חברת החשמל
Israel Electric

Confidential - Commercial

Purchasing process No.: 104057980
Subject: Two years of contract – Structural Steel,Angles, Channels, Plates,Steel Rods, Flat Profiles And Strips
Specification No.: K-2580/19

ANNEXURE "Z"
CONDITIONS FOR FRAME CONTRACTS/ORDERS
(Two years Basic Frame Contract Period)
Revision 12.03.2024

THESE CONDITIONS ARE TO BE READ TOGETHER WITH AND IN CONNECTION WITH THE PURCHASE ORDER/CONTRACT (INCLUDING THE GENERAL CONDITIONS (ANNEXURE A) ATTACHED THERETO. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE CONDITIONS AND ANY OF THE TENDER/INQUIRY/CONTRACT DOCUMENTS THESE CONDITIONS SHALL PREVAIL.

DEFINITIONS

1. All terms used in this Annexure "Z" have the meanings ascribed to same in the Purchase Order/Contract or in Annexure A (General Conditions) as the case may be. Additional terms used shall have the following meanings**:**

1.1. "Basic Contract Price" – unless specified otherwise in this document, shall mean the total purchase price of the entire quantity (100%) of the Equipment, specified in the tender/inquiry documents (not including options) and flexibilities, in the currency, designated by the Supplier and approved by the Purchaser.

1.2. "Basic Frame Contract Period" - shall mean a period of 24 months, beginning on the date specified in the frame contract/order for the supply of the Equipment.

1.3. "Option Period" – shall mean the total period of 36 months during which the Purchaser shall be entitled to exercise the Options in whole or in part.

1.4. "Equipment" - shall mean all or part of the equipment, described in the Order/Contract.

2. FRAME ORDER/CONTRACT FLEXIBILITIES

2.1. PRICE OF THE PURCHASE

During the Basic Frame Contract Period (and the "extension period", detailed in paragraph 2.2.1.1, below, if applicable), the Purchaser will purchase from the Supplier and the Supplier will sell to the Purchaser, Equipment of a total price, which is equal to the "Basic Contract Price", including the Purchaser's right to increase the Basic Contract Price by up to **50%** or decrease the Basic Contract Price by up to **50%**.

2.2. EXTENSION PERIOD AND OPTION TO PURCHASE

2.2.1. During the Basic Frame Contract Period, the Purchaser shall be entitled to exercise any one of the following options described below:

2.2.1.1. In the event the Purchaser does not issue draw orders for Equipment in the maximum permissible amount (including flexibilities), during the Basic Frame Contract Period and /or the Option Period specified in the Contract/Order and below, the Purchaser has the right to extend the Order/Contract for a period of time of up to 12 months (hereinafter referred to as the "Extension Period"), each time for a period of one year.

2.2.1.2. The Purchaser shall have an Option to extend the Basic Frame Contract Period by up to an additional 3 years (hereinafter referred to as the **"Option Period"** or **"Option Exercise Period**").

During the Option Exercise Period, the Purchaser shall be entitled to purchase additional Equipment from the Equipment specified in the Order/Contract, in an additional monetary value which shall not exceed **50%** of the Basic Contract Price.

2.2.1.3. It is hereby clarified that partial exercise of an Option (in scope and/or period) will not derogate from the Purchase's right to exercise the Option in full.

2.2.2. In no event shall the total Order/Contract period (including the Basic Frame Contract Period and Option Periods and applicable Extension Periods) exceed **36 months** from the beginning of the Basic Frame Contract Period.

2.2.3. Regardless of that stated above, where the Purchaser estimates that it shall utilize the entire contract price, prior to the end of the contract period, the Purchaser shall be entitled, at its sole discretion, to precede the commencement date of the Option Period, to a date to be determined by the Purchaser by providing the Supplier a written notice at least ten days prior to the commencement of the Option Period.

The early exercise of the Option Period will not derogate from the Purchaser's right to extend the Contract/Order in time only and/or exercise additional options (as far as such options were included in the Contract/Order), provided that the total of the Contract Period, including the period of the Basic Frame Period and Option Periods and applicable Extension Periods shall not exceed **5** years.

Similarly, where the Purchase anticipates, to the best of its understanding, the utilization of the full monetary value prior to the end of the Option Period, if exercised, the Purchaser will be entitled to precede the commencement date of the Option Period (if any), or terminate the Order/Contract, on a date to be determined by the Purchaser, at its sole discretion.

2.2.4. Exercising one of the options listed under sub article 2.2.1 above, with the exception of the exercise of the flexibility, shall be made by a written notice, no later than one month prior to the end of the Basic Frame Contract Period or the Option Period or the Extension Period, as the case may be.

2.2.5. During the period of the Option Period or during the Extension Period, the Purchaser shall be entitled, at its sole discretion, to increase or decrease the monetary value of its purchases according to the Order, at a rate of **up to 50%** of the Basic Frame Contract Price and/or the Option, as set forth under sub-articles 2.1 and 2.2.1 above.

2.2.6. Refusal of the Supplier to exercise the Option (including the exercise of the Extension Period in time) will be considered a breach of the Order/Contract for all intents and purposes, and will entitle the Purchaser to the remedies set forth in the tender/ inquiry documents, including exercising the performance guarantee provided by the Supplier in accordance with the instructions of the inquiry /tender documents, (to the extent that a performance guarantee is required according to the terms the tender/ inquiry), as well as the remedies according to the law.

2.2.7. It is hereby clarified that should the Purchaser wish to exercise an option in parts, the Purchaser's commitment to a minimum purchase scope (to the extent that such commitment is included in the Contract/Order), will be calculated for the entire Option Period that is exercised and not for each part of it separately.

2.2.8. Should the Purchaser decide in the future to enter into further contracts with the Supplier, the maximum prices, (including during the Option Periods), shall be at the same price or better than those in this Contract/Order, under the linkage conditions listed in this contract.

The exercise of the continuing contract is subject to the prior consent of the Supplier and is subject to the issuing of a separate company order for the subject or an addendum to this order.

2.2.9. If the option is duly exercised, the sale of the "Optional Equipment" to the Purchaser shall be at the same price and under the same terms as the sale of the Equipment purchased during the Basic Frame Contract Period, subject only to such modifications as are set forth herein.

3. SCHEDULE OF DELIVERY

3.1. The Equipment shall be supplied to the Purchaser in accordance with written draw orders, issued by the Purchaser to the Supplier. The draw orders will be issued by the Purchaser at such times as it chooses, within the Basic Frame Contract Period, the "Extension Period" or the Option Period (under paragraph 2 above as applicable).

3.2. Each draw order shall specify the type/s and quantities of Equipment, required by the Purchaser and the Supplier shall deliver to the Purchaser such type/s and quantities as required according to the following:

3.2.1. First draw order

- Delivery within **90** of issuance of the draw order for supply DDP directly to Purchaser's stores.

3.2.2. For all other draw orders

- Delivery within **90** days of issuance of the draw order for supply DDP directly to Purchaser's stores.

3.3. The final date for delivery, as set forth in the Purchaser's draw order/s, within the framework of the Contract, shall be no later than six (6) months from the end of any of the following: the Basic Frame Contract Period, Extension Period or the Option Period, whichever occurs later.

3.4. The Purchaser reserves the right, prior to proceeding to the second (pricing) stage of the abovementioned tender/inquiry, to modify or update the abovementioned schedule of delivery and lead time.

4. QUANTITIES TO BE PURCHASED

Subject to the Purchaser's obligation to purchase Equipment in the quantities specified in paragraph 2.1, above:

4.1. In the event that the Equipment consist of various, non-identical items, the Purchaser shall have a right to purchase some of the items and not the others.

4.2. In the event the Purchaser purchases any specific items under the Frame Contract, the Purchaser shall be obliged to purchase at **least 50%** of the quantity of the specific item of Equipment specified in the Order/Contract.

4.3. The Purchaser reserves the right, prior to proceeding to the second (pricing) stage of the abovementioned tender/inquiry, to modify or update the quantities.

5. PERFORMANCE GUARANTEE

5.1. Where the value of the Order/Contract is in excess of NIS2,000,000 (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/inquiry) and without in any way derogating from Supplier's duty to perform its obligations under the purchase Order/Contract, the Supplier shall, at its expense, within 30 (thirty) days from the issuance of an Order, provide the Purchaser with a guarantee for the due performance of the Contract/Order, in the form of an unconditional standby letter of credit (in the form, attached to the tender/inquiry documents), to be given by the entities stated in Annexure Y, in an amount equal to 5% (excluding options and/or flexibilities and/or VAT) of the annual value of the Contract/Order Price.

5.2. In the event of an extension of the "Basic Frame Contract Period" in accordance with paragraph 2, above, the Supplier shall deliver to the Purchaser, within the first fourteen days of the "Extension Period", an extension of the performance guarantee for an additional period equal to the Extension Period.

5.3. Where Purchaser has decided to exercise an option and its price exceeds NIS2,000,0000 (excluding 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 the Tender Committee's decision to exercise the option), the Supplier hereby undertakes to provide to the Purchaser, at Supplier's expense, immediately upon receipt of notice of Purchaser's exercise of the option, a performance guarantee for the due performance of the option, in the form of an unconditional standby letter of credit (in the form, attached to the tender/ inquiry Documents), to be given by the entities stated in Annexure Y , in an amount equal to 5% (excluding option and/or flexibilities and/or VAT) of the Option Price.

5.4. The guarantee shall remain in effect until sixty (60) days after the warranty period or in the event there is no warranty period, the guarantee shall remain valid up to 60 days after the last date of delivery

5.5. Said guarantee shall be amended from time to time to reflect the adjusted option price, due to the issuance of change orders;

6. **<u>WARRANTY - 12 months from the end of each periodic supply.</u>**