RFP) and without in any way derogating from Contractor's duty to perform its obligations under the purchase Order/Contract; and
- provided also for any additions to the Agreement (including exercising options) totaled in excess of NIS2,000,000, even if a guarantee was not issued before for the Basic Contract Price. It

shall also apply for the equivalent of the foreign currency amount in NIS (in accordance with the applicable exchange rate, as set forth by the Bank of Israel, on the first working day prior to the date of the tender/procurement decision); and

- established with immediate effect;
- issued and thereafter amended as may be necessary to equal an amount of ten percent (10%) of the Basic Contract Price plus the price for any options exercised (not inclusive of VAT);
- maintained in full force and effect until sixty (60) days after the expiration of the warranty period for the last warranted part of the Equipment as prescribed in Article 16 and any extension thereof in accordance with the Contract;

19.2.2.2 The Down Payment Guarantee shall be:

- provided by no later than receipt by the Purchaser of the first request for payment submitted by the Contractor.
- established in an amount equal to the amount to be drawn in respect of the Down Payment;
- Increased annually by such amount as will reflect a rate of interest of six percent (6%) per annum for Guarantees set in non-Israeli currency. Such increase shall apply from the date of effectiveness to the date of exercise or expiration, as the case may be;
- maintained in full force and effect until sixty (60) days from date of the last scheduled or actual delivery of Equipment, whichever occurs later.

19.2.2.3 The Guarantees shall be amended from time to time, to reflect the adjusted Contract Price and term due to exercising options, issuance of Change Orders and price adjustment arising from the application of escalation provisions, if any;

19.3 Reserved.

19.4 Any extension of a Guarantee required under this article shall be made at least ninety (90) days prior to the expiration of the then current validity date.

19.5 Should any event of Force Majeure (as defined in article 10 aforementioned) occur, the Contractor undertakes to extend the validity of the Guarantees from time to time by the period(s) for which the Force Majeure existed and/or continues to exist.

19.6 The costs of extending a Guarantee shall be borne by the Contractor unless the extension is due to reasons attributable to the Purchaser, or due to Purchaser's claim for Force Majeure relief, or due to any claim for relief for Force Majeure affecting the whole country of Israel, in which cases the costs of extension shall be borne by the

Purchaser. For the removal of doubt, any extension of a Guarantee due to the exercise of any option available to the Purchaser shall be on Contractor's account.

19.7 The Purchaser may exercise its right to draw on the Guarantees given under this article on one or more occasions, until the aggregate amount drawn reaches the amount of the Guarantees, and this right shall be in addition to and not in derogation of the exercise by the Purchaser of any of its other rights and remedies under the Contract.

19.8 The Contractor shall, if applicable and required by Purchaser, supply a parent company guarantee in the form of Annexure "G" within fourteen (14) days of the Signature of the Contract.

20. PERMITS AND LICENSES

20.1. The Contractor shall be responsible for:

- 20.1.1. all export and any and all other licenses required for the shipment and delivery of the Equipment (including tools, spare and replacement parts) in accordance with the agreed Incoterm set out in the Agreement and more fully in Annexure "R"; and
- 20.1.2. entry permits into Israel and work permits (if required by Israeli Law) in respect of Contractor's service personnel performing On Site Services in Israel as well as any other permits or licenses required for the Work.

20.2. The Purchaser shall be responsible for:

Any import licenses required in respect of the Equipment (apart from in the case of delivery DDP)

20.3. Upon Contractor's request, Purchaser may render Contractor reasonable assistance, at Contractor's cost, in obtaining the necessary entry or work permits or any other permits or licenses.

21. TAXES AND DUTIES

(a) For the purpose of this article only, the following terms shall have the meaning ascribed to them below:

- 1. Foreign Contractor for tax purposes shall have the meaning ascribed to the term "foreign resident" under the Israeli Income Tax Ordinance 1961.
- 2. Israeli Contractor for tax purposes shall have the meaning ascribed to the term "Israeli resident" under the Israeli Income Tax Ordinance 1961.

(b) Taxes and Duties

- 1. In the case of an Israeli and a Foreign Contractor for tax purposes, the taxes will be dealt with in accordance with Israeli laws.
- 2. Foreign and Israeli Contractor for tax purposes shall be responsible for all taxes imposed or other compulsory payments of non-Israeli origin imposed as a result of or in connection with the Contract.

3. If required, taxes of any nature whatsoever are due to be levied by any taxing authority in Israel. According to the Israeli domestic tax law or the relevant Double Taxation Treaty, taxes will be withheld by Purchaser at source, unless the Foreign and Israeli Contractor for tax purposes, present a written approval issued by the competent Israeli authority confirming that the Foreign and Israeli Contractor for tax purposes, is exempt from such withholding tax in whole or in part.
4. Foreign and Israeli Contractor for tax purposes shall bear all costs and expenses incurred in obtaining any required certificates of exemption, and the Foreign and Israeli Contractor for tax purposes shall have no claim against Purchaser for reimbursement of such costs and expenses.
5. A Foreign and Israeli Contractor for tax purposes, awarded the Contract, shall, within 5 working days from receipt of notice of being awarded the Contract, submit to the Purchaser, the following documents:
 - i. Certificate of Residency.
 - ii. A declaration stating that it has or does not, as the case may be, have a permanent establishment in Israel.
 - iii. If the Foreign Contractor for tax purposes, is registered as a foreign company in Israel, the Foreign Contractor for tax purposes must present a certificate from the Israeli tax authority.
 - iv. A tax questionnaire provided by the Purchaser, if applicable.
 - v. Any other document / declaration as requested by the Purchaser

In the event of failure to submit the above documents within the time period stipulated above, Purchaser might deduct any tax rate up to the maximum according to Israeli law and/or cancel the Contract.

Purchaser shall have no obligation to reimburse or indemnify the Foreign Contractor for tax purposes, or any person on its behalf, for any taxes imposed by tax authorities pursuant to any law or with respect to any deductions made by Purchaser to Foreign Contractor for tax purposes.

6. In the event the Contractor is a company or body registered in a country which has a double taxation treaty with the State of Israel and in the event income tax has been deducted from source as above, then the Purchaser shall promptly provide the Contractor with a declaration as to the amount deducted for purpose of Contractor's use in avoiding double taxation.

22. **RESERVED**

23. **ASSIGNMENT**

- 23.1 Neither party may assign and/or transfer and/or pledge in full or in part the Contract, or any obligation/right/benefit included in them, without the prior written consent of the other, which shall not be unreasonably withheld.

Assignment and/or transfer and/or pledge that were not approved as stated, or occurred without fulfillment all of the conditions set forth by the other party to the Contract for providing such consent, shall be null and void.

- 23.2 Notwithstanding the aforesaid, the Purchaser shall be entitled to assign and/or transfer and/or pledge the Contract or Order or any obligation and/or right and/or benefit included in them to a subsidiary, or affiliate of the Purchaser, and shall also be entitled to assign and/or transfer and/or pledge the Contract/Order or any obligation and/or right and/or benefit included in them, to anyone, in the event of a change and/or structural division or sale of assets of the Purchaser which is/are required under any law, including under the Electricity Sector Law, 1996, and/or the Government Companies Law, 1975, and/or pursuant to Government decisions and/or according to the directive of an authorized regulator and/or carried out with its/their approval. The Purchaser shall notify the Contractor of any such assignment and/or transfer and/or pledge in writing in advance.

"Affiliate" – in this clause, as defined in the Securities Law, 1968.

24. LIMITATION OF LIABILITY AND INDEMNITY

- 24.1 The Contractor shall be held fully and solely liable for any damage or loss of any kind caused to it, to anyone on its behalf or to the Purchaser, due to any act or omission, in connection with or resulting from the Work delivered.

For this purpose, it does not matter whether the damage or loss was caused by the Contractor and/or anyone on its behalf.

It should be noted that either party's limitation of liability towards the other, shall not exceed the value of the Contract and such liability will not include indirect or consequential damage or loss.

24.2 Indemnity for Third Party Claims

The Contractor shall be liable for any damage or loss of any kind caused to a third party due to any act or omission in connection with or resulting from the Work delivered all in accordance with the law, except in instances of death, bodily injury, intellectual property infringement, fraud, and malice in which case the Contractor shall be fully and solely liable.

For this purpose it does not matter whether the damage or loss is caused by the Contractor and or anyone on its behalf.

The Purchaser shall inform the Contractor, in advance, of any suit or proceeding and enable the Contractor to defend itself against such suit or proceeding and any compromise reached shall require the prior written consent of the Contractor.

25. CHANGES IN SOURCING

- 25.1 The Purchaser declares and the Contractor acknowledges that the agreed upon designated countries of origin, from which the Contractor agreed to supply the Equipment or any part thereof including components, materials and other work or services, constitute a material term of the Contract. Such agreed countries of origin were amongst other things, utilized and relied upon by the Purchaser in its evaluation of the Contractor's proposal and it's entering into the Contract with the Contractor.

25.2 If the Equipment is manufactured and/or delivered or On Site Services are rendered from a country of origin other than that set forth in the Contract (including Israel), then:

25.2.1 the Contractor shall compensate the Purchaser for any increase in inspection, handling, packing, shipping, insurance, customs or other import costs incurred or suffered by the Purchaser as a result of a change in origin of Equipment supplied or On Site Services rendered; and

25.2.2 the Contractor shall compensate the Purchaser for any reduction in quality between that of the Work contractually agreed upon and that of the Work actually supplied, as determined by a mutually agreed upon independent assessor.

26. INSURANCE

26.1 Contractor's insurance shall be as per Annexure "L" attached to the Tender/RFP documents.

26.2 The Contractor shall provide a certificate of Insurance conforming with the requirements of Annexure "L" signed by the Contractor's insurance company, within 5 (five) calendar days from receipt of notice of award. Such insurance shall be in force during the whole period of the Contract.

26.3 Upon failure to submit the Insurance Annexure required, on the date set forth above, Purchaser shall be entitled to resort to all remedies available to it under the Order/Contract or by law, including the right to cancel the award, at Purchaser's sole discretion.

27. INTELLECTUAL PROPERTY RIGHTS

Notwithstanding any provisions of the Contract:

27.1 The Contractor covenants that no patent, copyright, registered design, design right, trademark, trade name, trade secret, proprietary information, rights in firmware or software or any other legally protected intellectual property right, will be infringed in the manufacture or supply of the Work or in the use of or derivation of benefit from such Work by the Purchaser.

27.2 Contractor shall, on its account, pay all royalties and license fees which may be payable in respect of the Work or any part thereof.

27.3 Should an action for infringement of any patent rights, copyright, or other intellectual property right be instituted or a claim in respect thereof asserted, the Contractor shall indemnify and hold the Purchaser harmless against and shall pay all awards of damages assessed and all costs of suit adjudged against Purchaser in such suits or proceedings.

27.4 The Contractor retains all rights to any trade mark, copyright, patent or patent application, know-how, design, utility model, brand name and any other intellectual property or right of a proprietary nature (whether registered or unregistered) in or connected to the Work and the manufacture thereof and to any reports, manuals,

specifications or materials prepared or made available by Contractor, prior to commencement of the Work.

Any other intellectual property right that was generated as part of the Contract, including with respect to the knowledge, is and shall remain the property of the Purchaser.

- 27.5 The Contractor grants the Purchaser a non-exclusive, transferable (and re-transferable), royalty-free license to use all intellectual property that may subsist in the Work. Any other intellectual property right that was generated as part of the Work, including with respect to the knowledge, is and shall remain the property of the Purchaser.

Without derogating from the foregoing, the Contractor undertakes to produce or acquire all intellectual property rights necessary for the performance of the Work, and in the event such right shall be acquired from third parties, the Contractor shall bear the responsibility that the purchase terms of such rights shall guarantee the Purchaser's rights according to this Contract, without any restrictions or additional payment.

27.6 Purchaser's Right to Use Documentation

27.6.1 Purchaser, at its sole responsibility and risk, shall have a non-exclusive right (without obtaining Contractor's prior written consent) to use Documentation of a proprietary nature provided by Contractor for the sole purposes of completing, installing, operating, maintaining, adjusting, connecting Equipment to other equipment or installations of the Purchaser, repairing, replacing or modifying or upgrading the Equipment or any part thereof.

27.6.2 Such Documentation shall not be used for reproducing designs contained in such Documentation in order to manufacture parts or for reproducing the Equipment.

27.6.3 In all cases, the Contractor shall retain sole title in any such Documentation.

Subject to the above, the Contractor shall not have claims for payment, remuneration or compensation against the Purchaser due to Purchaser's usage of Contractor's Documentation.

28. **CONTRACTOR'S SERVICE PERSONNEL**

28.1. The Contractor shall provide On Site Services of Contractor's and/or its Subcontractor's personnel (if ordered) in accordance with all the applicable provisions of the Contract, and, in particular, in accordance with the provisions of Annexure "N" (Conditions for Provision of Contractor Personnel's On Site Services) and Annexure "K" (Security Appendix) , if applicable..

28.2 Safety Procedures at Site

In case On Site Services are rendered and entry to Purchaser's Sites is required, the Contractor and/or its Subcontractor's personnel shall be subject to

Purchaser's safety briefing and/or written safety summary and any other requirements stated in Annexure "S" (Safety Appendix).

The Contractor and/or its Subcontractors are required to coordinate and schedule with Purchaser the safety briefing and/or receipt of the written safety summary. The Contractor and/or its Subcontractor's personnel are required and obligated to act according to Purchaser's safety instructions.

28.3 Scheduling and Ordering of On Site Services

28.3.1 Upon the Contractor's request, the Purchaser shall update the Contractor, for general information purposes only, with respect to relevant progress of activities on Site, including updates as to the expected time frame for the On Site Services. Additionally, the Purchaser shall endeavour to give Contractor 60 days advance written notice of requested On Site Services. In all events (including events following cancellation and/or postponement) the Contractor shall be entitled to not less than 30 days final notice detailing Purchaser's request for On Site Services of Contractor's personnel.

28.3.1.1 with respect to On Site Services rendered on a *per diem* basis, the advance notice shall state the approximate number of requested personnel (including category), approximate number of consecutive working days for each category of personnel as well as the planned date for the arrival at Site.

The final notice shall state the exact number of requested personnel (including category), the number of consecutive working days for which each category of personnel should be made available and the date of arrival at Site.

28.3.1.2 Notwithstanding the provisions of Sub-article 28.3.1 above, the Contractor will use reasonable endeavours to provide the On Site Services with shorter lead times, if so requested by the Purchaser

28.3.2 with respect to On Site Services rendered on a lump sum basis, the advance notice shall state the estimated commencement and completion dates of the On Site Services.

The final notice shall state the exact commencement and completion dates of the On Site Services.

29. RESERVED

30. TERMINATION FOR INSOLVENCY OR FUNDAMENTAL BREACH

30.1. Insolvency

Should either Party make application to court under any bankruptcy legislation or be declared bankrupt or insolvent or go into liquidation, voluntary or otherwise, or be placed under administration, receivership, trusteeship, judicial management, or compound with or make any arrangement with its creditors, or take or suffer any similar action in consequence of debt or should a Party

assign any of its rights under the Contract without fulfilling its undertakings to the other Party as set forth in Sub-article 23.1 above, then upon the occurrence of any of the aforesaid events, that Party shall be deemed to be in fundamental breach of this Contract.

30.2. Other circumstances of Fundamental Breach by Contractor:

The Contractor shall be deemed to be in fundamental breach of this Contract, upon occurrence of any of the following:

- 30.2.1. When a period of delay attributable to the Contractor, whether in delivery of Equipment; and/or rendering On Site Services; and/or achieving Acceptance, exceeds the cap stipulated in sub-article 12; and/or
- 30.2.2. In the event the Contractor failed to issue and/or extend any Guarantee as required under Article 19; and/or
- 30.2.3. In the event of any breach of Contract by the Contractor other than a breach covered by the provisions of sub-articles 30.2.1 – 30.2.2 above, after Contractor has been given a written notice to cure same within 7 business days and the Contractor failed to do so.

30.3. Other circumstances of Fundamental Breach by Purchaser

In the event the Purchaser is in delay for reasons attributable to the Purchaser of any due payment or approval or issue of certificate (after such becomes due) required for payment by a period in excess of sixty (60) days after being given written notice of delay by the Contractor;

30.4. Remedies

- 30.4.1. The Purchaser may exercise its right to terminate this Contract as stated above without prejudice to any of its rights to draw on the guarantees given under Article 19 or any other relief or remedy or right to claim such damages as it may suffer by reason of the breach.
- 30.4.2. The Contractor may exercise its right to terminate this Contract as stated above and in such event shall be compensated by Purchaser as stipulated in Article 31 below.

31. TERMINATION FOR CONVENIENCE OF THE PURCHASER

- 31.1 The Purchaser shall have the rights to terminate the Contract, in whole or in part, for its convenience after giving the Contractor seven (7) working days written notice.
- 31.2 Where Purchaser decides to terminate the Contract, it shall not be required to pay compensation, except as stated herein below, and shall only be required to pay for the Work actually delivered to it by the date of termination stated in the written notice.

However, in the case of custom made parts, Purchaser will pay compensation for the Contractor's direct, proven expenses up to the date of termination and also for profit in an amount which shall not exceed 10% of the amount of the direct proven expenses. In any event, the compensation shall not exceed the price of the custom made parts in the Contract. In such case, Purchaser will also be entitled to receive anything manufactured or purchased in connection with the Contract by the date of termination.

- 31.3 In the event of such termination, the Contractor shall make all reasonable efforts to minimize its costs and to use any materials or equipment on hand as a result of such termination in the performance of other contracts or otherwise to third parties, to the extent possible.
- 31.4 In presenting the charges claimed under this Article, the Contractor shall reasonably substantiate the cost thereof. If, in the opinion of the Contractor, the information necessary to substantiate the said costs is proprietary, the financial records involved will be examined by the Contractor's auditors or, at the option of the Purchaser, by such other independent accounting firm as is acceptable to both Parties.
- 31.5 Without derogating from Sub-article 31.2 above, it is expressly agreed between the Parties that the Purchaser shall not be required to pay to the Contractor, its vendors or subcontractors any sum with respect to consequential, indirect losses or damages suffered as a result of such termination of the Contract, including but without limiting the generality of the foregoing, any sum with respect to loss of profits or business opportunities, under-utilization of manpower or facilities, occupancy of any part of plant or facilities.

32. APPLICABLE LAW & SETTLEMENT OF DISPUTES

- 32.1. The Contract/Order, including this section, shall be governed by and construed solely under the laws of the State of Israel regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof. Notwithstanding the above, the Law of Sale (International Sale of Goods), 5760-1999 shall not apply.
- 32.2. In case of a dispute, the parties shall endeavor to resolve the dispute by good faith discussions, within (30) days after written notice setting out the particulars of the dispute has been given by one party to the other party.
- 32.3. Where the parties are unable to resolve their dispute within the period stated in subsection (b) above, the parties will, for a period of 30 days, endeavor in good faith to appoint an agreed mediator, or to agree on an appointment procedure thereof, and participate in such mediation in good faith. The mediation will, unless agreed otherwise by the parties, take place and conclude within 60 days of the appointment of such a mediator.
- 32.4. Where the parties are unable to resolve their dispute within the period stated in subsections 32.2 and 32.3 above, either party may notify the other party in writing of its decision to submit the dispute for resolution by arbitration [the "**arbitration notice**"].
- 32.5. If the arbitration is considered by Article 3 of the Israeli International Commercial Arbitration Law, 5784-2024 (the "**International Arbitration Law**"), to be an "International Arbitration", the arbitration shall be conducted in accordance with

the International Arbitration Law and the UNCITRAL Arbitration Rules (2021), except as modified herein. For the avoidance of doubt, the parties hereby agree, that unless it is patently clear otherwise, the Order/Contract constitutes an international arbitration agreement the subject matter of which relates to more than one jurisdiction in accordance with Article 3(c)(3) of the International Arbitration Law.

32.6. If the arbitration is considered by Article 3 of the International Arbitration Law to not be a "International Arbitration", or the International Arbitration Law is deemed inapplicable to the dispute in any way, then unless stated specifically otherwise in this Article, the arbitration will be conducted in accordance with the Israeli Arbitration Law, 5728-1968 (the "**Arbitration Law**"), and the rules contained in its annexes, except as modified herein.

32.7. The seat of the arbitration shall be in Israel, and it shall be conducted in the English language. Any award granted shall be final and binding upon the parties to the Contract subject to the provisions of Article 43 and 45 of the International Arbitration Law or Article 24 of the Arbitration Law respectively, and to subsection (i) below.

32.8.

32.8.1. In case the amount in dispute is under twenty-five million US Dollars (USD 25,000,000), the arbitration shall be conducted by one arbitrator. The parties will endeavor to agree on the appointment of the arbitrator. In the event the parties fail to agree on the appointment of an arbitrator within thirty (30) days of the date of receipt of the arbitration notice, either party may refer the matter of appointment to the relevant Israeli court – which shall act as the appointing authority.

32.8.2. In case the amount in dispute is equal to or above twenty-five million US Dollars (USD 25,000,000), the arbitration shall be conducted by three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators thus appointed shall appoint the third arbitrator, who will act as the presiding arbitrator of the arbitral tribunal; if a party fails to appoint the arbitrator within thirty (30) days of receipt of the arbitration notice, or if the two arbitrators fail to agree on the third arbitrator within thirty (30) days of their appointment, either party may refer the matter of appointment to the relevant Israeli court – which shall act as the appointing authority.

32.9. The parties agree that the existence of the arbitration, any information provided in the arbitration, and any submissions, orders or awards made in the arbitration [the "**confidential information**"] shall be kept confidential unless as required by law, by governmental authorities, or for the purpose of legal proceedings. The parties also agree not to consent to the publication of the confidential information or any part thereof.

33. WAIVER

The agreement of either of the parties to waive any of the conditions contained in the Contract or to deviate from them in any particular case shall not be effective unless given in writing and shall not constitute a precedent nor shall such waiver be construed as such in any other case. The failure of either Party to exercise any of its rights granted to it under this Contract shall not be construed as a waiver thereof.

34. RESERVED

35. NOTICES AND MEETINGS

35.1. Notices

All notices hereunder between the Parties shall be in writing and shall be served at the addresses specified in the Agreement or to such other address(es) as may be agreed upon in writing after Signature of the Contract. For Purchaser, unless otherwise specified, matters of a commercial nature should be directed to the attention of the Head of the Divisional Project Management Dept., Procurement Division, while matters of a technical nature, to the attention of the engineering project manager, Substation Projects Division.

Either Party may change its address for service of notices by appropriate notice, in writing, in accordance with the provisions hereof.

35.2. Meetings

Costs of either Party incurred with regard to meetings (including meetings for purpose of document approval) shall be borne by each Party respectively. Unless otherwise agreed upon by the Parties, all meetings shall be held in Israel.

36. PRESERVATION OF INTENT

In the event that any provisions of the Contract are illegal or unenforceable, the remainder of this Contract shall nevertheless be valid and enforceable. In any such event the parties undertake to negotiate an equitable revision to the Contract with a view to maintaining a balance between their respective rights and obligations.

37. CONFIDENTIALITY

37.1. The Parties shall use all business and technical information, received from the other Party under or in connection with this Contract (including but not limited to drawings, documents and data, irrespective of the medium in which such data or information is embedded), and which the other Party expressly state to be confidential, solely for the purpose of executing this Contract and/or installing the Assembly(ies)/Unit(s), and shall treat such information in the same way as their own business secrets or confidential information, but at least with reasonable care, and shall not make it available to third parties, unless the business or technical information in question is:

37.1.1. disclosed with express permission of the other Party; and/or

37.1.2. available from public sources or in the public domain; and/or

37.1.3. received at any time legally from any third party; and/or

37.1.4. shown to have been developed independently by the receiving Party without reliance on the disclosing Party's confidential information; and/or

37.1.5. known to the receiving Party prior to its disclosure by the disclosing Party and such knowledge can be demonstrated by the receiving Party; and/or

37.1.6. required to be disclosed due to legal provisions, government decisions, orders, licenses, judicial decisions, competent authorities and/or by the regulator in order to perform its duties under the law, by either Party in which

case the receiving Party shall immediately notify the disclosing Party and seek to obtain an equivalent confidentiality obligation from the party to whom such information is disclosed.

Notwithstanding the foregoing each Party is authorized to disclose confidential information to its professional advisors, auditors or as maybe required for compliance with any legal or fiscal requirement, or as otherwise reasonably required for the purpose of performing its obligations under the Contract provided that it limits such disclosure to what in good faith is reasonably necessary for legitimate purposes and requires such of its professional advisors, auditors, contractors or subcontractors to enter into similar confidentiality obligations.

37.2. The confidentiality obligation under this clause shall last for a period of ten (10) years from the date of disclosure.

37.3. Without derogating from the generality of the above, the Contractor hereby acknowledges that the confidential information, may be considered either in whole or in part to be "Insider Information", as such term is defined under the Securities Law – 1968 and the Contractor is aware of the applicable legal restrictions imposed by this law on the use of Insider Information. The Contractor hereby undertakes not to make any use of the confidential information in any manner that will breach the provisions of the Securities Law.

38. IMPROPRIETY

The Supplier hereby acknowledges that it has been informed of and agrees to abide by the Purchaser's Impropriety clause as that clause is set forth on Purchaser's website at the following link:

<https://www.iec.co.il/en/content/suppliers/filespages/general-terms-conditions-and-annexures> version 14.7.2022

-Final-

Appendix _1_ - Undertaking of Non-Disclosure [Non-consultant NDA]

[For an individual]

I, the undersigned:..... bearer of ID no.: of (address),
(the "**Contractor**").

[For a company]

I, the undersigned:
..... bearer of ID no.: of (address)....., do hereby declare
on behalf of with registration no., domicile at (address):
..... (the "**Contractor**").

Hereby represent and confirm –

that the Contractor gave an undertaking to the Israel Electric Corporation to keep in absolute confidence any work/service that the Contractor will provide in accordance with the provisions of the contract signed between the Israel Electric Corporation and the Contractor (the "**Contract**").

This Appendix is an integral part of the Contract.

As an authorized signatory of the Contractor, and in accordance with the confidentiality provisions of the Contract, according to which the Contractor shall sign an undertaking to the Israel Electric Corporation to maintain all work/services, which shall be provided by the Contractor to the Israel Electric Corporation, in absolute confidence, I hereby undertake on behalf of the Contractor, as follows:

1. To keep and maintain all work/ services, which shall be provided by the Contractor, including in connection with the "**Service Material**" as defined in the Contract, and/or its outcome and/or any part thereof and/or in connection with the Information, as such term is defined herein, that will reach the Contractor and/or be received by the Contractor in connection with or pertaining to the Contract with the Israel Electric Corporation, in absolute confidence.
2. To keep in confidence and not disclose, not to cause the disclosure, show and/or provide in any manner, whether throughout the duration of the Contract period or thereafter, to any person or entity, any Information (as such term is defined herein) or any part of it and/or trade secrets and/or other secrets of the Israel Electric Corporation and/or information and/or knowledge relating to the Israel Electric Corporation or connected, directly or indirectly, to the Israel Electric Corporation, its assets, business and affairs, its customers, Contractors, individuals and/or entities associated with and/or enter into contact with the Israel Electric Corporation, including and without derogating from the generality of the above, methods, processes, prices, calculations and terms of agreements . I hereby, on behalf of the Contractor, declare and confirm that all the aforesaid secrets or Information , are the exclusive property of the Israel Electric Corporation and the Contractor shall have no claim, of any kind, in respect of them or arising from them.
3. In this respect, and without derogating from the generality of the above, the Contractor acknowledges that the Company is a "public company" as such term is defined under the Israeli Companies Law, 5759-1999, with securities listed on the Tel-Aviv Stock Exchange Ltd. and that the information, mentioned in Sections 1 and 2 of this Appendix

(the "**Information**"), in whole or in part, may be considered "inside information" as such term is defined under the Israeli Securities Law, 5728 – 1968 and the Contractor acknowledges and familiar with the applicable legal restrictions under this law regarding the use of inside information, and the Contractor undertakes to refrain from making any use of the Information in any manner which would constitute a violation of the provisions of the Israeli Securities Law.

4. Not to make any unnecessary use of the information, which is not required under the Contract, neither for the benefit of the Contractor or for the benefit of others nor for any benefit whatsoever.
5. Not to harm and/or remove and/or change the identifying markings of the Israel Electric Corporation appearing on the Information.
6. To notify the Israel Electric Corporation promptly and without delay of any person and/or entity to whom the Information may have been disclosed and/or who was exposed to it and/or who came into possession of it, contrary to the provisions of this letter of undertaking.
7. To provide the Israel Electric Corporation any information, of any kind, which may be for its benefit, that comes to the attention of the Contractor, in connection with the execution of the Contract (insofar as such is signed), and not to use such information, in any way, other than for the Israel Electric Corporation
8. To provide the Israel Electric Corporation all of the information in the possession of the Contractor immediately upon receipt of a written demand to provide it from the Israel Electric Corporation security officer, and in any case no later than one week from the termination of the Contract, for any reason.
9. The Contractor shall inform all of his managers, employees, sub-contractors, agents and any party acting on his behalf, which shall execute the services contemplated under the Contract on his behalf, pertaining this and his undertaking of non-disclosure as contemplated under the Contract and in this Appendix. The Contractor shall make its best efforts to assure that the aforesaid entities shall, as aforesaid, keep and maintain in absolute confidence and shall fulfill their undertakings in accordance with his undertaking.
10. The Contractor acknowledges that any use of the Information and/or of the Service Material and of the deliverables, by the Contractor and/or any party acting on his behalf and/or any transfer of information or any part of it, to any third party, not for the purpose of the execution of the obligations under the Contract, may cause detrimental damages to the Company and/or any affiliated company. Therefore, the Contractor shall be responsible for any damages or losses incurred by Company and/or any third party, if such incurred, resulting from the aforesaid infringements of undertakings, directly or indirectly (including, without derogating from the generality of the forgoing, loss of revenue and/or profit, reputational damage, attorneys' fees and costs).
11. Notwithstanding the forgoing in this undertaking, it is hereby agreed that the Information (as defined above) shall not include information which the Contractor can demonstrate that the said information is one or more of the following:
 - a. information, in which the Contractor can prove by written records, which was in the Contractor's possession prior to the signing of the tender and/or the Contract provided that such information was not obtained through a breach of the provisions of this Appendix and/or the tender and/or the Contract by the Contractor or anyone on its behalf and only insofar as, the Contractor has been provided with a prior written notice of such said possession, and shall delay the transfer of such Information by 7 business days, to enable the Israel Electric Corporation with a duration to prevent the transfer of Information;

- b. Information, which according to written records, is generally available in the public domain provided that such publication is not resulted from any breach of any provisions of this Appendix and/or the tender and/or the Contract by the Contractor or anyone on its behalf;
- c. Information, in which its disclosure is required by an order of a court, governmental standards or any other authority, authorized by law to request such Information, and provided that such disclosure is limited to the minimal scope required explicitly under the said order and that the Israel Electric Corporation was provided with a prior written notice, detailing the upcoming disclosure of Information, the scope and details required to be disclosed, in a reasonable timeframe to enable the Israel Electric Corporation to seek a protective order or otherwise prevent such transfer of Information, and to present its arguments before the court or the said authority, as applicable;
- d. Information, in which its disclosure was approved, in writing, by the Israel Electric Corporation's authorized representative;
- e. Information, which was disclosed to the Contractor by a third party, without a breach of any provisions of this Appendix and/or the tender and/or the Contract, by the Contractor or anyone on its behalf.

On behalf of the Contractor, I confirm that the Contractor is aware that the Israel Electric Corporation is a supervised entity, as defined in the State Comptroller Law, 5718 – 1958 [Consolidated Version] and that the Contractor's attention was directed to the Penal Law, 5737 – 1977 Chapter G, and in particular to the provisions of sections 118 and 119 of the Law.

In witness whereof I have signed:

Today Month Year,
(Name and signature)