



Route de Vinon sur Verdon - 13115 Saint Paul lez Durance France - www.iter.org

Annex II

ITER/CFT/12/60000000085

FINANCIAL ANNEX

china

eu

india

japan

korea

russia

usa

FINANCIAL ANNEX

The present financial annex presents the agreements between the Parties that shall apply to all Task Orders to be placed in accordance with the present framework contract, ref ITER/CFT/12/6000000085.

1) Price of Task Orders

The Price of each Task Order shall be composed of:

- the fixed direct costs for the performance of the services provided in the quotation made by the Contractor, its Subsidiaries or Partners, or resulting from the negotiation between the Beneficiary and the Contractor, its Subsidiaries or Partners,
- a contribution to the management costs of the Contractor for performing the contract, as provided in paragraph 2) below,
- a contribution to the gross profit and indirect overheads of the Contractor, as provided in paragraph 3) below, and
- the premium for the ad-valorem insurance for the loads to be shipped as provided in paragraph 4) below.

The Price can be summarised as follows:

$$P = FDC + MC + GPO + INS$$

where P = price of the TO

FDC = Fixed Direct Costs

MC = Management Costs

GPO = Gross Profit and indirect Overheads

INS = Insurance premium

For the purpose of the paragraphs 2 and 3 below, the Parties further agree to define a Reference Estimated Direct Costs (REDC) as follows:

REDC shall mean the sum of the estimated direct costs agreed by the Contractor, its Subsidiaries or Partner and the Beneficiaries over a future six months period and

mentioned in all Task Orders to be signed during this six months period. For the purpose of calculating the REDC, the TO's values in national currencies shall be converted in Euros.

2) Management Cost

a) principle

The Management Costs represent the costs associated to the team allocated by the Contractor specifically to the ITER Project

The management costs shall be calculated on the basis of a percentage of the REDC as shown in Table 1 below:

REDC (6 months period)	>2.5	>5	>7.5	>10	>12.5	>15	>17.5	>20	>22.5	>25	>27.5	>30	>32.5
MANAGEMENT COSTS (%)	14.71	11.17	7.68	5.93	5.49	5.08	4.76	4.38	4.21	4.26	4.15	4.06	3.89

Table 1: Management costs expressed as a percentage of REDC

note: all values of REDC are expressed in Millions of Euros

For the purpose of calculating the management cost to be included in each Task Order, the appropriate percentage from Table 1 shall be applied to the REDC agreed for the six month period within which the Task Order is signed.

It is agreed by the Parties that the Management Cost, once determined for each Task Order, shall be a fixed lump sum cost to cover all necessary tasks under the Contract regardless of the actual resources required by the Contractor.

b) Minimum management costs for low REDC

For each REDC below 2.5 M€, the Parties agree that the minimum management costs to be paid while below this level shall amount to 39.600 Euros (thirty-nine thousand six hundred euros) per month (e.c. 2012).

The Parties further agree that the method of payment of such minimum management costs shall be agreed at the end of the Planning phase before the start of the Implementation phase.

3) Gross Profit and indirect Overheads

a) Principle

Q

V

The Gross Profit and indirect Overheads represent the profit of the Contractor resulting from the performance of the contract and part of indirect costs he shall support independently from the specific tasks performed for the ITER Project.

The GPO percentage shall be calculated for each Task Order in accordance with the following formula:

$$\text{GPO} = 6.5 + (32.5 - \text{REDC}) / 30$$

where the minimum GPO to be applied shall be 6.5% for any REDC above 32.5 Million Euros and the maximum GPO shall amount to 7.5% for any REDC below 2.5 Million Euros

For the purpose of calculating the Price of the TO, the Gross Profit and indirect Overheads percentage shall be applied only to the FDC.

4) Ad-Valorem Insurances premium

In accordance with Article I.8.7 of the Contract, the loads to be shipped shall be insured with an Ad-Valorem Insurance.

The insurance premiums shall be calculated for each load according to this maximum value.

Quotation for the project duration	Limits	Rate applicable on declared value
Maximum value of	200.000.000€	0,110%

The following conditions apply to this rate:

- the rate is applicable for a 5 years duration
- Insurers agree not to increase the rate as long as the loss ratio is inferior to 90%
- if all sites cumulated value at risks in storage exceeds 200 M€, a new rate shall have to be negotiated
- The proposed ad valorem insurance covers the loads worldwide at a fixed rate
- The proposed ad valorem insurance covers both inland and marine transit including intermediate storage without limit of time in each Domestic Agency, including in Fos/Marseille.
- There is no change of premium between "on deck" and "under deck" as the rate include pre and post marine transit as well as storage. Risks are not only based upon marine transit.
- The rate includes:

- a ten million Euros "Extra-costs" coverage (delay in start-up, additional costs of working, increased cost of transport),
- war risk, strikes, riots and civil commotions coverage.

5) Payment plans of task orders

Each Task Order shall specify the payment plan agreed with the Contractor, its Subsidiary or Partner.

6) Payment of Task Orders

Each Task Order shall be invoiced and paid, when completed, as mentioned under Article I.12 of the Contract.

7) The prices' lists for HEL, CEL, and CEL are attached hereto as reference only.

8) The template of Performance Guarantee is attached hereafter.

a