

The Israel Electric Corporation Ltd.
ANNEXURE "A11"

GENERAL CONDITIONS FOR PURCHASE OF SERVICES PERFORMED IN ISRAEL (FOR CONSTRUCTION)

07.02.2023

1. DEFINITIONS:

- A) "Building Regulations (Takanot Habnia)" - Service Safety Regulations (Construction Service), 5748-1988, as amended from time to time.
- B) "Completion of Service" - Completion of all Services and their delivery to the Purchaser, approved by the Supervisor, completed in accordance with the Contract's provisions, as per the Contract's provisions, technical specifications, designs and any law.
- C) "Contractor" shall mean the party whose offer in the Tender/RFP has been accepted by the Purchaser.
- D) "Drawings" - The designs that constitute an integral part of the Contract, including any changes to such design, which have been approved in writing by the Supervisor, as well as any other design approved from time to time in writing by the Supervisor.
- E) "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 the Services from the Contractor.
- F) "Index" - within the meaning of Appendix 4 to the Contract.
- G) "Monthly Index for liquidated damage purposes" - The last known index upon the submission of the Contractor's bid for the execution of the Services.
- H) "Order/Contract" - The agreement with the Contractor or ordering Purchaser for the Service and any attachment thereto as well as any other written agreement agreed upon which shall form an integral part of the Contract, including modification provisions.
- I) "Order/Contract Price" shall mean all remuneration payable to Contractor for the provision of the Services.
- J) "Purchaser" - shall mean the Israel Electric Corporation Ltd. ("IEC").
- K) "Services" - Services performed by Contractor's or its sub-Contractor's personnel at the site or such other place in Israel as indicated by the Purchaser and as described in the designs and the various Contract documents and appendices, including temporary Services and including equipment or facilities intended to form part of the Services.
- L) "Service Acceptance Notice" - Written notice to the Contractor instructing him to commence Service on the date specified therein.
- M) "Service Material" - Services, programs, surveys, computer programs, reports, information, calculations, as well as all papers and documents and/or other material of any kind, without limitation (including copies), stored by any means, including computerized and magnetic means, etc., which were prepared and/or accumulated by the Contractor or on its behalf - for the sake or due to performance of the Services.
- N) "Specifications" - The various special conditions relating to the Service in question, including special and additional terms with respect to each of the other Contract documents.
- O) "Supervisor" - A person appointed by the Purchaser to supervise the Services or part thereof on behalf of the Purchaser.
- P) "Tender/RFP" shall mean the process, by which the Contractor's proposal has been solicited, including any documents attached as part of the Purchaser's invitation to submit/solicit proposals.

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2. UNDERTAKINGS AND DECLARATIONS OF THE CONTRACTOR:

Without derogating from the remaining undertakings of the Contractor that are specified in these General Terms and Conditions, the Contractor undertakes as follows:

- 2.1. To perform the Services with dedication, trust, skill, expertise and at a level of proficiency to be expected of a Contractor with the background and experience that Contractor has represented it has, through investment of its maximal efforts and capabilities and/or those of any of the Contractor's employees and/or sub-Contractors that will be occupied with performance of the Services, and according to the optimal rules of the profession, throughout the entire Order, and through fulfillment of the provisions of these General Terms and Conditions and the instructions submitted thereto by the Purchaser from time to time. The Contractor will carry full and exclusive responsibility for the nature and quality of the Services provided by it and/or ordered by the Purchaser. The Purchaser shall provide such access to its information, property and personnel as may be reasonably required in order to permit the Contractor to perform the Services.

The Contractor declares that it has the skills, ability and knowledge, and an appropriate engineering system, the necessary manpower, materials, machinery, equipment, structures, appropriate permits and licenses and every other means, including financial means, to meet its full obligations under the Contract, and acknowledges that based on that statement, the Purchaser agreed to enter into a contract with it.

- 2.2. Not to publish, in any manner, any matter, without limitation, relating to and/or involved with the Services and the performance thereof or deriving therefrom, including the very provision of the Services – unless having received the explicit consent of the Purchaser in advance and in writing.
- 2.3. For removal of doubt, it is hereby made explicit that the aforesaid provisions do not derogate from the Contractor's responsibility or exempt the Contractor from any of its undertakings towards the Purchaser according to the Order/Contract.
- 2.4. If a lawsuit and/or demand is filed against the Purchaser due to and/or in connection with the performance of the Services, or if the Purchaser files a lawsuit and/or demand against any third party due to and/or in connection with the performance of the Services, at any time, even after the termination of the Service's provision period, then the Contractor will provide the Purchaser all the assistance that is necessary for defense of the lawsuit or for the sake of filing of the lawsuit, as the case may be, including the submission of a written or oral opinion, testimony, submission of documents, etc.; this will be done without additional payment being required .

“Lawsuit”, in this context – whether having reached deliberation before a judicial body of any kind (court, tribunal, arbitrator, etc.) or not having reached such deliberation. Violation of this section will constitute a fundamental violation of the Order.

- 2.5 The Contractor hereby declares that it is a registered Contractor under the Engineering Construction Contractors (Registration) Law, 5729-1969 and in the event that this is not the case, the Contractor undertakes to apply for an exemption under said law in accordance with Section 14A thereof and further undertakes not to subcontract any of the Services to a subcontractor, unless that subcontractor is registered and appropriately classified in accordance with the provisions of the aforesaid law.

- 2.6 The Contractor declares that it is aware of the provisions of the Work Safety Ordinance and the Regulations promulgated in accordance therewith regarding the Contractor's status as an

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"Executor of Construction" as defined in the aforesaid Ordinance and undertakes to act in accordance therewith.

It is hereby agreed that the Contractor is the "Construction executor", within the meaning of this term in the Building Regulations, and assumes overall responsibility for the fulfillment of the Construction Regulations, even while Service is being carried out on site by others, including IEC employees. The Contractor shall send notice of its appointment as the Construction Executor with overall responsibility to the Regional Labor Inspector as soon as the Service Acceptance Notice is received, and shall forward a copy of the notice to the Supervisor.

- 2.7 The Contractor shall comply with all the relevant provisions relating to safety of property and persons as stipulated in the Service Safety Ordinance 1970 and Regulations promulgated in accordance therewith as well as all other safety laws and regulations including the Purchaser's safety instructions and regulations.

In the event that the Contractor is a joint venture, it is made clear that all the parties to the joint venture are committed, both jointly and severally, to all the obligations contained in the terms of the Contract. The Purchaser may require the fulfillment of any liability, in whole or in part, from any or all of the parties to the joint venture, and it is agreed that no claim shall be made by the Contractor by which the joint venture constitutes a separate legal person. This section does not detract from the Contractor's obligation to ensure the registration of the joint venture as prescribed by any law, any directives of the tax authorities, other qualified entities and the Purchaser.

3. EARLY INSPECTION

The Contractor shall visit the work site and its surroundings, to reasonably carry out every necessary early inspection and to obtain all information and data necessary for executing the Services, and every other Contractor obligation, in accordance with the terms of the Contract.

In any event, the Contractor shall be deemed to have fulfilled all of the obligations referred to in this section, and shall be prevented from making any claim relating to the nature of the site or its environment, or to any other data relating to the performance of its obligations under the Contract.

The Contractor is required to inspect the documents attached to the Contract, including the dimensions appearing in the designs, and their conformity with the reality at the work site, and in any case be deemed to have inspected the said documents, and be prevented from making any claim against the written provisions and obligations specified in the said documents and implied by them.

The Contractor confirms to have checked and understood all the requirements of the technical specifications, and to be able to fulfill its entire obligations under the Contract, in exchange for the consideration set forth in the Contract.

The Contractor shall determine the price of the Services in accordance with the specifications, based on the results of the early inspections, and be prevented from demanding any price changes for any reason related to not knowing the conditions of the work site and its environment, which were inspected by him as stated above.

In the event that the Contractor discovers any non-conformances or discrepancies in the documents or designs, it shall inform that to the Supervisor immediately and in writing.

4. QUALITY INSPECTION, DELIVERY AND PERFORMANCE:

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- 4.1. The Services shall be performed according to the agreed schedule, as set forth in the Order/Contract, or as designated by the Purchaser, as applicable and the price agreed upon includes such delivery.

Failure to comply with this provision shall be considered a fundamental breach of the Contract.

In the event that, at any time, the Supervisor believes that the Service progress is not in accordance with the schedule approved or set by him, and does not ensure the completion of the Service on the date specified in the Contract, the Supervisor may, at his discretion, instruct the Contractor to take every step necessary to ensure the completion of the Service on time.

In the event that the Contractor has not taken the measures requested by the Supervisor and has not corrected the Service arrears and/or if the Supervisor believes that the Contractor will not complete the Services on time, the Purchaser may act in any way as it deems fit and necessary to complete the Services on the date specified in the Contract and, inter alia, terminate the Contractor's Service immediately and remove the Contractor from the work site, in accordance with the provisions herein.

Without prejudice to the Purchaser's rights under this section, if the Contractor fails to comply with the Service execution order or schedule, and/or with the primary and/or intermediate targets set forth in the Contract and its appendices, the Contractor shall pay the Purchaser liquidated damages at the rate of ½% of the contract value and/or of the value of the primary and/or intermediate target, respectively, per each week of delay or any part thereof, up to a total and cumulative maximum of 10% of the contract value.

These liquidated damages were determined by the parties as reasonable compensation for damage due to delays in the performance of the Services which can be any foreseen at the time of signing the Contract.

The amount of the liquidated damages shall be indexed and will increase by the rate of any increase in the index rate between the base index month relevant to the matter of liquidated damages and the month on which the actual Service was completed. The provisions of this subsection shall not derogate from the rights of the Purchaser under the Contract Law (Remedies due to Breach of Contract), 5731-1970.

The Purchaser shall be entitled to deduct the amount of such liquidated damages from any amount due to the Contractor at any time, or to collect it from the Contractor in any other way, including by means of guarantees forfeiture. Compensation payment, deductions or their collection does not exempt the Contractor from its obligation to complete the Services, or any other obligation under the Contract.

"Contract Value" in this section shall be in accordance with the definition of the term "Contract" in Section 1 above, except in cases where the Contractor has completed the performance of all Services under the Contract, whereupon the "Contract Value" shall be equal to the value of the Services performed in practice.

- 4.2. Reserved

- 4.3. Should it be determined that necessary documents, as mentioned in the tender documents/RFP, are required to be delivered along with the Services, failure to provide and deliver such documents with the aforementioned Services, shall be considered as a delay in the delivery date and Contractor will be obliged to pay the determined liquidated damages, as described in sub-article 3.3 above.

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5. PERMITS AND LICENSING:

- 5.1. The Contractor shall be responsible for obtaining all work permits, entry visas and other permits required for employing the Contractor's personnel in Israel and performing the Services under the Contract, as required by the Israeli Law and any successive or other legislation relevant to the matter. For the avoidance of any doubt, the Contractor will bear all the expenses related to this issue.
- 5.2. Purchaser recommends that each service provider will arrive in Israel with a letter from Purchaser stating the nature of the Services. For purposes of preparing such letter, the Contractor shall send Purchaser the name and passport number of each person arriving at least 7 working days in advance of arrival to Israel.
- 5.3. Purchaser will not allow personnel without a valid and appropriate work permit stamped in his or her passport entry into the site where the Services are to be performed.
- 5.4. Service personnel arriving in Israel or at the site without a valid and appropriate work permit stamped in his or her passport will be deemed not to have arrived, and the Contractor shall be deemed in material breach of the terms of the relevant Order.
- 5.5. The Contractor shall ensure that its Service personnel fulfill all requirements pursuant to the Israeli law regarding employment.
- 5.6. The Contractor undertakes to obtain, at its own expense, all the licenses, permits, approvals and/or any other document (hereinafter: "the Licensing Documents"), from any authorized authority, that are required according to any law, for the purpose of performing its obligations under the Order/Contract.
- 5.7. The Contractor undertakes that it will maintain the validity of all the Licensing Documents required by law, for the purpose of performing its obligations under the Order/Contract throughout the full Contract period with Purchaser. If in any case, the validity of any of the Licensing Documents will expire, the Contractor must report this issue to Purchaser immediately, and to act for their renewal. The violation of this section will be considered as a material breach of the Order/Contract.
- 5.8. Without derogating from the rest of the provisions of the Order/Contract and their Annexes, in the case that the Contractor will violate the instructions of this section, Purchaser will be entitled to terminate the Order/Contract with the Contractor, without any prior notice, and such action will not derogate from Purchaser's right to exercise any remedy available to it according to any law and/or under the Contract, against the Contractor.

6. ABSENCE OF EMPLOYMENT RELATIONS:

- 6.1. No provision of this Contract forms may be interpreted as forming employment and/or agency and/or partnership relations between Purchaser and the Contractor and/or between Purchaser and any other person or body with which the Contractor engages and/or anyone that is employed thereby for the sake of performance of this Contract. For removal of doubt, it is made explicit that the Contractor or its alternate or anyone on its behalf, in its place or in lieu thereof performs the training, instructions and the provisions of this Contract as an independent Contractor for all matters, according to the meaning of such in the various laws.
- 6.2. The Contractor declares that he performs Services to another/others as well, and that it is not integrated in the organizational framework of Purchaser and has no intention of doing so.

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The Contractor shall carry out the Services as a chief independent Contractor and not as a Purchaser employee, and shall be responsible for any acts and/or omissions, whether done, or not done, by it, by its authorized representative, or by its substitutes, including by any subcontractor acting on its behalf and/or for it and/or as its proxy, in the execution of the Services or any part of them.

In the event that a claim, of any kind, is to be submitted by the Contractor's employees and/or employees of its subcontractors and/or anyone acting on their behalf, based on a claim by which employee-employer relations are maintained between these employees and the Purchaser, the Contractor undertakes to indemnify the Purchaser within 14 days of its first request, for any amount that it might bear and/or be charged with in connection therewith by a qualified party and within the framework of any proceeding, including arbitration or settlement, plus attorney's fees and additional expenses incurred by the Purchaser as a result of such claim. The Purchaser agrees that the Contractor shall be a party to the proceedings against the Purchaser pursuant to this section.

The parties hereby explicitly agree that the provisions of this Article will apply throughout the Contract period, as well as after the termination thereof.

The Contractor undertakes to employ only workers who are citizens of Israel, or who hold a visa and a temporary/permanent residence permit, in accordance with the Law for Entry into Israel, 5712-1952 for the purpose of carrying out the Service.

Employing non-Israeli employees (or who are not permanent/temporary residents, as stated above) will only be possible subject to the submission of a reasoned application, and to the obtainment of the Purchaser's **prior written** approval, and subject to a written undertaking by the Contractor to bear any additional costs incurred by the Purchaser due to the employment of such employees, at its sole discretion.

These provisions shall also apply to employees who are employed by subcontractors for the purpose of carrying out the Service under this Agreement. This section does not authorize the employment of subcontractors without the approval of the Purchaser.

The provisions of this subsection shall not apply to the employment of a foreign expert as per the Income Tax Regulations (deduction of expenses incurred by non-residents), 5739-1979.

For executing the Contract, the Contractor shall employ employees in accordance with the provisions of the Employment Service Act, 5719-1959, and according to the provisions of any other law relating to the employment of employees, pay wages and ensure the working conditions, in accordance with the provisions of the collective agreements applicable to them, extension orders and any law.

Without prejudice to the generality of the foregoing, the Contractor undertakes to comply with respect to its employees with the provisions of the Minimum Wage Law, 5747-1987, Working and Rest Hours Law, 5711-1951, Wage Protection Act, 5718-1958 and the Foreign Workers Law (prohibition of Unlawful Employment and Ensuring Fair Conditions), 5751-1991, in their entirety.

The Contractor declares that non-fulfillment, in deed or omission, of any of the foregoing statutory provisions regarding any employee employed by it for the execution of the Services, shall also constitute a breach of this Contract, and shall provide the Purchaser with remedies according to it and according to law.

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The Contractor shall be responsible for making any provisions and deductions to be made subject to the law, extension orders and collective agreement applicable to the employees, and to transfer them in a timely manner to the authorities, provident funds and any other entity as may be required, and it undertakes to pay in time all taxes and social security contributions in connection with the employment of its employees as prescribed by law.

The Contractor undertakes to present the Purchaser, once every six months, with a Certified Public Accountant confirmation, according to which it has paid to all its employees their full salary and social rights due to them under any law and/or collective agreement and/or extension order applicable thereto.

The Contractor undertakes to provide safety conditions and any condition required for maintaining the well-being of the workers, and to comply with the directives relating to occupational safety, according to any law, and as prescribed by the labor inspectors, within their meaning under the Labor Inspection Act, 5714-1954.

The provisions of this section shall not be construed as imposing any liability on the Purchaser as an employer of the Contractor's employees and shall ensure the performance of the Service without incident as a result of labor disputes between the Contractor and its employees.

For the avoidance of doubt, it is hereby clarified that the Purchaser shall not owe any payment to the Contractor's employees, and any payment due to the Contractor's employees for their employment shall be paid by the Contractor and at its own expense. The Contractor undertakes to clarify this issue to each of its employees.

In the event that a claim, of any kind, is to be submitted by the Contractor's employees and/or employees of its subcontractors and/or anyone acting on their behalf, based on a claim by which employee-employer relations are maintained between these employees and the Purchaser, the Contractor undertakes to indemnify the Purchaser within 14 days of its first request, for any amount that it might bear and/or be charged with in connection therewith by a qualified party and within the framework of any proceeding, including arbitration or settlement, plus attorney's fees and additional expenses incurred by the Purchaser as a result of such claim. The Purchaser agrees that the Contractor shall be a party to the proceedings against the Purchaser pursuant to this section.

7. THE CONTRACTOR'S TOOLS (Where applicable):

7.1 All special tools, instruments or apparatus or other property belonging to the Contractor brought into Israel for purposes of performing the Services intended to be returned to the Contractor after completion of the Services, shall be imported into Israel accompanied by an Ata Carnet form. In the event the Contractor fails to send the tools etc. with the Ata Carnet, all costs of customs duties in Israel shall be on the Contractor's account. Such tools or instruments shall be shipped and delivered by the Contractor to the designated site for performance of the Services, DDP (Incoterms 2010).

The Contractor undertakes to provide, at its own expense the equipment, facilities, materials and anything else as specified in the Contract, as to be necessary for the effective performance of the Services in a timely manner.

The Contractor shall submit to the Supervisor a detailed list of the equipment, facilities and materials that it intends to bring to the work site.

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The Contractor undertakes to use the materials supplied by it for the work site, as well as the materials provided to it by the Purchaser as stated below, solely for the execution of the Services.

The Contractor shall not be permitted to remove equipment, facilities and materials from the work site, whether or not brought by it, without the express written consent of the Supervisor.

The Contractor declares that upon the signing of the Contract - the equipment, facilities and materials that it is required to provide for the execution of the Services are in its full possession and are not encumbered in any form.

If it is to be revealed that the equipment, facilities or materials (all or some) specified above are not in the Contractor's full possession and/or that any third party has a legal right to them, the Contractor will pay the Purchaser, within 14 days of receiving its first request, the full demand that the Purchaser will be forced to pay to any third party, in connection with its rights in such equipment, facilities and materials - whether on the basis of a compromise or a judgment, including legal expenses and attorney fees.

The Contractor undertakes not to pledge the equipment, facilities and materials brought to the work site without the Purchaser's prior written consent.

The Purchaser is not responsible for any loss of Contractor's equipment, facilities and materials or for any damage which might be caused to them, this responsibility rests solely with the Contractor.

The Contractor shall carry out the packaging, transport, loading and unloading, storage and all other operations involved in bringing the materials to the work site, in a way that will prevent their spoilage, pollution or any reduction in their value in any other way. The materials will be stored in a way that prevents interference with the free movement of vehicles and pedestrians, or any other interference.

The Contractor must provide warranties, issued by manufacturers or importers, of the supplied materials, for all the materials for which there is a legal obligation to provide consumer warranty certificates, or if such a requirement was included in the specifications, although such legal obligation does not apply to them.

The Use of Purchaser's Materials, Tools, Facilities and Services

The Contractor shall not be permitted to use the Purchaser's materials and equipment, its facilities and its services without the express written consent thereof.

In case the Purchaser issues the Contractor its consent, as stated:

- (1) The Purchaser shall not be held responsible for the integrity and suitability of the equipment, materials, facilities and services for the Contractor's purposes in the performance of the Services.
- (2) The Contractor shall be responsible for maintaining the integrity and completeness of the equipment, materials, facilities and services from the time of their receipt from the Purchaser until their return to the Purchaser.
- (3) In the event of any malfunction of equipment, facilities, materials or services, the Contractor undertakes to notify the Supervisor immediately and to bear every expense or damage incurred by the Purchaser as a result.

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(4) In the event of any incompatibility of the materials supplied to the Contractor by the Purchaser as per the Contract requirements, the Contractor shall immediately notify the Purchaser and proceed with the performance of the Services in accordance with the Supervisor's instructions.

In the event that the Contractor fails to notify the Supervisor of such incompatibility within 24 hours of becoming aware of the incompatibility, the Contractor shall be responsible for any damage or loss caused to the Purchaser as a result of the use of such incompatible materials, or as a result of any delay due to the said incompatibility.

(5) The Contractor shall also be liable for any damage caused to any person or property as a result of the use of equipment, materials, facilities and services provided by the Purchaser as aforesaid, resulting from the improper use by the Contractor.

(6) In the event that a claim is filed against the Purchaser for the repayment of any such damages, the Contractor shall indemnify the Purchaser in the full amount that the Purchaser will be required to pay, either on the basis of a compromise or a judgment, including legal fees and attorney fees.

(7) For the avoidance of doubt, it is hereby declared that the provision of this section shall apply whether the Purchaser provides the Contractor with the materials and/or equipment and/or facilities and/or its services, as stated, by means of its employees, or whether the Purchaser provides the Contractor with the materials and/or equipment and/or facilities and/or its services without providing it for that purpose with the services of its employees.

The Contractor shall pay to the Purchaser, for the use of the materials and/or equipment and/or facilities and/or services, the payments specified in the document whereby the Purchaser will grant it the said right of use and/or the right to obtain its services, as stated above, unless otherwise stated in the contract.

The provisions hereunder shall also apply to the materials, as applicable.

In the event that the Purchaser submits materials to the Contractor, for the performance of the Services, as specified in the Contract, such delivery shall be deemed to be lending of materials by the Purchaser to the Contractor, and such Materials shall be included in the Services and form an integral part thereof.

A Certificate of Delivery for material or equipment of the Purchaser, or any other acceptance confirmation signed by or on behalf of the Contractor, shall bind the Contractor and the Contractor shall not have any right to appeal against the quantity of the materials or the number of equipment units received by it or their conformity with the description contained in such said certificate of delivery or confirmation.

Once the Services are completed and delivered to the Purchaser, the Contractor will return the remains of the materials provided to it, together with a detailed list of the materials used by it in the course of Service, in accordance with the provisions specified in the Contract.

With regard to power supply, the Purchaser's liability to the Contractor is as defined with respect to any ordinary consumer.

In the event that the Purchaser assumes the responsibility for providing power supply, by providing a connection point for the Contractor's main board, the Contractor must provide all the equipment necessary for the system, starting from the connection point, and ensure the maintenance and operation of the system.

The Supervisor will be entitled to prevent the supply of voltage to the Contractor's electrical system if a safety, or any other, defect is detected in this system.

The parties agree that even if the Purchaser allows the Contractor to use the Purchaser's equipment, materials and services, this will not detract from the Contractor's status as the Construction Executor, as specified above.

- 7.2 The Contractor shall not be entitled to use the equipment of Purchaser or to direct (instruct) the usage thereof without Purchaser's express consent. In the event that Purchaser agrees to put such equipment at the disposal of the Contractor, the Contractor shall be responsible for the care of such equipment, from the time of their receipt until their return to Purchaser.
- 7.3 In the event of any loss or damage to Purchaser's equipment, or to any death or injury to persons resulting from the use of Purchaser's equipment, the Contractor shall immediately notify Purchaser thereof in writing.
- 7.4 In the event of damage to Purchaser's equipment or injury to persons as a result of the unreasonable use of the equipment or carelessness of the Contractor, the Contractor shall be responsible for such damage or injury.
- 7.5 All materials (if any) and services supplied to the Contractor by Purchaser shall be used solely for the purposes of the performance of the Services.

8 SHIPMENT, HANDLING AND BILLING DOCUMENTATION:

The Contractor shall comply with the following provisions, concerning handling, shipping and invoicing:

- a. Contractor shall make no shipment in advance of the specified/Contractual delivery/shipping dates, without obtaining Purchaser's prior written approval.
- b. No shipment shall be made, except through the Purchaser's freight forwarders, designated in the purchase Order (where applicable). In the event no freight forwarder is designated, the Purchaser's Import Manager should be contacted for instructions.

9 TRAINING AND INSTRUCTION (Where applicable):

Contractor undertakes to provide those of Purchaser's employees who will be engaged in the use of the system/software/hardware/goods/products/equipment related to the Services, from time to time, with such training and instruction as shall be reasonably necessary to enable the optimal and efficient use of the system/software/hardware/goods/products/equipment related to the Services, by such employees. Details of the manner in which such training and instruction are provided by Contractor are set out in the specification.

10 WARRANTY:

10.1 WARRANTY FOR SERVICES:

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The Contractor warrants for all its Services rendered under the Order that:

- 10.1.1 The advice, recommendations, technical information, reports, analysis and performance of its personnel will reflect competent professional knowledge and judgment rendered by skilled and qualified personnel in accordance with accepted industry standards and practices; and
 - 10.1.1.1 the Services provided shall be free from design, patent or copyright infringement, errors and defects; and
 - 10.1.1.2 If, during the above warranty period, the Services (or any part thereof) or the system/software/hardware/goods/products/equipment related to the Services fail to conform with this warranty, due to any act and/or omission of the Contractor, and Purchaser notifies the Contractor of any such failure or non-conformance in writing, the Contractor will promptly remedy, replace or re-perform the defective Services or part thereof or the system/software/hardware/goods/products/equipment related to the Services, at Purchaser's discretion, on Contractor's own account.
- 10.1.2 THE WARRANTIES SET FORTH ABOVE ARE IN LIEU OF AND EXPRESSLY EXCLUDE ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

The Contractor undertakes to perform the Service at the highest professional standards and in accordance with the relevant standards and the requirements described in the Contract and its appendices, to the full satisfaction of the Purchaser.

The Contractor undertakes to use, in the course of Service, high quality materials, in accordance with the requirements specified in the contract, specifications, designs and bill of quantities. In the case of materials or other "commodity", as defined in the Standards Law, 5713-1953, to which a standard has been specified by the Israeli Standards Institute, the Contractor shall use such materials or commodity which properties match the said standard.

If certain materials were provided by the Purchaser, this shall detract from the Contractor's responsibility for the quality of the Service.

The Contractor shall furnish to the Supervisor, if it is so required under the terms of the Contract, any standard requirements or at the request of the Supervisor, samples of the materials purposed for the performance of the Service, as well as any other documents or proofs of the nature and quality of the materials, such as: Testing certification from accredited institutions. The Contractor shall also provide equipment, tools, work force and any other means necessary to carry out the said tests at the work site or at a laboratory, in accordance with the provisions of the Contract or the instructions of the Supervisor.

The costs of conducting the material or equipment testing requested by the Supervisor will be paid by the Purchaser, unless if the testing results reveal that the tested materials or equipment have been found to be unsuitable for the performance of the Contract, whereupon the Contractor will bear those expenses.

The Supervisor shall be entitled to inspect the Services at any time, and such an inspection shall not detract from the Contractor's responsibility for the quality of the Services.

If any defects are found in the Services, or in any part of them, or if the Services, or any part of them, are found to be inconsistent with the requirements of the Contract, the Contractor must

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remove, destroy or repair, at its own expense, the defective or incompatible part of the Services, at the sole discretion of the Supervisor.

The Supervisor may waive the removal, destruction or repair of any defective or incompatible part of the Services. In such a case, it must evaluate the amount of the reduction in the value of the Services and deduct this amount of reduction from any monies owed to the Contractor by the Purchaser, from the guarantee funds deposited by the Contractor or in any other way.

If the Contractor fails to comply with the provisions above, the Purchaser may carry out the Services, in whole or in part, by means of another Contractor, by itself, or in any manner it may deem fit, at the expense of the Contractor, and the Purchaser may collect the costs incurred as a result from the Contractor, or their from any amount owed to it at any time by the Purchaser, plus 12% of it as compensation against office expenses. For the purpose of following the provisions of this subsection, the Purchaser shall have full right to use any equipment of the Contractor located on the work site.

The date of the repairs will be determined by the Supervisor according to the needs of the Purchaser.

The Contractor's responsibility for the quality of the repairs will be for a period of one year from the date of repairs.

Once all the Services are completed, the Contractor is required to extend the guarantee for the quality of the repair Services for another period.

The duration of the additional period and the amount of the guarantee specified above shall be determined by the Supervisor.

The Contractor's warranty period under this section is for one year from the Completion of Service (hereinafter: the "Warranty Period"), unless specified otherwise in another Annex to this Contract, or by the Supervisor.

- (1) In the event that the Services are delivered to the Purchaser in parts, the warranty period for each part of the Service will begin on the date of Completion of Service of the delivered part.
- (2) If, during the Warranty Period, the equipment ceases to function as a result of any defect or incompatibility, or as a result of a breach of any of the terms of this Agreement, the Warranty Period will be extended for the same period as the period during which the equipment was not operable.
- (3) In contracts made for the execution of marine excavation Services, land research drilling, concrete and soil testing, waste disposal, manpower services provision, supply and construction of industrial scaffolding, radiography operations, pressure cleaning, coal ship cleaning, certified tester, tank cleaning, coal stacking, superheater renovation, pumping and rinsing, translation services, grinding for non-destructive testing, video photography services and wastewater treatment facility operation and maintenance, facility maintenance (elevators, lifting and conveying facilities, air conditioning and ventilation systems) will not require a warranty period.

It should be emphasized that no approval, of any kind, granted by the Purchaser with respect to materials, equipment, working methods, etc., shall derogate from the Contractor's responsibility under this contract.

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11 SERVICE PERSONNEL:

- 11.1 The Contractor shall be responsible for the professional suitability and skill of its personnel. The Contractor undertakes to provide, at its own expense, the manpower required to carry out the Service, the supervision of this manpower, the means to transport them to and from the work site, and everything else involved.
- The Contractor undertakes to employ employees, both professional and others, in the amount required to carry out the Service within the period stipulated in the Contract. In the case of Service whose performance requires registration, license or permit under any law, the Contractor must employ only employees that are registered or who hold such license or permit, as the case may be. The Contractor undertakes to employ only employees who obtain a security clearance for the performance of the Service. The Contractor also undertakes to ensure that its authorized proxy be present at the work site throughout the entire working hours.
- 11.2 To perform the Services with dedication, trust, skill, expertise and at a level of proficiency to be expected of a Contractor with the background and experience that Contractor has represented it has, through investment of its maximal efforts and capabilities and/or those of any of the Contractor's employees and/or sub-Contractors that will be occupied with performance of the Services, and according to the optimal rules of the profession, throughout the entire Order, and through fulfillment of the provisions of these General Terms and Conditions and the instructions submitted thereto by the Purchaser from time to time. The Contractor will carry full and exclusive responsibility for the nature and quality of the Services provided by it and/or ordered by the Purchaser. The Purchaser shall provide such access to its information, property and personnel as may be reasonably required in order to permit the Contractor to perform the Services.
- 11.3 IEC shall be entitled to request the Contractor to replace any of its personnel considered by the IEC to be unsuitable for any reasonable cause. Transportation of replacement personnel to Israel including other traveling and living expenses en-route and all baggage charges shall be at the expense of the Contractor (if any).
- 11.4 To obviate problems of communication related to the Service, the Contractor shall ensure that its personnel are fully conversant in either English or Hebrew. In the absence thereof, the Contractor shall ensure that the services of a qualified translator are provided with no charge to IEC.
- 11.5 The Contractor is responsible for ensuring that all employees brought by it and/or on its behalf for Services at IEC sites, whether the Contractor's employees or employees of its sub-Contractors, possess safety training and certification for the types of Services they will perform, including certification for Service at heights (if needed), all in accordance with the relevant Israeli legislation. The Contractor shall ensure that all such employees sign IEC's safety instructions documents, as shall be required, before the commencement of the Services.
- 11.6 All Contractor's personnel sent to Israel will possess a mobile telephone to facilitate communication with Purchaser's site personnel.
- 11.7 Where Services are to be performed at IEC's premises (except in cases of theoretical guidance/teaching) Contractor shall be obliged to sign the Safety Appendix attached to the tender/RFP documents.
- 11.8 The Supervisor may, for security, safety or any other reasonable reason, instruct the Contractor to keep away any worker and/or person employed by it to perform the Services, and the Contractor shall be obliged to remove any such person from the work site, within the time period to be designated for that by the Supervisor. If a person has been removed from the site following

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such a request, as stated above - the Contractor shall not re-employ him, neither directly nor indirectly, for the performing of the Services.

The Contractor undertakes to take every safety measure necessary for the performance of the Services, and to comply with every provision of the Work Safety Ordinance, the regulations promulgated under it, the Labour Inspection (Organization) Law 5714-1954 and the regulations promulgated under it, and any other provision or requirement under any law, and to comply with the Purchaser's instructions relating to safety at work and the use of equipment. Furthermore, the Contractor commits to the safety instructions relating to construction and engineering Services, attached to this Agreement, constituting an integral part thereof.

In addition, the Contractor undertakes to comply with the safety instructions to be issued to it upon the commencement of the Services performance, which refer to the special Service arrangements relating to the Services.

Notwithstanding the regulations of the Labor Inspection Organization (Safety Supervisors), 5756-1996, the Contractor shall appoint a Safety Supervisor in each case where at least 50 employees are employed by it at the work site. The Safety Inspector shall submit a monthly report to the Supervisor, detailing all the operations conducted by it.

It is hereby clarified and agreed that a breach of the safety instructions, as set forth above and below, shall require the Contractor to pay liquidated damages, as set forth in the table specified in Annex 6b to this agreement.

Without prejudice to the provisions above, and without derogating from the Contractor's responsibility under any law, the Contractor undertakes to:

- (1) Take any precautionary measures requested by the Supervisor or the Purchaser's Safety Supervisor (hereinafter: the "Safety Supervisor").
- (2) Consult with the Safety Supervisor regarding work safety issues, both before commencing the Services and during their execution period.
- (3) Adhere to the Work Safety Regulations (Service at Height), 5767-2007, including with respect to employee training, required training, required equipment and the like.

The Contractor undertakes to install in a conspicuous place at the work site a sign detailing its name and the name of the foreman functioning on its behalf and their address, and the nature of the Service being performed, in accordance with the building regulations and in accordance with the requirements of the Ministry of Labor and the Supervisor.

The Purchaser may, at any time, inspect the safety of the Contractor's equipment, without such an inspection imposing any liability on the Purchaser and without detracting from the Contractor's responsibility.

Upon the completion of the Services by it, the Contractor undertakes to leave the work site with every necessary safety measure required by the Supervisor and any law maintained within it.

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The Contractor will instruct its employees that in the event that in the course of Services conducted at the site, a need appears to evacuate one of its employees for medical services by means of an ambulance, another employee, among the Contractor's employees, will accompany this evacuation and remain with the evacuated worker until his hospitalization, or until the arrival of a family member, or until his release. In the event of evacuation of any of the Contractor's employees, the Contractor shall take care of appointing substituting workers (both in the place of the evacuated worker and in place of the accompanying employee), who will continue carrying out the Services.

The Contractor undertakes to make, at its own expense, every safety, protection, guarding and other arrangements required for complying with the provisions of this section. In the event that the Contractor fails to comply with the provisions of this subsection, the Purchaser may make such arrangements at the Contractor's expense and deduct its expenses from any amount owed to the Contractor by the Purchaser.

The Purchaser shall not be liable for any damage caused to the Contractor's employees and/or its proxies and/or anyone operating on its behalf and/or in its service as a result of any accident or damage caused in the course and due to the Services.

Without prejudice to the foregoing, the Contractor undertakes to notify the Safety Inspector - without delay - of any accident and/or damage and/or other risky event that has occurred.

In accordance with the Work Safety Regulations (Occupational Hygiene and Workers Health under Noise) 5764 - 1984 and the Work Safety Regulations (Occupational and Public Health and the Health of Workers under Harmful Dust Conditions) 5744-1984 (hereinafter: the "Occupational Hygiene Regulations") the Contractor undertakes to ensure that all its employees employed on Purchaser sites and wherever there is any exposure to harmful noise and dust, undergo the necessary medical examinations and provide it, prior to their hiring, with a health register, within its meaning in the Occupational Hygiene Regulations, which shall include every detail, medical examination result and diagnosis, as required by the Occupational Hygiene Regulations and by any law. The Contractor will be required to present the Purchaser with the health registers, as a precondition for placing its employees at the site and as a precondition for carrying out the Services, and also from time to time during the course of Services.

The Contractor shall maintain at the work site a first-aid kit and any other medical equipment required as per the nature of the Service, and ensure the provision of medical care and first aid services to its employees, as required, and in accordance with the provisions of any law.

The Contractor's employees will not apply receive any medical treatment at the Purchaser's clinic at the work site, but only in emergencies and with the approval of the Supervisor.

The Contractor shall make the arrangements to train its employees and provide all employees with inclusive information regarding the risks involved in the performance of the Service, in accordance with the regulations of the Labor Inspection Organization (Information Provision and Training of Employees) 5759-1999 and in accordance with the provisions of Annex 6 to this Contract.

Without derogating from the generality of the foregoing, the Contractor undertakes to:

- (1) Have the foreman conduct safety training sessions with its employees, before commencing the Services, at least once a year, in a language understood to the Contractor's employee.
- (2) Ensure every new employee at the work site, or every employee who has been reassigned to a new job or workstation, undergoes safety training sessions, and report the performance of such training sessions to the Supervisor and the Safety Supervisor operating on behalf of the Purchaser.
- (3) Have every employee who has received training sign a form stating that the employee has undergone safety training and understands the content of the training. Copies of the forms will be forwarded to the Supervisor and Safety Supervisor operating on behalf of the Purchaser.
- (4) Provide written information abstract to employees regarding the risks at the work site, in a language understood to the Contractor's employee.

Without derogating from the provisions above, failure to comply with the provisions of this section shall be deemed a fundamental breach of the Contract.

11.8 In accordance with the Work Safety Ordinance (1970) and the Regulations (1988) promulgated in accordance therewith, the Contractor shall appoint a Work Manager prior to the commencement of the Services. The Work Manager is to be constantly on the site and shall act in accordance with the provisions of the aforesaid Ordinance. The Works Manager shall be a person who is able to speak, read and write English fluently. The Works Manager shall have the authority to issue instructions and take protective measures to prevent accidents. The Works Manager shall be approved by the Ministry of Labour and a copy of such approval shall be submitted to Purchaser's supervisor.

11.9 The Contractor undertakes to ensure safety conditions as well as conditions for safeguarding the health and welfare of the workers as required by Israeli law currently in force, and in absence of any legal requirement, such conditions as may be required by labour inspectors appointed under the Labour Inspection (Organization) Law 1954.

Contractor's Representative and Works Manager

The Contractor, or his authorized representative, will be continuously located at the work site to supervise the Services performance.

The appointment of a qualified representative on behalf of the Contractor shall be subject to the approval of the Purchaser and the Purchaser may refuse to approve such appointment or cancel it at any time.

Any instruction issued by the Purchaser to the Contractor's authorized representative shall be deemed to be an instruction issued to the Contractor.

The Contractor shall appoint a foreman prior to the performance of the Services, in accordance with the terms and directives of the Construction Regulations, under whose direct and constant management the Services are to be carried out.

The Contractor undertakes to submit to the regional inspector, on a form designated for this purpose, a notice containing the name of the foreman who was appointed by it to be in charge of the execution of the Services, in accordance with the building regulations.

A copy of this notice will be forwarded to the Supervisor.

10A WORK SITE, ACCESS AND CLEANING

The location and extent of the work site shall be agreed upon between the parties, including the area in which the Contractor is entitled to erect its installations and stores, assemble its equipment and store the materials required for the execution of the Services. Access thereto shall be delineated by the Purchaser's supervisor. The provisions specified in this sub-article shall not derogate from the Purchaser's rights to enter the Service Site at any time whatsoever. The Contractor shall confine his operations to the work site, and to any additional areas which may be obtained by the Contractor and agreed by the Purchaser as working areas. The Contractor shall take all necessary precautions to keep its equipment and personnel within the Site and these additional areas and to keep them off adjacent land.

Any expense incurred due to the preparation of the work site for the performance of the Services, including the construction of access roads, shall be borne by the Contractor, unless otherwise specified in this Contract.

The Contractor shall be committed to bear the general property taxes to be imposed, if imposed, by the competent authority in respect of the areas within the work site in which it will be granted the right of use by the Purchaser.

It is the Contractor's duty to vacate the work site upon the completion of the Services, or at the request of the Supervisor.

The Purchaser shall be entitled to evacuate the Contractor's equipment and facilities at the Contractor's expense in the event that the Contractor fails to comply with the Purchaser's requirements to evacuate the work site, as stated.

Cleaning

The Contractor will avoid any accumulation of material and waste remains throughout the Service execution period, and ensure the cleanliness of the work site.

Upon the completion of each part of the Services, immediately upon the completion of all Services, the Contractor shall clean the work site and remove any temporary structures, facilities, equipment, materials, waste and garbage of any kind (hereinafter: the "Waste").

The Contractor shall dispose of the Waste only to a site approved for this purpose by the competent authorities, and the disposal to the site, including the manner of transporting the Waste to the disposal site, is the sole responsibility of the Contractor and at its own expense.

In cases of disagreement between any other Contractors, within their meaning in this Annex, the Supervisor shall determine the responsibility and part of any other Contractor with respect to the disposal of the Waste.

The Contractor will leave the work site after the completion of the Services in a clean condition and suitable for its purpose, to the satisfaction of the Supervisor.

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In the event that the Contractor fails to comply with the said instructions, the Purchaser may remove all Waste from the site and dispose of it at the expense of the Contractor, and may charge its account for these expenses, including any general expenses of the proportion to be acceptable to the Purchaser at that time.

The Purchaser shall be entitled to indemnify any claimant for failure to comply with that stated above, and charge the Contractor for any expenses incurred by it pursuant to a judgment or compromise for non-performance or unlawful performance of the required operation.

The Purchaser agrees that the Contractor shall be a party to the proceedings against the Purchaser pursuant to this section.

FINDINGS

"Antiquities", within their meaning in the Antiquities Law 5738-1978, or any law relating to antiquities to be in force from time to time, and any other objects of geological or archaeological value to be discovered at the work site - are state assets, and the Contractor undertakes to take appropriate precautions to prevent their unnecessary damaging.

Immediately upon the discovery of an antique or artifact as stated above, and before moving them from their location, the Contractor shall notify the Inspector of this finding. The Contractor also undertakes to comply with the provisions of state law regarding antiquities.

ACCESS TO OTHER CONTRACTORS AND PURCHASER'S EMPLOYEES

In the event that any Contractors, or any other entities not employed by the Contractor, including the Purchaser's employees, are to perform Service at the work site or adjacent to it, the Contractor may, as per the Supervisor's instructions, carry out their Service at the work site, or adjacent to it, while performing these Services in collaboration and coordination with those Contractors or other entities, as per the Supervisor's instructions.

The Contractor hereby declares that, at the time of submitting the quotation and proposed schedule and order of execution, it considered the possibility that at the same time that the Services are being conducted, additional Services are to be performed at the work site by other Contractors and entities, as stated above, that interruptions and disruptions may occur in the performance of the Services, and in maintaining their schedules, that it considered these interruptions and disruptions when it submitted the quote as a calculated risk, and that it would not be entitled to issue any claims due to such interruptions and disruptions, provided that the interruptions and disruptions lasted up to 48 hours and that the Purchaser informed the Contractor of them, at least 48 hours in advance.

In addition, such interruptions and disruptions will not affect the Purchaser's right to claim compensation from the Contractor in accordance with this Annex.

If so requested by the Supervisor, the Contractor shall allow Contractors, or other entities scheduled to use the Services and facilities installed by it, and shall be entitled to acceptable consideration for such use. Any disagreement as to the manner in which the Services and facilities are utilized, and as to the amount of the said consideration, are to be decided by the Supervisor.

The provisions of this section shall not derogate from the overall responsibility assumed by the Contractor for the performance of the construction regulations, as specified above regarding the Executor of Construction.

12 WORK DIARY

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The Contractor undertakes to maintain a computerized work diary using a computerized system of the IEC. Such diary shall be maintained by means of the Contractor's IT means (including smart phones), and at its expense (hereinafter: the "diary") and the Contractor must record the following information in the diary on a daily basis:

The number of employees employed in the Services, their professions and their working hours. (Time & Materials (T&M) Services shall also include the employees' names).

The quantities of the various materials invested in T&M Service.

The equipment and facilities brought in and out of the work site.

The use of the equipment and facilities in the performance of the Services.

Weather conditions prevailing at the work site.

The Services done during the day.

Malfunctions and interruptions in the performance of the Services.

Services that the Contractor believes are being performed under exceptional conditions, or which the Contractor believes are exceeding the terms of the Contract, for which the Purchaser should pay a special fee. It should be emphasized that this listing does not exempt the Contractor from presenting a written and separate request under the terms of this contract.

The Supervisor will record in it the following information on a daily basis:

The Supervisor's instructions to the Contractor.

Comments by the Supervisor intended for the Contractor regarding the execution of the Services.

Anything else which may, in the sole discretion of the Supervisor, reflect the factual state of affairs during the execution of the Services.

A response to every comment recorded by the Contractor in the work diary.

The Contractor undertakes to use the diary on a daily basis.

The Contractor shall record in the diary any cause or event caused, or liable to cause, any delay in the performance of the Services, without prejudice to that stated below.

Comments, instructions and any other record recorded by the Supervisor in the diary will be deemed as if they were delivered to the Contractor in writing, whether or not the Contractor signed for it, and will bind the Contractor, in the event that it fails to inform the Supervisor of its reservation concerning them, within 48 hours of their recording. The entries in the diary, except those to which the Contractor had any reservations, will serve as evidence for both parties as to the facts contained therein.

If so required by the Supervisor, and at the discretion of the Purchaser, the Contractor undertakes to keep the diary using a work diary to be provided to the Contractor by the Supervisor.

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If it is to be requested to maintain such a work diary, the Contractor undertakes to report in the work diary and provide the Supervisor on a daily basis with a signed original copy and two photocopies of the diary. In such case, the provisions above shall apply, mutatis mutandis.

13 CHANGES

The Contractor may not modify the Services or any part thereof without the express written consent of the Purchaser.

The Supervisor may notify the Contractor at any time as he thinks fit, including during the course of the Services, of any changes in the Services, or in any part thereof. The Contractor shall submit to the Purchaser immediately and no later than one week from the Supervisor's notice, a quotation for the execution of the requested changes, if these involve any monetary value, in accordance with the following principles:

If a price is specified in the Contract for an item of the same kind as the one specified in the Change Order, the price will be the same as the one specified in the Contract.

If a price is not specified in the Contract for an item of the same kind as the one specified in the Change Order, the price will be based on prices of similar items specified in the Contract.

If a price is not set in the Contract for an item of the same kind or similar to the item specified in the Change Order, the price will be determined by means of negotiations between the Purchaser and the Contractor, in accordance with the provisions below, provided that if the Services specified in the Change Order are intended to be executed by means of a subcontractor, the Contractor shall submit at least three bids collected from subcontractors for the execution of these Services, including a cost analysis.

The item specified in the change shall be deemed to have been included in the Contract at the time of its signing, unless otherwise specified in the Contract and its appendices.

When setting new prices, bids issued by subcontractors, as specified above must be taken into account, as well as the following factors:

The labor salary rates acceptable in the market.

The cost of materials' prices acceptable in the market.

In the absence of a price setting as stated above - basic material prices, as per the prices specified in the Central Bureau of Statistics publications.

Price of other materials, not included above - material prices on the date of the Contractor's commitment to supply the materials in accordance with the Contract, as planned by the Change Order.

Financing.

The Contractor's profit and general expenses shall not exceed 12%.

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After the approval of the changes and their financial value by the Purchaser's authorized entities, the Contractor will be accordingly notified in writing (hereinafter: the "Change Order") and make the changes as directed by the Supervisor.

If the Contractor is of the opinion that it should receive additional compensation for the additional work required for the performance of the Services, or due to changes in the conditions during the execution of the Services, which could not be foreseen at the time of the signing of the Contract, it may submit its claims in writing to the Supervisor, no later than 60 days from the date of the establishment of the cause for its claim.

The Purchaser will discuss the Contractor's claim for additional consideration and shall notify the Contractor of its decision within 60 days, or within another period to be notified to the Contractor by the Supervisor. If the Purchaser decides that the Contractor is entitled to additional consideration, it shall notify it by means of a Change Order.

If the Contractor fails to submit its claim to the Purchaser within 60 days, and if the Contractor does not provide any reasonable cause or reasons for the delay in the submission of its claim, the Purchaser may choose not to discuss it.

It is hereby clarified and emphasized that any change in Services of a monetary value that is not included in the Change Order will not bind the Purchaser, and the Contractor should make the change only after receiving such Change Order.

14 EXTENSION

If a Change Order was issued that requires the execution of additional Service or Service other than that taken into account in the determination of the Completion of Service, or which requires the cancellation or termination of any part of the Service, the Purchaser may, at its own initiative, or at the Contractor's request, determine in it the change in the date set for the completion of the Service, with a revised timetable.

If the Service is delayed due to circumstances which, in the Purchaser's opinion, the Contractor had no control over and could not have prevented the delay, the Contractor may request an extension period to complete the Services, and the Purchaser will determine the extension duration by means of a Change Order.

The conditions for granting an extension period for the completion of the Services will be as follows:

- (1) The Contractor shall be required to furnish evidence, to the satisfaction of the Purchaser, including the work diary, by which the said circumstances occurred and caused a delay in the performance of the Services;
- (2) The Contractor will be required to submit its application for such an extension period within 60 days of the date of the event that caused the delay in the Services.
The Purchaser may discuss the granting of such an extension period and determine the extension duration, even if the application was submitted after the expiry of the said 60 days, provided that the Contractor presents a reasonable reason and explains the causes for the delay in its application.

15 LIMITATION OF LIABILITY:

15.1 In the event that the Contractor is held legally responsible or liable to the Purchaser for any
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damages in connection with the Order/Contract, or the performance of the Services such liability shall, in no event, exceed the value of the higher of the following: the Order/Contract or the amount stated under the liability insurance, (provided such insurance is required under the Tender/RFP).

- 15.2** In no event shall the Contractor be liable to the Purchaser for any indirect or consequential damage or loss including loss of profit provided however, that this exclusion does not derogate in any way from Purchaser's right to claim liquidated damages as specifically provided in this Order/Contract.

16 PAYMENT:

(a) Mode of Payment

Unless otherwise agreed between the parties, payment shall be effected by direct payment (direct bank transfer or swift to Contractor's designated bank account).

(b) Terms of Payment:

Subject to the following, the Purchaser will pay the Contractor the price set in the Contract for the performance of the Services, against duly prepared tax invoices (in the case of an Israeli Contractor)/invoices, which will be submitted to the Purchaser by the Contractor, as stated below, in accordance with the payment dates stipulated in the Contract, as per the provisions of the Value Added Tax Act, 5736-1975 and the Purchaser's directives. It should be emphasized that a precondition for the payment is a requirement that the Contractor submit tax invoices /invoices in accordance with the instructions below.

The price for the execution of the Services is fixed and cannot be changed, unless expressly provided otherwise in this Contract.

The Contractor shall submit to the Purchaser, at the end of each month, a (partial) request for payment for that portion of the Services performed by it up to the date of the submission of the request, minus any intermediate payment paid up to the date of the submission of the request, or any other payment owed to the Purchaser.

The request will refer to the items ordered in the Contract and the Change Order, and rely on charts, specifications and on-site measurement. It will be attached with the work diary, quantity calculations, estimates and any other documents to be requested by the Supervisor.

The quantity reporting will only be done on the "Contractor Reported Bill of Quantities]" form, to be submitted to the Contractor by the Supervisor, unless otherwise authorized by the Supervisor.

Any claim submitted by the Contractor shall be reviewed and examined by the Supervisor. The Purchaser will notify the Contractor of the amount approved for payment. The Contractor will forward a tax invoice/invoice in the amount approved for payment within 3 days of the receipt of the notice by the Purchaser. It is hereby clarified that the provision of tax invoice/invoice, as stated above, is a precondition for the making of any payment that the Purchaser must pay to the Contractor under this Contract.

Any amount approved in accordance with the request for payment, whether for the performance of Services under the Contract, for the execution of additional Services and changes or for the payment of linkage differences, shall be paid to the Contractor as an advance for the execution of the Services.

To receive the consideration due to it under this contract, the Contractor shall submit to the Purchaser a duly prepared tax invoice/invoice within 3 days from the date of the receipt of the Purchaser's notice,

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as specified above, together with any document required by the Purchaser, via electronic media (below: "Digital invoice").

To receive digital invoices from Contractors, the Purchaser has contracted with a provider of a digital platform for the submission of digital invoices (hereinafter: the "Platform Provider").

The Contractor must submit the tax invoice/invoice using the above platform and in accordance with the requirements of the VAT Act, and any regulations under it, as follows:

1. The Contractor will contact the Platform Provider being used by the Purchaser. Such contract will be made according to the commercial conditions of the Platform Provider. The costs associated with submitting digital invoices using the computerized system provided by the Platform Provider [hereinafter: the "Computerized System"] shall apply to the Contractor and be paid directly to the Platform Provider.
2. Once the Contractor is connected to the computerized system, the Purchaser will provide the Platform Provider with the contact information between the Contractor and the Purchaser, on which basis the Contractor will be able to submit the invoices for payment in a controlled and accurate manner. It is hereby clarified that within this framework, all contact information necessary to connect the Contractor to the computerized system, and the operation of invoicing through it will be communicated, including the Contractor's details, details regarding the price and overall consideration in respect of the contracting, payment terms, delivery dates and the like.
3. It is hereby clarified that in the initial phase of the use of the computerized system, and until a different notice is delivered by the Purchaser to the Contractor, only Orders and/or Contracts delivered to the Contractor directly by the Purchaser will be considered binding, and it is not enough that Orders and/or Contracts appear in the computerized system.

The Purchaser will pay the consideration to the Contractor, plus VAT (where applicable), under payment terms of EOM + 70, namely, the payment will be transferred to the Contractor after 70 days have elapsed, counted from the 1st day of the month following the month on which the request was submitted to the Purchaser, after its approval by the Purchaser representative within this period.

Once the Services are completed, the Contractor shall submit to the Purchaser, within 60 days, a final request for payment that reflects all the Services performed, the requested amounts and the amounts received by it as down payments. Furthermore, in addition to the requirements specified above, the final request shall also include any amounts deducted by the Purchaser in accordance with this Contract and the outstanding balance.

Once the Services are completed, the Contractor will not submit any partial request, but only a final request, unless the Purchaser approves otherwise.

In the event that the Contractor submits a tax invoice/invoice not in accordance with the above, and/or without any substantive condition/conditions for the receipt of the consideration in accordance with the Contract being satisfied (hereinafter: an "Incorrect Invoice"), the Purchaser will return the incorrect invoice to the Contractor within 23 business days from the date of the submission of such incorrect invoice, together with details of the flaws found in the Incorrect Invoice, and such invoice shall be deemed as if it has not been issued at all by the Contractor.

In the event that the Purchaser submits the incorrect invoice after 23 business days from the date of its submission by the Contractor's to the Purchaser, the Purchaser shall pay the consideration to the Contractor no later than 10 business days from the date of the scheduled invoice payment, provided that the Purchaser has been issued a revised tax invoice/invoice, duly prepared, and in accordance with the requirements of this Contract. However, the days from the date of the return of the incorrect invoice to the Contractor, and until the date of the submission of a revised tax invoice/invoice, duly prepared and in accordance with the Contract, by the Contractor, will not be included as part of the days set for payment.

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For a payment paid to the Contractor, not in accordance with the payment deadlines set forth above (hereinafter: "Late payment"), the Contractor is entitled to the addition of linkage differentials and interest as defined in the Interest Rate and Linkage Law, 5761-1961, from the date of payment in accordance with the above stipulated dates, up to the actual payment date, and in case of late payment of more than 30 days, plus interest arrears as specified in Section 5 (b) of the Interest Rate and Linkage Law, 5761-1961, for the said period. For this purpose, the Contractor will provide the Purchaser with a legal tax invoice/invoice, for which the payment will be made for the delay, as stated above.

In the event that the Contractor (in the case of an Israeli) is liable to pay tax due to the transaction with the Purchaser, upon the receipt of the consideration, with respect to the amount received, it may submit a transaction-invoice, instead of a tax-invoice, as described above. In the event that the tax charge is due for the transaction upon the receipt of the consideration due to the extent of the Contractor's turnover (in accordance with the Value Added Tax Law, 5775-1975), the Contractor shall provide a certificate issued by a CPA or by the Contractor's manager, confirming that the date of taxation applicable to it for the transaction is upon receipt of the consideration and for the amount received, in the wording to be provided by the Purchaser. Such a certificate shall be issued by the Contractor with respect to the year that ended, and renewed annually. If the Contractor has issued such a certificate, the Purchaser shall rely on this certificate in making its payments per transaction-invoices to be transmitted after the certificate has been provided, and pay the consideration upon its receipt of a transaction-invoice, as stated above.

In the event that a Contractor who is entitled to issue transaction-invoices instead of tax-invoices, for the purpose of receiving the consideration, issues such said transaction-invoice, the following provisions are to apply as well:

1. The Contractor undertakes to submit to the Purchaser a tax invoice not later than fourteen days from the date of its receipt of the consideration paid to it against a transaction-invoice. The tax invoice will be forwarded to the Purchaser in accordance with the rules set out above;
2. In the event that the Contractor fails to provide the Purchaser with a tax invoice on such date, the Purchaser may withhold funds owed to the Contractor by the Purchaser, whether under this Contract or under any other contract it has with it, until the submission date of the tax invoice. The amount so delayed will be in the amount of the input tax that the Purchaser has paid and could not deduct due to the non-submission of the tax invoice by the Contractor on the said date;
3. Without derogating from the foregoing, the Purchaser may claim from the Contractor and/or set-off from the funds that it owes to the Contractor, whether under this Contract or any other contract that it has with it for any damage caused to it due to its failure to provide the tax invoice on time, as stated.

The representative of the Purchaser and/or any person appointed by the Purchaser for this purpose, shall have the power to decide in any case of disagreement regarding the approval of invoices for payment and to determine any matter relating to the execution of the Contract, and his decisions shall be final and binding.

Taxes and compulsory payments will be deducted from every payment paid by the Purchaser, under any law. It is hereby clarified that the Purchaser will deduct such taxes and compulsory payments as stated in the maximum rate prescribed by law, unless a legally valid permit can be presented on the payment date, issued by the tax authorities, which instructs the Purchaser to act otherwise.

To the extent that the Contractor is to be charged under this Contract, the billing invoices are to be digitally produced by means of the computerized system and sent to it via email.

The Purchaser will review the final request and approve it in whole or in part.

The Purchaser will deduct from the unpaid balance, approved by it, the amounts due to it from the Contractor in accordance with the provisions of the Contract, or be entitled to deduct them for any reason, in accordance with the terms of the Contract.

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If the Contractor fails to provide a final request to the Purchaser within 60 days, as stated, the Purchaser may calculate the amounts due to the Contractor as per the data in its possession, and this calculation will bind the Contractor. The Purchaser may deduct from the determined calculated amount the costs of its preparation by the Purchaser, plus 12% thereof as compensation for office expenses.

The Purchaser will pay the unpaid balance of the final request, plus VAT (if applicable), under payment terms of EOM + 70, namely, the payment will be transferred to the Contractor after 70 days have elapsed, counted from the 1st day of the month following the month on which the request was submitted to the Purchaser, after its approval by the Purchaser representative within this period. Provided it is attached with a detailed calculation of quantities, including its entire appendices, materials balance, Completion of Service, final request summary and the Contractor's statement that it has no claims against the performance of the Services beyond what was submitted in the final request.

If all the above specified documents are not submitted together with the request, the counting of the days until repayment shall only begin from the date of the submission of the last document to the Purchaser.

The Contractor will forward a tax invoice/invoice in the amount approved for payment within 3 days of the receipt of the Purchaser's notice, and it is hereby clarified that the transfer of a tax invoice/invoice will only be made once the payment of the unpaid balance of the final request is made.

The Purchaser may authorize the Contractor to submit a supplemental tax invoice/invoice in the event of any disagreements with the Contractor regarding the amount of the outstanding balance. In this case, the undisputed amount will be paid on the above-mentioned date, while after an agreement has been reached between the parties, the balance will be paid in accordance with the terms of payment practiced by the Purchaser at that time. That amount will be linked, and increased by the rate of increase in the index between the index in the month of payment of the undisputed amount and the known index upon the submission of the supplemental tax invoice/invoice.

Any payment to the Contractor on account of performing the Services, both as down payment and as the final payment, will not be construed as proof of the Purchaser's consent to the nature of the Services or the quality of the materials.

All the requests for payment and invoices, as detailed above, shall be submitted by the Contractor at the Accounts Unit's Office in the Projects Execution Division, at 56 Anilevich Street, Tel Aviv.

Tax invoices must be submitted in their original copy.

The deadlines for the payment of the payment requests, as specified above, will only be counted from the date of the receipt of the requests at these offices.

The responsibility for submitting the invoices at the correct Purchaser address rests with the Contractor and constitutes a precondition for making the payment.

If it is revealed that, for some reason, the Contractor received payments beyond what was owed to it, such amounts would be deducted, plus interest and linkage as above, from the date of the Contractor's receipt of the payments and until the date of deduction.

The deduction will be made from the payments owed to the Contractor at that time.

If the Contractor is not owed any payments by the Purchaser at that time, it undertakes to refund the aforementioned amounts to the Purchaser within 14 days of receiving its first request, plus the above interest until the refund day.

If it is revealed that the Contractor has received, for some reason, payments on a date earlier than the date on which it was scheduled to be paid, the Contractor will be required to pay compensation to the Purchaser at the rate published by the Accountant General, applicable on the date of the

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compensation payment, from the date of the receipt of the payments by the Contractor and until the date of the compensation payment.

The compensation will be paid by deduction from any payments owed to the Contractor by the Purchaser under this or any other contract, or based on any other grounds. If the Contractor is not owed any payments by the Purchaser at that time, it undertakes to pay the aforementioned compensation to the Purchaser within 14 days of receiving its first request. In the event that the Contractor fails to comply with this undertaking the compensation shall be taken from the guarantee provided to secure the fulfillment of this Contract, or any other contract between the Contractor and the Purchaser.

It is hereby agreed that the parties, or anyone on their behalf, will be allowed to conduct re-examinations or reviews of any kind and type (including measurements), with respect to any approval to pay a payment request or any amount.

The term "approval" in this section includes any approval, including partial approval, and final approval, even after it has been approved and signed by all the approving entities and ranks.

If it is to be revealed that a mistake has occurred, of any kind, and for any reason, with the approval provided as stated above, the party that issued the approval will be entitled, at any time and up to one year after the final approval issuance, to cancel and/or modify the approval, and consequently also delay the payment of funds and/or deduct funds paid to it due to the erroneous approval from any amount owed and/or to be owed to it under this Contract or any other contract, or based on any other grounds.

If the said party is not owed any payment at the time of the discovery of the error, it undertakes to refund any funds paid to it by mistake, within 14 days of receipt of the other party's request, plus the Accountant General's interest, applicable on the repayment date, from the date of payment and until the refund date.

In the event that the Contractor fails to comply with this undertaking, these amount shall be taken from the guarantee provided to secure the fulfillment of this Contract, or any other contract between the Contractor and the Purchaser.

If the Purchaser authorizes the Contractor to forward Services to a subcontract in accordance with the provisions below, the Purchaser shall pay the Contractor only for the Service performed by the Subcontractor. However, in special cases and at the discretion of the Purchaser, if the Purchaser has authorized the Contractor to hand over to a subcontractor electromechanical Services (such as air conditioning, fire detection and fire extinguishing systems, security alarm, crane, elevators, etc.), the Purchaser may pay the subcontractor directly, payments in respect of the Service performed by it, while the provisions of this section shall apply, mutatis mutandis, to the said payments.

In this case, any bill submitted by a subcontractor will be approved for payment by the Contractor, yet the Contractor may not refuse to approve the bill except for reasonable reasons. In any case, the payments to the subcontractor will not exceed the prices specified in this Contract.

The provisions will also apply if the payment has already been made to the Contractor for the said Services, provided that the payment was not transferred by the Contractor to the subcontractor

In this case, the Purchaser may set-off any amount paid to the Subcontractor against any debt owed by the Purchaser to the Contractor under this or any other agreement with it.

17 RIGHT TO RETAIN OR WITHHOLD PAYMENT:

- 17.1 In addition to, and without derogating from any other remedy available to Purchaser, Purchaser shall have the right to retain or withhold or set off payment from any Contract/order entered into with the Contractor, Purchaser's damages, from the sums due to the Contractor under the Order/Contract in the event of the occurrence of any of the following:

- breach of Contract/Order in whole or in part by the Contractor,

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- failure to provide a required guarantee on the date stipulated in the Order/Contract, as set forth under the terms of the Order/Contract,
- lawsuits filed against Purchaser and/or in the event of damages (including but not limited to defects in the Services) caused to Purchaser and/or any other person as a result of the Order/Contract,

17.2 In the event Purchaser cancels the Order/Contract due to breach by the Contractor, Purchaser shall be entitled at its sole discretion to withhold sums due to the Contractor, until such time as the scope of damages incurred to Purchaser by the Contractor's breach have been determined and Purchaser shall have the right, at its sole discretion, to set-off its damages from the sums withheld from the Contractor (without derogating from Purchaser's right to recover amounts due to Purchaser not included in the said sums set-off) or from any other Contract/order entered into with the Contractor.

17.3 Amounts detailed or set off as specified above shall not bear interest and linkage.

The Contractor shall have no right of lien with respect to the real estate and/or any other asset, in whole or in part, made available (and/or to be made available) to it by the Purchaser for the performance of the Services and its other obligations in accordance with the provisions of the Contract.

Without derogating from the generality of the foregoing, the Contractor shall not have the right of lien with respect to materials, equipment and facilities of any kind, in whole or in part, which are available within the realty area made available to it for the purpose of carrying out the Services and its other obligations in accordance with the provisions of the Contract.

In the event that the Purchaser authorizes the Contractor to hire the services of a subcontractor, the Contractor undertakes to include in any agreement entered into between it and any of the subcontractors employed by it, a condition that denies the subcontractor's right of lien with respect to land asset and/or materials and/or equipment and/or facilities and/or other assets of any kind, in whole or in part, of the Purchaser, which have been (and/or will be) made available to the Subcontractor by the Contractor and/or the Purchaser for the purpose of carrying out the Service as per the provisions of this Contract and/or which were present within the area of the said land asset.

The Contractor shall present the said agreements to the Supervisor at his request and bear any damage caused to the Purchaser in connection with any claim of lien claimed by any of its subcontractors.

18 TAXES:

- (a) **For the purpose of this article only, the following terms shall have the meaning ascribed to them below:**
- Foreign Supplier for tax purposes shall have the meaning ascribed to the term "foreign resident" under the Israeli Income Tax Ordinance 1961.
 - Israeli Supplier for tax purposes shall have the meaning ascribed to the term "Israeli resident" it under the Israeli Income Tax Ordinance 1961.
- b. Taxes and Duties.**
- In the case of an Israeli and a Foreign Supplier for tax purposes, the taxes will be dealt with in accordance with Israeli laws.
 - Foreign and Israeli supplier 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 Order/Contract.

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3. If required, taxes of any nature whatsoever would be levied by any taxing authority in Israel. According to the Israeli domestic tax law or to the relevant Double Taxation Treaty, taxes will be withheld by Purchaser at source, unless the Foreign and Israeli Supplier for tax purposes, will present a written approval issued by the competent Israeli authority confirming that the Foreign Supplier for tax purposes, is exempt from such withholding tax in whole or in part.
4. Foreign and Israeli Supplier for tax purposes shall bear all costs and expenses incurred in obtaining any required certificates of exemption, and the Foreign Supplier for tax purposes shall have no claim against Purchaser for reimbursement of such costs and expenses.
5. A Foreign and Israeli Supplier for tax purposes, awarded the Contract/Order, shall, within 5 working days from receipt of notice of being awarded the Contract/Order, 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 Supplier for tax purposes, is registered as a foreign company in Israel, the Foreign Supplier for tax purposes must present a certificate from the Israeli tax authority.
 - iv. The supplier required to fill a tax questionnaire provided by the purchaser, if applicable.
 - v. Any other document / declaration as requested by the purchaser

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/Order.

Purchaser shall have no obligation to reimburse or indemnify the Foreign Supplier 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 Supplier for tax purposes.

19 PERFORMANCE OR DOWN PAYMENT GUARANTEE:

The guarantees requested during the period of the Contract/Order stated below, shall be issued for the specific Order/Contract.

Purchaser will not accept a guarantee issued for more than one Contract/Order.

The name appearing on the guarantee shall be identical to that appearing on the Contract/Order

20.1 PERFORMANCE GUARANTEE

To ensure the fulfillment of the Contractor's obligations under the Contract, and as precondition to any payment by the Purchaser, the Contractor shall submit to the Purchaser immediately and no later than 7 days from the receipt of the Service Acceptance Notice, a guarantee from an Israeli bank that provided a valid bank license, which was accepted as per the Banking Law (Licensing), 5741-1981, or from an insurance Purchaser in Israel, which presented a valid license from the Ministry of Finance to provide guarantees. The wording of the guarantee will be according to the text attached to this appendix, at a rate of 10% of the contract value or 10% of the annual contractual value in the case of a periodic contract (that was defined as such).

The said guarantee will be linked to the Consumer Price Index, with the determining month for calculating the linkage being the month preceding the month representing the deadline for the submission of the Contractor's bid.

The Contractor shall not commence any Services before the above guarantee has been furnished, and any delay in the commencement of the Services will be imposed on him.

The said guarantee shall be valid for up to 60 days after the end of the Contractor's warranty period under Section 19 above, or until 60 days after the end of the contract period, for the Services specified in Section 19 (j) (3) above. In the case of such periodic contract, the guarantee for the warranty period will be at a rate of 5% of the value of the contract executed in practice during the last year of the

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contract period, and for a period of up to 60 days after the end of the Contractor's warranty period under Section 19 above.

It is agreed that if the said guarantee is not furnished in a timely manner, and without prejudice to the rights of the Purchaser under the contract and under any law, the Purchaser may withhold any payment owed to the Contractor by the Purchaser up to the amount of the said guarantee, until such time as the Contractor furnishes the required guarantee and/or until the end or the warranty period, whichever is earlier.

It is agreed that the Contractor shall not be entitled to an any price increase or interest or any other supplement of any kind whatsoever in respect of the amounts to be delayed.

Without prejudice to the foregoing, it is hereby clarified that if the Contractor is to provide a guarantee under tender procedures before the contract is being signed, this would serve as a guarantee for the fulfillment of all the Contractor's obligations under this agreement and its validity (if expired) shall be extended by the Contractor until it is replaced by a guarantee as required under Subsection (a).

In the event that the guarantee expires before the end of the warranty period for any reason, the Contractor shall make arrangements to renew this guarantee in time, and from time to time, to ensure that it is valid at all times until the end of the warranty period.

In the event that the Contractor fails to provide the Purchaser with an appropriate Letter of Renewal, at least 30 days prior to the expiry of the guarantee, which shall be valid until the end of the Warranty Period, the Purchaser may exercise the Guarantee in its possession and hold the amount to be realized as a collateral for the fulfillment of the Contractor's obligations under the Contract, or to withhold amounts owed to the Contractor under this contract or any other contract, or based on any other grounds, without prejudice to the rights of the Purchaser under the contract and under any law.

All the expenses incurred due to the provision or extension of the guarantee, including postage expenses, will be borne by the Contractor and paid by it.

In the event of a breach of contract and/or non-fulfillment of the terms of the contract by the Contractor, the Purchaser shall be entitled to forfeit the guarantee, in whole or in part, as liquidated damage for its damages, in addition to the amount of the liquidated damages set for delays in the performance of the Services under Section 15 above.

Without prejudice to the foregoing, it is agreed that the Purchaser may extract from the said guarantee amount, at its sole discretion and as per its estimation, all the amounts owed by the Contractor to the Purchaser as compensation for the damages, losses and expenses which the Contractor is liable for in connection with the performance of the Services and/or the fulfillment of its obligations under the contract. Without prejudice to the Purchaser's right to deduct the aforementioned amounts in any other way and/or to request the, from the Contractor, or from its right to request the Contractor to pay it compensations for its damages even beyond the amount of the guarantee.

It is hereby clarified that the guarantee(s) required during the contract period, as set out below, will be furnished with respect to the order in question only. ECI will not approve a guarantee issued for more than one order.

It should also be clarified that the name of the service provider to appear on the guarantee/s will be the name of the service provider that appears in the contract/order only.

"Contract Value" in this section shall be in accordance with the definition of the term "Contract" in Section 1 above, except in cases where the Contractor has completed the performance of all Services under the Contract, whereupon the "Contract Value" shall be equal to the value of the Services performed in practiced.

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In the event that the Purchaser permits the Contractor to use the Purchaser's materials, the Contractor shall furnish, in addition to the said guarantee, also a guarantee for the materials. The guarantee will be in the wording attached to this appendix, at a rate of 100% of the value of the materials transferred to the Contractor, including VAT. The guarantee will be valid for up to 60 days after the end of the materials supply period. The guarantee will be linked to the CPI, plus 4% interest per year.

19.1.1 , the Contractor shall, at its expense, within 7 days from the issuance of an, provide the Purchaser with a guarantee for the due performance of the Contract/Order, in the form of an unconditional standby letter of credit (the terms of which are set out in the form, attached to the Order)(***This is only with respect to a foreign bidder, an Israeli bidder shall furnish a bank guarantee or an insurance Purchaser guarantee, as specified above***), to be given by a first class bank or a qualified insurance Purchaser approved by the Purchaser, in an amount equal to 10% (excluding options and/or flexibilities and/or VAT) of the Contract/Order price. Said guarantee shall be amended from time to time to reflect the adjusted Contract/Order price, due to the issuance of Change Orders and price adjustment, if any, arising from the application of escalation provisions;

The wording shall to be attached to the Contract))

19.1.2

19.1.3 The guarantee shall remain in effect until sixty (60) days after the warranty period or the Contract/Order period, the latter, as prescribed in the Order/Contract and any extension thereof, in accordance with the Contract/Order terms

19.1.4 Failure to provide the guarantee as specified in Articles 15.1.1, 15.1.2 and 15.1.3 above, shall constitute a fundamental breach of the terms of the Order/Contract. IEC shall thereupon have the right to resort to all remedies as set forth in the Order/Contract, in addition to any other remedy available to IEC by law, including the right to terminate the Order/Contract for fundamental breach.

19.1.5 Any failure or omission by IEC after the issuance of the Order/Contract, to request the issuance of the guarantees, shall not constitute a waiver of any right available to IEC under the Order/Contract or by law.

19.2 **DOWN PAYMENT GUARANTEE** - (if relevant)

19.2.1 Where the Purchaser is required by the terms of the Order/ Contract to make down payments prior to delivery, such payments shall be secured by a standby letter of credit in the form of Annexure "F1" attached to the Order, as follows:

19.2.1.1 issued, or established by the Contractor at a first class bank, and advised through an Israeli bank, both banks to be approved by the Purchaser;

19.2.1.2 issued or established against the receipt of down payment, in an amount, which is not less than that being drawn; Said guarantee shall be amended from time to time to reflect the adjusted Contract/Order price, due to the issuance of Change Orders.

19.2.1.3 valid until 60 days after the scheduled delivery of the last shipment of System/Software/Hardware/Goods/Products/Equipment and/or performance of the Services (to be extended upon the occurrence of any event of Force Majeure, or due to any delay on account of the Contractor, or as a result of any delay in scheduled delivery, agreed to between the parties).

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- 19.2.2 The Purchaser may draw on the performance and/or the down payment guarantee, in the event that the Contractor fails to remedy a breach of Contract, or fails to take such steps as are satisfactory to the Purchaser in Order to remedy the same, after having been given ten (10) days prior written notice of intent to draw on the guarantee.
- 19.2.3 Any amount/s drawn by Purchaser pursuant to the guarantee, shall be set-off against the overall damages/compensation, recoverable by Purchaser, in connection with the Contractor's breach.

20 PRICES:

The prices set forth in the Order/Contract are firm and shall not be affected by any variation in the cost of materials, labor or transport or any costs of conforming with any laws, orders or regulations of any government, local, or other authority, or for any other reason, except as may be required by virtue of any express provision, if any, in the Order/Contract, or as may be agreed upon, subsequently, between the parties.

21 FORCE MAJEURE:

Neither party shall be responsible to the other for loss or damage due to circumstances directly affecting the performance of the Contract/Order beyond such parties' control - which could not have been prevented by reasonable foresight at the time of signature of the Contract/Order such as but not limited to: acts of war, invasion, act of foreign enemy, whether war be declared or not, hostile action, civil war, rebellion, civil strife, sabotage, strikes and/or industrial disputes, act of Government, natural disaster, embargo (any or all of which are in this Contract referred to as "Force Majeure"). Notwithstanding the aforesaid, the Contractor acknowledges that it is aware of the security situation in Israel and has taken it into account and such situation shall not be deemed to constitute Force Majeure. Unless the government of Contractor's country has (after signing the Contract) actually issued an order to its non-Israeli nationals to immediately evacuate Israel, both parties shall fulfill their duties.

Upon occurrence of any such circumstances, the party affected shall notify the other party in writing by the fastest means possible within seven (7) days of the occurrence or existence thereof and the parties shall promptly thereafter consult with one another for the purpose of finding a solution to the Force Majeure problem.

Any delays resulting from any such cause shall extend performance time, unless it shall become impossible to perform the Contract in whole or a substantial part thereof, in which case the Order/Contract may be cancelled, in writing, by either party. In the case of such cancellation, the Contractor shall be paid for all Services received by the Purchaser pursuant to the Order/Contract.

If due to Force Majeure it shall become impossible to perform the Contract/Order in whole or a substantial part thereof, the parties can either mutually agree to cancel the Contract/Order or if the Force Majeure continues for a period up to 120 days in the aggregate, the Contract/Order may be cancelled in writing by either party.

21.A Damages to the Services

The Contractor shall be liable for any damage or loss caused to the Services directly or indirectly from the date of the delivery of the work site, in whole or in part, to the Contractor, and shall be responsible for ensuring that, upon the completion of the Services, they shall be in good order and in conformity with the provisions of the Contract.

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If the Contractor fails to correct the damage as aforesaid, the Purchaser may, by itself or otherwise, correct the damage at the Contractor's expense.

The provisions above shall also apply to any damage or loss incurred in the course of any repair Service carried out by the Contractor at any time, even after the Completion of Service.

In the event of damage caused to the Services as a result of any agreed risk, the Contractor will be required to repair the damage as soon as possible if so requested by the Supervisor, and the repair costs will be applied to the Purchaser.

"Agreed risk" - means: War, hostilities carried out by regular or irregular forces, enemy invasion, enemy state operation, and battles whether war has been declared or not.

Damage to Services caused as a direct result of a mistake in any static calculations, designs or specifications prepared by the Purchaser, or as a result of the issuing of wrong instructions and data by a Purchaser representative, shall not be considered damage caused due to circumstances under the Contractor's control and shall be deemed the same as damage caused as a result of agreed risk.

Damage caused solely as a result of the use by the Purchaser and anyone operating or using on its behalf some of the Services, even before a Certificate of Completion has been issued for it, shall be deemed the same as damage caused as a result of agreed risk.

Damages to Third Party and Property

The Contractor shall be liable for any damage, loss or injury caused to the body or property of any person and/or entity, including the Purchaser, the Purchaser's employees, the Contractor's employees, its subcontractors and anyone operating on its behalf, including their employees and any third party, and including environmental damage caused, directly or indirectly, during or due to the performance of the Services or the fulfillment of the provisions of this contract, or as a result of their fulfillment, including any act, omission, breach of law and negligence, and any other offense or civil tort.

The Contractor shall take, at its own expense, every effective measure to prevent any damage, loss or injury, as stated above.

The Contractor relieves the Purchaser, its employees and its proxies from any liability for any damage, loss or damage as stated above.

The Contractor shall be liable for any damage or spoilage caused to any facility or property during or due to the performance of the Services, including environmental damage, whether such damage or malfunction was caused by chance or due to a necessary and anticipated act required for the performance of the Services.

The Contractor shall not be liable for the following damages:

- (1) Damage arising from the fact that the Purchaser does not have the right to perform the Services, or some of them, in accordance with the Contract.
- (2) Damage to any person, his body or his property, caused directly due to an instruction issued by the Supervisor.

In the event of any claim against the Purchaser or its employees or its proxies due to damage, loss or injury, as stated above, the Contractor undertakes to indemnify the Purchaser for the entire amount of its debt, as per any judgment, request for payment issued by the relevant authorities, compromise or

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as per any agreement or arrangement, including legal costs and attorney fees, promptly upon the Purchaser's first request.

The Purchaser may keep in its possession out of the funds owed by it to the Contractor, and not necessarily under this Contract, any amount claimed, requested or liable to be claimed or requested from it under the provisions of this section, until such claim and/or its cause of action for which the Purchaser was or might be sued, is removed.

22 INTELLECTUAL PROPERTY RIGHTS:

Contractor shall pay all royalties and license fees, which may be due or payable to third parties, in connection with the Services under the Order/Contract. Contractor shall defend all suits or proceedings, instituted against Purchaser for the infringement of any intellectual property rights, associated with the performance of the Services under the Order/Contract and shall hold the Purchaser harmless against and/or indemnify the Purchaser for any damages, sustained by the Purchaser, in connection with such infringement, or the violation of any intellectual property rights of any third parties.

Each party shall retain ownership of all intellectual property it had prior to the Order/Contract. All new intellectual property created and designed solely by the Contractor in the performance of this Order/Contract shall be owned exclusively by the Contractor.

23 SECURITY:

Access to Purchaser's facilities will be given to Contractor subject to Purchaser's policies and procedures and data security requirements as stated in the Security Appendix attached hereto as Annexure "K".

IEC will be entitled to provide the Contractor, from time to time, with instructions in regards to limitation of access to the Service sites, or any part of them. Once such instruction will be given, the Contractor will duly deliver to IEC, and will update from time to time, the list of employees, that are required to be present at the Service sites, and also their photos and other details concerning them, as IEC shall demand, and in accordance with the attached Annexure "K". IEC shall arrange the entrance to the Service sites in accordance with "Entrance Licenses", or otherwise, as it sees fit.

A person that was not provided with a license or an entry permit, according to this section as above-mentioned, or a person in respect of which IEC has canceled or demanded the cancelation of his license or the permission given regarding him, or demanded that he shall be restricted from entering the Service sites, will not be employed, or will stop being employed, by the Contractor at the Service sites, or any part of them, all according to the circumstances.

24 CONFIDENTIALITY:

The Contractor and any person acting on its behalf hereby undertakes as follows:

24.1 To keep in confidence the Services supplied by the Contractor and/or the Service and/or any results and/or any part thereof performed by the Contractor, and/or any information connected therewith or with the Order/Contract entered into with Purchaser.

24.2 To keep in confidence and not to disclose or cause to be disclosed, and not to show or deliver in any manner during the duration of the Order/Contract or thereafter, to any person or entity, commercial or any other, secrets of the Purchaser, or any information related to the Purchaser or related directly or indirectly to the Purchaser's property, affairs, customers,

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Contractors, individuals or entities, including but without limitation methods, processes, prices, calculations and the provisions of the Contracts (hereinafter referred to as: "Confidential Information") regardless as to whether the Confidential Information has become available to the Contractor as a result of its employment by the Purchaser or by any other manner whatsoever.

- 24.3 The Contractor hereby declares that the Confidential Information is the Purchaser's sole property and the Contractor will have no claims of any kind related to the Confidential Information.
- 24.4 Without derogating from the generality of the above, the Contractor hereby acknowledges that the information set forth in Articles 21.1 and 21.2 above, may be considered either in whole or in part to be Insider Information, as such term is defined under the Securities Law – 5728- 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.
- 24.5 Not to make use of the Confidential Information for purposes not related to the Order/Contract.
- 24.6 Not to damage, remove or modify identification marks of the Purchaser appearing on the Confidential Information.
- 24.7 To immediately inform the Purchaser regarding any person or body to whom the Confidential Information was made available (contrary to that stated above).
- 24.8 To provide the Purchaser with any information, of any kind, which may be to the Purchaser's benefit, and which may become available to the Contractor, and/or with regard to the Order/Contract, and refrain from making use of the Confidential Information for purposes other than for those of the Purchaser.
- 24.9 Upon any request of the Purchaser's security officer, to provide the Purchaser with any information in Contractor's possession, by no later than 7 days from the date of termination of the Order/Contract.
- 24.10 This article shall apply to Contractor's employees, agents, representatives, consultants and sub-Contractors who assist in the Order/Contract.
- 24.11 The Contractor hereby acknowledges that the Purchaser is a regulated body as such term is defined under the State Comptroller Law – 5758-1958 and has been made aware of chapter 7 of the Penal Law - 5737-1977, in particular sections 118 and 119.

25 OPTIONS

If the Contract grants the Purchaser an option, it should be clarified that the decision to exercise or not exercise the right, in whole or in part, will be in the sole discretion of the Purchaser. The Purchaser will not be obliged to justify its decision.

The Purchaser will notify the Contractor up to 30 days prior to the exercise of the option right if it wishes to exercise its right. The Contractor's refusal to and rejection of the Purchaser's request to exercise its right shall constitute a breach of the Contract by it and in this case the Purchaser shall be entitled to every remedy available to it under the Contract and under the law.

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The terms of this Agreement and its Annexes shall apply with respect to the exercise of option rights, unless otherwise agreed by the parties.

25 ASSIGNMENT:

- 25.1 Neither party may assign the Order/Contract, or any duty/right thereunder, without the prior written consent of the other, which shall not be unreasonably withheld.
- 25.2 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

26 INSURANCE:

As per Annexure "L" attached to the Tender/RFP documents.

The Contractor shall sign the Insurance Annexure attached as Annexure "L", and return it to Purchaser within 5 (five) calendar days from receipt of the Service Acceptance Notice.

27 ORDER OF DOCUMENTS:

The Order/Contract and the attached Annexures are referred to, collectively, as the “**Contract**”. For the removal of doubt, in the event of conflict between the provisions of the tender/RFP documents including the specification and these General Terms and Conditions (as well as any amendments agreed with the Contractor) and the provisions of the Order/Contract documents, the former provisions shall prevail.

In the event of any contradiction between the provisions of the Order/Contract and these General Terms and Conditions (as well as any amendments agreed with the Contractor), these General Terms and Conditions shall prevail. סדר עדיפות בין מסמכים

In the event of any discrepancy or inconsistency or ambiguity regarding any provision in the various documents constituting the contract, the order of priority between the various documents shall be as follows (in ascending order, with Doc. # 1 being the lowest priority):

- A) 1. Safety Appendix (Appendix no. 6)
- B) 2. Liquidated Damages for Safety Violations appendix (Appendix no. 6b)
- C) 3. Payment Terms for Services Performance (Appendix no. 4)
- D) 4. General Terms (Appendix no. 3)
- E) 5. Construction site works appendix (Appendix no. 6A)
- F) 6. Specifications (Appendix No. 2)
- G) 7. Designs
- H) 8. Schedules (Appendix no. 5)
- I) 9. Quantities and prices specifications (Appendix no. 1)

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28 GOVERNING LAW:

- 28.1 This Order shall be governed by and construed solely under the laws of the State of Israel excluding its rules as to conflict of laws, except as specifically stated in this Order. Notwithstanding the above, Article 35 of the Schedule to the Law of Sale (International Sale of Goods), 5760-1999 shall not apply.
- 28.2 The Contractor shall conform in all respects with the laws, rules and regulations of the State of Israel and any authorities having jurisdiction over the Services and shall keep the Purchaser indemnified against all penalties and liabilities imposed upon the Purchaser by any public authority for any kind of breach attributable to Contractor of aforesaid laws, rules or regulations.

29 SETTLEMENT OF DISPUTES:

The Contractor and the Purchaser mutually agree that the exclusive jurisdiction for any hearing pertaining to this Agreement and any claim and/or cause arising therefrom is the Tel Aviv District Court.

30 IMPROPRIETY:

- (a) In accordance with the provisions of law (including the Penal Law 5737-1977), the Contractor and any person on its behalf (both shall be referred to as the "Contractor") hereby undertakes and declares as follows:
- i) that the Contractor shall not offer, promise to give, give, authorize, solicit, accept or promise to accept any undue pecuniary or other advantage, in order to influence, directly or indirectly, a governmental official (including but not limited to the Purchaser (IEC) or any of its officers or employees, or any other Purchaser that is considered to be a "governmental entity" according to Israeli law), either in Israel or abroad, to act, to omit to act, to expedite a process, to preference or to discriminate, which would result in a business advantage in the Purchaser's favor and/or in the favor of the person/entity making the offer, in violation of any relevant anti-bribery and anti-corruption laws. Such relevant laws would include, but not be limited to, the Israeli Penal Code 5737-1977, the United States' Foreign Corrupt Practices Act 1977 and the United Kingdom's Bribery Act 2010 ("**Relevant Anti-Corruption Laws**");
 - ii) that the Contractor shall neither directly nor indirectly offer and/or give and/or receive any benefit and/or funds and/or anything of value in order to influence, directly and/or indirectly, the decision and/or action and/or inaction of Purchaser or of an officer of Purchaser and/or an employee of Purchaser and/or any person on the behalf of Purchaser and/or any other persons, in connection with the Contract/Order, which could be in breach of the Relevant Anti-Corruption Laws;
 - iii) that the Contractor shall neither directly nor indirectly solicit and/or co-operate with any officer of Purchaser and/or employee of Purchaser and/or any person on the behalf of Purchaser and/or any other persons in order to obtain restricted/confidential information in connection with the Contract/Order;
 - iv) that the Contractor shall neither directly nor indirectly solicit and/or co-operate with any

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officer of Purchaser and/or employee of Purchaser and/or any person on the behalf of Purchaser and/or any other person/Purchaser/body in order to establish prices in an artificial and/or non-competitive manner or that they have not acted contrary to the provisions of restraint of trade as detailed in the Israeli Anti-Trust Law 5748 - 1988;

- v) subject to clause (c) below, that it is not a Family Member and does not employ or intend to employ for purposes of this Contract/Order, any "Family Member" (as such term is defined in the Israeli Government Corporations Regulations [Rules Pertaining to the Employment of Family Members], 5765-2005) insofar as such employment may be construed as constituting a conflict of interests between the Contractor and any officers or employees of Purchaser;
- vi) that the Contractor shall neither directly nor indirectly engage in money laundering activities during the course of the Order/Contract.
- vii) that the Contractor has not acted and/or is not acting and/or will not act contrary to the provisions of paragraphs (v)-(vii) above in connection with any Contract/Order entered into with the Purchaser and that the Contractor has not acted during the last twenty-five years prior to the date of submission of the proposal and/or is not acting and/or will not act contrary to the provisions of paragraphs (i)-(iv) above in connection with any Contract/Order entered into with the Purchaser.

In the event the Contractor has acted contrary to the above, vis-a-vis the Purchaser (summarized as "Legacy Compliance Matters") the Contractor is obliged to describe in a separate document the Legacy Compliance Matters, their current status, sanctions imposed and remedial action taken including, where applicable, any adequate policies and procedures designed to prevent such action.

- viii) additionally, that the Contractor has not, including none of its current or former officers or employees (during their engagements as officers or employees with the Contractor), been convicted, charged or otherwise deemed in violation of any Relevant Anti-Corruption Laws in the five years prior to the final date of submission of the proposal. In the event that the Contractor or anyone acting on its behalf, has been convicted, charged or otherwise deemed in violation of any Relevant Anti-Corruption Laws, such convictions/charges/violations, their current status, penalties imposed and any remedial action taken thereafter (including, where applicable, implementation of any adequate policies and procedures to prevent any further similar violations), shall be disclosed and also included in the Legal Compliance Matters document.
- ix) that throughout the period of any transaction with the Purchaser:
 - a. the Contractor (not included: affiliates, branches and permanent establishments of the Contractor) is not founded in and/or the execution of this Contract/Order is not managed from any of the countries designated as an enemy country and is not otherwise designated as an enemy under the Trading with the Enemy Ordinance 1939.

The meaning ascribed to the terms Contractor as referred to in this Article 27(a)(x)(a) only, shall be: corporations parties to this Order/Contract only.

- b. the Contractor is not directly, or to the best of the Contractor's knowledge, indirectly, subject to any: (1) U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") as such may be from time to time; (2) sanctions administered by Israeli Government Ministries as such may be

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from time to time, or (3) any sanctions administered by any corresponding authority in any EU member state (the "Other Authorities"), as such may be from time to time.

The Contractor hereby undertakes and declares that it shall not engage in any business activities, to the extent that such activities are in violation of sanctions administered by OFAC, Israel and Other Authorities”

- c. The Contractor has never been designated as an "unlawful association" or terrorist organization, nor have any of its officers or employees been declared as being involved in, or otherwise affiliated with the financing of designated terrorist activities as designated under Israeli or other relevant jurisdictions' sanctions laws, regulations and ordinances, as they may be updated from time to time.
- x) For purposes of this provision:
 - a. the term "Contractor" includes the Contractor, any of its directors, officers, agents, employees, parent Purchaser, first degree subsidiaries, related companies and affiliates.
 - b. the terms "Ordinance", "Law" or "Regulation" shall also include subsequent amending legislation as well as subsidiary legislation and regulations.
- (b) In the event of reasonable suspicion that the Contractor failed to comply with the provisions of Sub-article (a) above, Purchaser reserves the right, in its exclusive discretion, subject to hearing the Contractor's claims, to:
 - i. exclude it from any other Procurement Procedures regarding to which there is suspicion that the aforesaid action was performed and/or from any other procedure (hereinafter: "the Procurement Procedure"); and/or
 - ii. reject its proposal submitted in the procurement Procedure; and/or
 - iii. at any time cancel its award in the Procurement Procedure and/or at any time cancel this Contract/Order or any other Contract/Orders entered into with Purchaser.
- (c) In the event the Contractor is a Family Member and/or employs a Family Member as detailed in Article (a)(iv) above, the Contractor shall make full disclosure in writing to Purchaser of details of the identity and position held by such employee and no such Family Member shall be in any way connected with the performance of this Contract/Order without receiving the prior written consent of Purchaser.
- (d) At the time of submission of the Contractor's proposal, the Contractor declared and undertook full compliance with the provisions of the Restraint of Anti-Trust Law 5748 – 1988 and/or the instructions of the Commissioner of Restraint of Trade duly appointed by the Minister of Industry, Trade and Employment and the laws pertaining to freedom of Contract and competition (including the formation of monopolies, cartels etc.). In the event, such declaration is found to be false, the Purchaser shall have the right to cancel the Order/Contract.
In the event the Contractor is found to have acted in conflict of interests, at the time of submission of the Contractor's proposal, the Purchaser shall be entitled to cancel the Order/Contract.
- (e) The Contractor is required to bring the provisions of this Article to the attention of its employees, sub-Contractors, representatives, agents and any person on the behalf thereof that is involved in any manner in the Contract/Order.

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31 WORKING HOURS AND DAYS AND ADDITIONAL UNDERTAKINGS:

No Service will be carried out on Saturdays or Jewish holidays, but only subject to the law.

The Services will be carried out in accordance with the Purchaser's usual working days and vacations, subject to the instructions of the Supervisor.

In the event that the Service performance requires the presence of an inspector and/or supervisor, operating on behalf of IEC or on behalf of a third party, whether as per the requirements of IEC, the requirements of a third party or as per any law, and if such inspector and/or supervisor is to arrive at the work site while no Service is being performed due to reasons depending on the Contractor, the Contractor will be charged for these said inspection or supervision costs, and the provisions of this agreement shall apply in such case, and in particular the provisions relating to set-off and the provisions relating to guarantees.

The Service Acceptance Notice constitutes the commencement of the contractual engagement between the Purchaser and the Contractor and the date on which the liability under the terms of the contract and its appendices commence, even if these have not been formally signed.

Without prejudice to the generality of the foregoing, and in addition to it, the Contractor undertakes to sign the formal Contract, with all its appendices, to be delivered to it immediately after the Service Acceptance Notice specified above. After its signing, the Contractor will return the Contract and all its appendices to the Purchaser, signed and duly stamped, within 7 days, at the latest, from the date of its receipt by the Contractor.

It is hereby clarified that without the formal Contract and all its appendices, the Purchaser will not be able to make the payments to the Contractor as per the Contract, as scheduled.

The Contractor undertakes to submit to the Supervisor, for his approval, within 15 days of the receipt of the Service Acceptance Notice, or on the date stipulated by the Supervisor, a written proposal of the Service execution Order, with a detailed schedule (detailing the activities up to one month's time) that corresponds to the schedule, main objectives and intermediate objectives defined in the Contract and its appendices.

The Service execution Order and schedule will bind the Contractor immediately after their approval by the Supervisor, the Supervisor's approval or disapproval may not relieve the Contractor of any responsibility imposed on it under the Contract.

If the Contractor fails to submit the Services execution Order and schedule by the time specified above, the Supervisor will be entitled to set a schedule and Service execution Order, which will bind the Contractor.

In the case of Services which duration is longer than 6 months, the detailed schedule will include:

- (1) Activity table in one of the critical path (network) methods. The table will list the various activities involved in the Services, such as: required permits, equipment and materials ordering, production and supply from various factories, Services on site, etc.
The schedule will take into account the various activities carried out at the work site and in adjacent buildings/facilities.
- (2) GANTT Chart
- (3) The list of activities, including their duration and dates.

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The Contractor will update the schedule once a month, or as per the instructions of the Supervisor, and submit to the supervisor an up-to-date schedule that includes all the activities not yet completed. Receipt of the changes in the updated schedule by the Supervisor does not constitute an approval of a schedule change.

If the Contractor does not update the schedule, the Supervisor may update the schedule and the updated schedule will bind the Contractor.

The Contractor will submit a written report on the status of the Services once a month.

In a contract valued at \$1,000,000 and up, in addition to all of the above, the following provisions shall apply as well:

- (1) The Contractor must attach to the schedule submitted by it, as specified above also the manpower resources required to cover the working hours scheduled until the completion of the Services in a monthly specification, and the payments forecasts adjusted per the project progress forecast.
- (2) The submission of a detailed schedule, as stated above and the documents specified above, approved by the Supervisor, constitute a precondition for the submission of the first bill for approval.
- (3) Each month, the Contractor will submit, as an Appendix to the bill, an updated schedule that includes a comparison between the original schedule and the actual execution, attached with a verbal explanation of any deviations from the original schedule, if any. Submission of an updated schedule approved by the Supervisor, constitutes a precondition for the approval of any bill and its transfer for payment.
- (4) The schedule will be produced using MS Project software, or any other software approved by the Purchaser.

All the expenses incurred due to the preparation of the schedule documents and their updating, and due to various actions required in order to meet the schedule, as set forth above, shall be borne by the Contractor and shall be deemed to be included in the unit prices specified in the Bill of Quantities and Prices (Appendix # 1).

The expenses incurred due to the preparation of the schedule by the Supervisor and/or due to its updating by the Supervisor, as set forth above, shall be borne by the Contractor and deducted from any amount owed to the Contractor at any time, or collected from it by any other method, including forfeiture of guarantees. The rate of expenses will be determined by the Supervisor and his determination will be final.

32 TERMINATION:

32.1 Failure to perform the Services in their entirety

(A) The Purchaser may decide to terminate the Contract or to limit the full scope of the Services at its sole discretion, even for reasons not related to the Contractor or due to any violation of the Contract, including due to budgetary reasons, organizational reasons, due to schedule shortening, transfer of Service to self-execution, lack of permits (Including building permits) and/or licenses of any kind to carry out the Service and any other reason. The Purchaser will not be obliged to justify its decision. The Contractor shall have no claim or argument in connection therewith, other than as set forth below.

(B) Performing Services at a rate of 70% or more of the Contract value shall not entitle the Contractor to receive compensation and/or additional consideration and/or reimbursement of expenses of any kind.

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(C) If the executed Services constitute 69% or less of the contract value, for reasons not depending on the Contractor, the Purchaser shall review with it the option of compensation payment, in accordance with the provisions of Subsection (d) below and subject to the provisions of Subsection (f) below.

(D) For the purpose of calculating the amount of compensation, the contract value will be reduced to an amount equal to 30% - at contract base prices, and an amount equal to the actual value of the Service performed at contract base prices will also be reduced. The balance will double by -5.2%. The amount received is the amount of liquidated damages payable for failure to fully perform the Services contained in the contract and it shall constitute final and complete settlement of all the Contractor's claims therefor, including expenses and loss of profits, and subject to Subsection (e) below. This amount will be updated in accordance with the difference between the base month index for liquidated damages purposes and the last month's index of the actual Service performance in accordance to the schedule approved by the Purchaser.

(E) If the Contractor proves that it has incurred actual expenses due to the construction of facilities, preparation of access roads, etc., the value of which exceeds half the amount received in Subsection (d) above, the Purchaser shall review, with it, the option of paying these expenses in addition to the said compensation, all provided that these expenses were not specified in the contractual bill of quantities, and if the Contractor spent them for the purpose of performing the Services under this contract only.

(F) In the event that the Contractor is notified by the Purchaser of the cancellation of the contract due to reasons not depending on the Contractor, after the Service Acceptance Notice and prior to the commencement of the actual Service, the Purchaser will review, with it, the option of paying a compensation which value is hereby agreed not to exceed half the amount received in accordance with the provisions of Subsection (d) above, and which will constitute a final and complete settlement of all the Contractor's claims due to such said contract cancellation, including its expenses and loss of profits.

(G) If the Supervisor orders the Contractor, in the event of the cessation of the Service, to remove from the site certain Services, materials, equipment and other installations, and the Contractor fails to remove them, or to perform any other action in accordance with the Supervisor's instructions, the Purchaser may carry out the said actions at the Contractor's expense, by itself or otherwise, and the Contractor will bear any related expenses, plus 12% of them, to cover any office expenses, minus an amount to be approved by the Supervisor to cover a reasonable portion of the said expenses to be paid by the Purchaser.

(H) The provisions of Section 26 of this Annex shall apply also, mutatis mutandis, to the payment of the amounts specified in this section.

(I) "Contract value" - in this section - shall mean the original Contract value as it was on the day of its signing.

32.2 Removal of Contractor

The Purchaser may, in any of the cases specified below, immediately or after issuing a written notice seven days in advance, at its sole discretion, dismiss the Contractor from its obligation to perform any Service, remove it from the Work site, complete the Services by itself or by using any other Contractor, or otherwise, as the Purchaser deems fit, and charge the Contractor any additional expenses incurred by it due to the performance of the Services not by the Contractor, plus general expenses at the rate acceptable to the Purchaser at that time.

For the performance of the Services, the Purchaser may use the materials, equipment and facilities of the Contractor located at the work site for the payment of an adequate remuneration that will be determined by the Supervisor and which will bind the Contractor.

In addition, the Purchaser may sell the said excess materials, equipment and facilities and use their proceeds to cover any amount owed to the Purchaser by the Contractor in connection with the performance of the Contract.

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The provisions above shall apply in the following cases:

- (1) If a receiving order or an administrative receivership order or a stay of proceedings order or a liquidation order is issued against the Contractor, or if it voluntarily decides on its own liquidation; or if a trustee or a receiver or a special administrator or a liquidator (temporary or permanent) is appointed for the Contractor; Or if the Contractor has made an arrangement with his creditors; Or if the Contractor is declared to be disqualified or bankrupt; Or if the Contractor's control or management, in the event that the Contractor is a corporation, is transferred to other hands.
- (2) If the Purchaser learns, through inspection that it conducts and information that it receives, that there is a significant deterioration in the Contractor's financial status.
- (3) If the Contractor assigns, transfers or liens the Contract, in whole or in part, to another or hires a subcontractor to perform the Services, without a written advance approval from the Purchaser.
- (4) If any action is taken against the Contractor on behalf of the Execution Office or if amounts owed to the Contractor under the provisions of this Contract are attached by the court.
- (5) If the Contractor ceases to execute the Contract.
- (6) If the Contractor fundamentally breaches the Contract.
- (7) If the Contractor violates by any other breach its obligations under the Contract and does not correct the said breach within the time specified in the notice it receives from the Purchaser regarding such violation.
- (8) If the Contractor fails to comply with the schedule set for the execution of the Services, or it fails to commence the execution of the Services on their scheduled date, or if it halts their execution or fails to take the steps it is requested to take by the Supervisor in order to complete the Services on the date specified in the Contract.
- (9) If the Purchaser has any proof, in its opinion, that the Contractor, or any other person operating on its behalf, gave or offered a Purchaser employee or any of its proxies any bribe, grants or benefits whatsoever in connection with the Contract or anything relating to its performance, or if the Contractor, or anyone operating on its behalf, committed any criminal offense in connection with the execution of the Services.
- (10) If the Purchaser has any proof, in its opinion, that the Contractor does not perform the Services in accordance with the specifications, designs, standards and any other Contract document.
- (11) If the Purchaser has proof, in its opinion, that the Contractor was negligent in the performance of the Contract.
- (12) If the Contractor has been suspended from registration in the Contractors register, or has been convicted of a criminal offense which may impair the fulfillment of his obligations under the Contract.
- (13) If the Contractor violates the provisions of any safety provision provided by any law or delivered to it by the Purchaser.

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(14) If the Purchaser learns even prior to the deadlines set for the fulfillment of the obligations that the Contractor will not be able or will not be willing to fulfill its obligations under the Contract.

Releasing the Contractor from its duties to perform the Services under the Contract and the removal of the Contractor from the work site, as stated above, shall not be deemed as cancellation of the Contract by the Purchaser, and the Contractor will be required to comply with all its obligations under the Contract, except for any obligations that the Purchaser is to prevent it from fulfilling.

The Purchaser will not be liable to the Contractor except for the fulfillment of the obligations set forth as follows:

Immediately after releasing the Contractor from its obligations to perform the Services and its removal from the work site, the Purchaser shall, for the purposes of this section, determine the amount which is, in its sole discretion, owed to the Contractor for the Services performed until the Contractor's removal from the work site, and this determination will bind the Contractor.

In its determination, as stated above, the Purchaser shall take into account, inter alia, the amount of materials that the Purchaser has loaned to the Contractor and the terms of such loan, the amount utilized in the Services, the amount left at or missing from the work site and the value of the missing materials, calculated as per the date on which the Contractor was removed from the work site.

The Purchaser will not be liable to pay the Contractor the amount determined by it hereinabove, or any other amount in connection with the Contract, until it determines the Service completion costs and scope of damage caused to the Purchaser by the delay or postponement in the completion of the Service caused due to the removal of the Contractor, as stated above, or for any other reason.

The provisions of this section are intended to add to the rights of the Purchaser under this contract and under any law and not to derogate from them.

32.3 The Contractor made application to Court under any bankruptcy legislation or is declared bankrupt or insolvent or went into liquidation, voluntary or otherwise, or is placed under administration, receivership, trusteeship, judicial management, or compound with or made any arrangement with its creditors, or is suffering any similar action in consequence of debt.

32.4 Where a lien has been imposed on the System/Software/Hardware/Goods/Products/Equipment in whole or in part, or where action is taken regarding the said System/Software/Hardware/Goods/Products/Equipment which may prevent or is preventing the Contractor from supplying the System/Software/Hardware/Goods/Products/Equipment fully or partially.

32.5 Where it has come to the Purchaser's attention that the System/Software/Hardware/Goods/Products/Equipment and/or Services supplied by the Contractor are in contravention of the Contract/Order or the Contractor has breached his obligations under the Contract/Order.

33. WAIVER

The consent of the Purchaser or the Supervisor to deviate from the terms of this Contract in a certain given case should not be deemed as a waiver of the same rights in another case, and such conduct does not imply any waiver of rights and obligations under this Contract.

If the Purchaser or the Supervisor fail to exercise the rights granted to them under the Contract in a certain given case, this should not be deemed as a waiver of the same rights in another case, and such conduct does not imply any waiver of rights and obligations under this Contract.

34. NOTICES

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Any notice sent by one party regarding the fulfillment or non-fulfillment of any of the provisions under this contract shall be sent by registered mail and/or email and/or facsimile to the other party's office.

End.

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