

Performance Bond Guidelines

The Contractor shall, as security for performance of its obligations under its respective Contract, furnish an unconditional and irrevocable bank guarantee in favor of Kuwait Oil Company, issued by a bank licensed to operate in Kuwait and approved by the Company, in the amount specified in the Contract Specification (the "Performance Bond").

Prior to the Contract Signature

- ✚ In accordance with the relevant provisions of Contract, the wording in the Performance Bond must be in accordance with the Performance Bond Specimen issued along with the Contract Documents (or) as per the Unified Specimen of Performance Bond issued in October 2022 (copy attached under Annexure 1).

The most important phraseology in the Performance Bond shall be that:-

- ✓ It must be irrevocable,
 - ✓ Unconditional,
 - ✓ Payable on the first demand by KOC,
 - ✓ Payable regardless of any contestation by the applicant
 - ✓ It states a Contract Number & Title (WITHOUT RFP NO.)
 - ✓ Governed only by Kuwaiti Law
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- ✚ The 'Contractor Name' in the Performance Bond must be exactly same as registered in KOC Database (E-Beams & Oracle) and as specified in the Memorandum of Agreement, including the type of Business entity of the company e.g., W.L.L., K.S.C.C. etc.
 - ✚ Performance Bond from foreign Banks must be issued from its Kuwait Branch.
 - ✚ The currency of the Performance Bond shall be as specified in the contract and as notified by KOC.
 - ✚ Only one Performance Bond is to be maintain in each contract. Any further revision to the contract thru' Adjustment Orders, the Original Performance Bond shall be amended accordingly.

Release of Performance Bond after the expiry of Contract:

- ✚ Prior to release of the Performance Bond Contractor shall make sure that all the Payments including Tax Retention Balance to the respective contract have been paid by KOC.
- ✚ Contractor shall provide the following certificates to the Controlling Team concerned with a letter addressed to the Superintendent of the Contract, requesting for the release of Performance Bond:

1. Disclaimer & Closure of Contracts form duly filled, signed and stamped in the format issued under the Contract Documents, without using company letterheads and without any modifications - ***applicable for Service Contracts only.***

Sample format is attached under Annexure 2. The actual specimen will be provided under the Contract Documents of respective contract.

2. Tax Clearance Certificate from the Ministry of Finance for the entire Contract Period (For foreign companies the Tax Clearance Certificate shall be addressed to KOC and stated with a Contract Number)

Sample formats for Local and International Companies are attached under Annexure 3 & 3.1.

3. Labor Release Certificate from the Public Authority of Manpower stated with a Contract Number along with its supporting documents (***applicable - if KOC has assisted the Contractor in importing personnel.***)

Sample formats are attached under Annexure 4, 4.1 & 4.2

(The Controlling Team will issue a "Certificate of Completion" and "Final Acceptance Certificate" (as applicable) and initiate the process of releasing the Performance Bond by liaising with Contracts & Purchasing Services Team.)

For queries, please contact:

Mr. Zameer Ahamed Shaik

Tel: +965 238 65356 Email: szahmed@kockw.com

Mr. Muazzam Shawkat Ali Rawoot

Tel: +965 238 65801 Email: MRawoot@kockw.com

DISCLAIMER

*** All the sample formats referred above are for the reference purpose only***