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Not for Submission

CONTRACT

Between

ISRAEL NATURAL GAS LINES COMPANY LTD.

Atidim Tower (building No.8), 2184 St., Floor 32

Kiryat Atidim Tel-Aviv, Israel 6158101

(The "**Company**")

Of the first part

And

(The "**Supplier**")

Of the other part

Whereas The Supplier was included in the List of Approved Suppliers of the Company for the Manufacture and Supply of Natural gas transmission Pipes under Tender No. INGL/TENDER/2019/06 (the "**Tender**");

Whereas During the Qualification Period the Company shall conduct RFQ procedures and/or other procedures, under which it shall invite Approved Suppliers to submit Quotations for the Manufacture and Supply of High Pressure Natural Gas Transmission Pipes, all in accordance with these Contract and with all other terms and conditions included in the Tender Documents and the RFQ Documents;

Whereas This Contract (as well as all other documents that shall constitute the Contract) shall govern any Purchase Order that shall be awarded to the Supplier in accordance with the Tender and future RFQs and other procedures to be conducted by the Company;

Now, therefore, the parties hereby agree as follows:

1. **Definitions**

In this Contract (as hereinafter defined), the following words, terms and expressions shall have the following meaning:

- 1.1 **Affiliate** means in relation to any company, at any time, any other entity.
 - 1.1.1 in which such company directly or indirectly controls at least 50% of the registered capital or rights to vote; or
 - 1.1.2 which directly or indirectly controls at least 50% of the registered capital or rights to vote of such company; or
 - 1.1.3 of which an entity as mentioned in Clause 1.1.2 here above controls directly or indirectly at least 50% of the registered capital or rights to vote.
- 1.2 **Approved Financial Entity** means any of the following:
 - 1.2.1 A commercial Israeli bank or Israeli financial institution rated with at least an AA local Israeli rating (or an equivalent rating); or
 - 1.2.2 A Foreign bank in a country having full diplomatic relations with the State of Israel and rated with at least a -BBB rating, by a reputable international rating agency, acceptable by the Company.
- 1.3 **Approved Steel Manufacturer** means one of the manufacturers listed in **Annex 3** to the Contract as may be amended from time to time by the Company.
- 1.4 **Approved Suppliers / List of Approved Suppliers** - Any and all Suppliers that have been declared by the Company as qualified suppliers in accordance with the Tender in the relevant Pipes Category; and any additional supplier that shall be declared by the Company in the future as an Approved Supplier in accordance with its prerogatives under the Tender and under the Laws.
- 1.5 **Bill of Quantities** means Bill of Quantity submitted by the Supplier to the Tender or to an RFQ and as confirmed by the Company as part of the Purchase Order.
- 1.6 **Certified Inspection Agency** means a 3rd party, non-related certified inspection agency as provided in Clause 2 of **Annex 2 and Annex 4** hereof.
- 1.7 **Company** means Israel Natural Gas Lines Company Ltd.

- 1.8 **Company Representative** means the person, firm or company appointed by the Company acting per delegation of Company as its duly authorized representative.
- 1.9 **Contract** means this document, the Tender, the Specifications, RFQ's and all annexes thereto that will be signed between the Company and each of the Approved Suppliers. The Contract shall apply and obligate any future Purchase Order issued by the Company from time to time to the Supplier.
- 1.10 **Contract Price** means the consideration stipulated in the Purchase Order.
- 1.11 **Day/Days** mean Gregorian calendar days and unless otherwise stated, days shall mean consecutive calendar days (including holydays, eve of holydays, Fridays, Saturdays, Sundays etc.).
- 1.12 **Effective Date** means the issuance date of the Purchase Order by the Company to the Supplier, as specified in the relevant Purchase Order.
- 1.13 **Force Majeure** means the effective occurrence of any act/event which is unforeseeable, insurmountable and outside the control of the Party which invokes it, and which renders said Party unable to comply with all or a part of its/his obligations under the Contract. Provided all such criteria are met, the following qualify as a Force Majeure: acts of God, war, riots (otherwise than among Supplier's and/or Supplier's sub-vendors' employees) and national, regional or professional strikes. Force Majeure does not include events such as insolvency of any Party, shortage of materials or employees, suspension, termination, interruption, or failure to obtain or renew any permit, license, consent or approval which is required for the carrying out of the Supplier's obligations under the Contract.
- 1.14 **Incompatibility** means any non-compliance of the Pipes in accordance with Clauses 4.1 and 4.2 below, including any shortage in Pipes, shortcomings, deficiency, deviation and/or other defect and/or inconformity to requirements and/or descriptions and/or schematics and/or model stipulated in the Specifications and/or under any applicable standard, best industry practice and/or applicable law.
- 1.15 **Laws** mean all laws and regulations of the State of Israel.
- 1.16 **Party (ies)** means Company and/or Supplier.
- 1.17 **Pipes** means high pressure natural gas transmission steel pipes (and such other ancillary items), including Casing Pipes, to be manufactured and supplied by the Supplier to the

Company in accordance with the Contract, the Specifications and the Technical Documents, including all technical data, such as Quality certificates and Pipe's Manufacturing Data Book to be supplied by Supplier.

- 1.18 **Qualification Period** means the period of time in which the List of Approved Suppliers shall be valid in accordance with the Tender; in which the Company shall have the right, at any time to issue Purchase Order(s) for Pipes in any one or all of the Categories, and/or to approach any or all of the Approved Suppliers and invite them, by way of RFQ to supply Pipes, all in accordance with the terms and conditions of the Contract.
- 1.19 **Purchase Order** means printed order issued by the Company by SAP or any other method used by the Company to an Approved Supplier for the specific purchase of Pipes which shall be subject to all the provisions of the Contract and shall be accompanied by a detailed Bill of Quantities, Time Schedule, technical comments and emphases.
- 1.20 **RFQ** means future Company's request from the Approved Suppliers to receive a proposal and/or a quotation, in any manner for the manufacture and supply of Pipes of the relevant Category.
- 1.21 **Specifications** means the technical volumes, including the Company's Specifications and attached hereto as **Annex 1** and any amendment to it as determined by the Company, during the Tender or in a RFQ, to be complied with by Supplier.
- 1.22 **Time Schedule** means the schedule for the manufacture and supply of Pipes as defined in the Purchase Order and the Bill of Quantities.
- 1.23 **Tender** means International Public Tender for the Manufacture and Supply of Pipes held by the Company (INGL/TENDER/2019/06).
- 1.24 **Variation** means any change authorized by Company in writing to amend the Contract.

2. **Interpretation**

2.1 **Entire agreement**

- 2.1.1 The Contract embodies the entire agreement between the Company and the Supplier and supersedes all related oral and written understandings and agreements made prior to its execution. Notwithstanding the foregoing, the obligations of the Parties hereunder expressly includes obligations imposed by applicable law,

regulation, order, license or franchise; provided, however, to the extent legally permissible, the Contract shall take precedence over any law, regulation, order, license or franchise with which it conflicts or which is expressly excluded by the Contract.

- 2.1.2 All Purchase Order documents, including modifications and clarifications thereto if issued by the Company during the Tender and/or RFQ, shall be regarded as approved by the Supplier and shall constitute an integral part of the Contract between the Company and the Supplier, even if for any reason whatsoever such documents were not signed by the Company and/or the Supplier.

2.2 Waiver of Rights

- 2.2.1 Any failure by the Company at any time to enforce or require the performance of any of the provisions of the Contract or any part thereof shall not constitute a waiver of Company's rights to enforce or require the strict observance of such provisions in any way or of its rights to avail itself of such remedies as it may have for any breach of any provision.
- 2.2.2 Any condition and/or directive stipulated in any other document (including if attached to the Tender) shall not derogate and/or alter the terms of the Contract and/or the Company's rights and/or the obligations of the Supplier in accordance with the Contract, unless agreed by the Company expressly and in writing.
- 2.2.3 None of the provisions of the Contract shall be considered waived by Company unless such waiver is given expressly and in writing. Any such waiver shall always be construed under a restrictive interpretation and shall not extend beyond the terms expressly stipulated therein.

2.3 Clarifications

- 2.3.1 All questions concerning interpretation or clarification of the Contract shall be submitted in writing, by facsimile or email to Company Representative. All decisions and/or instructions and/or clarifications from Company shall be rendered in writing by facsimile or email within 5 Days from the date of such submission and shall be final unless appealed in writing by facsimile or email within five 5 days from the receipt of such decisions and/or instructions and/or clarifications. The aforementioned periods shall not affect the Time Schedule.

2.3.2 At all times, Supplier shall proceed with his obligations in accordance with such decisions and/or instructions and/or clarifications.

2.3.3 It shall be Supplier's responsibility to clarify with Company any matter which appears doubtful to Supplier within the scope of his obligations.

2.4 Contract documents

2.4.1 The Contract shall be comprised of this document; The Specifications; the Tender; the relevant Purchase Order, including the Time Schedule, Bill of Quantities; the relevant RFQ; and the annexes of all the above documents.

2.4.2 Unless otherwise provided, all documents forming the Contract are to be taken as complementary and mutually explanatory of one another and shall be deemed to form one Contract. Should there be any conflict, discrepancy or inconsistency between or amongst the Contract documents, then the order of precedence among the provisions shall be in declining order of importance (each provision in the prior document on the list below takes precedence over the provision in the document following it on the list below):

2.4.2.1 The Purchase Order and its annexes, including the Bill of Quantities;

2.4.2.2 The Specification and its annexes, if any;

2.4.2.3 The Contract;

2.4.2.4 The RFQ;

2.4.2.5 The Tender.

2.5 General

2.5.1 All documents and all communications in connection with the Contract shall be prepared and/or conducted in the English Language, unless otherwise advised by Company. Only the International System of Units (S.I.) shall be used.

2.5.2 The use of terms DAP, CIF, FOB, Ex WORKS, etc. in the Contract shall be interpreted in accordance with the ICC INCOTERMS edition 2010, unless otherwise agreed in writing by the Company and the Supplier.

2.5.3 Company may be represented at any time by any person, firm or company specifically delegated in writing by the Company.

2.5.4 For the purposes of any indemnity or waiver of recourse given by Supplier to Company under the Contract, Company shall be deemed to be acting as agent for and on behalf of its Affiliates and its employees and agents, and the benefit of any such indemnity or waiver of recourse shall extend to all such Affiliates, employees and agents.

2.5.5 The Company shall have the right, at any time during the term of this Contract, to take any action as it may deem fit at its sole and exclusive discretion, including, without limitation, visit Supplier's plant, to verify that the Supplier duly abides by and fulfils its obligations and undertakings under this Contract.

3. Scope and Contract Period

3.1 The Contract shall commence on its execution and shall continue in full force and effect until the latter of: the end of the Qualification Period, and (2) the elapse of the Warranty Period (including any extension thereof) without derogating from any other term stated in the Contract.

3.2 At any time during the Qualification Period, the Company may, at its sole discretion, approach the Supplier with a RFQ and/or issue Purchase Order(s) for Pipes in any one or all of the Pipe Categories the Supplier has been declared as an Approved Supplier by the Company, all in accordance with the terms and conditions of the Contract.

4. The Pipes

4.1 The Pipes supplied by the Supplier to the Company will comply to the Purchase Order and shall conform to the following:

4.1.1 The Pipes shall be new (and not refurbished in any way), unused, free from defects and any Incompatibility and of the highest quality, materials and craftsmanship; shall conform to all standards detailed, including by reference only, in the Tender and the Specifications; and does not and shall not violate the Laws. The Supplier shall not make any modification or alteration in the Pipes and/or the Specifications and/or the specific manufacturer and/or any pre-approved subcontractor and/or the place of production of the Pipes, without the prior written approval of the Company.

- 4.1.2 The Supplier undertake that the Pipes shall be manufactured in compliance with all the technical requirements, data, including all the standards, specified (including if by reference only) in the Specifications and any other of the Contract documents.
- 4.1.3 The Pipes shall comply with their intended purpose and use and in accordance with the provisions of the Contract.
- 4.2 The Supplier shall acquire the steel which will be used by it to manufacture the Pipes, from either one or more of the Approved steel Manufacturers listed on **Annex 3** hereof.
- 4.3 Manufacturing of the Pipes shall not commence before Supplier has obtained Company's written approval of Supplier's Quality Control Plan.
- 4.4 The Pipes shall be manufactured by Supplier or an Affiliate at its plant qualifying under the requirements set forth in Clause 11.3 of the Tender, (the "**Original Plant**"). The Pipes may be manufactured by the Supplier or an Affiliate in another plant other than the Original Plant, provided that (i) Supplier has obtained the prior written approval of the Company to that effect; and, (ii) the proposed plant is located in any of the current OECD Member countries (as defined by the World Bank). The Company's consent may be given or withheld at the sole and exclusive discretion of the Company, and the Supplier shall have no claim or demand in that regard should its request to manufacture the Pipes in any plant other than the Original Plant, be declined.

5. Quality Assurance

- 5.1 The Supplier undertakes to perform the inspection and testing of the Pipes in accordance to **Annex 2** hereof.
- 5.2 The Company may assign a representative for the inspection of the Pipes during all the manufacture process. Such representative shall be authorized to inspect the manufacturing process and quality assurance of the Pipes, in the Supplier's premises or place of manufacture or elsewhere and/or perform other examinations and tests required by the Company, with or without the Suppliers attendance. The inspection shall not derogate from any of the Supplier's undertakings under the Contract.
- 5.3 Should it become apparent to the representative, at the conclusion of the tests, that an Incompatibility exists pertaining to the Pipes; the Supplier shall bear all reasonable costs

and expenses of the tests, without derogating from any of its other undertakings under the Contract and all other Purchase Order documents.

6. Expediting

- 6.1 Supplier shall expedite the progress of his obligations under the Contract and any of his orders to sub-vendors.
- 6.2 Should the Supplier encounter or anticipate delays including, but not limited to, delays in obtaining materials from his sub-vendors, or in receiving information from Company, he shall immediately advise the Company with indication of cause, estimated period of delay, and corrective actions to be taken. Such notice shall not be construed as an agreement by the Company to extend the Time Schedule and shall not derogate from any of the Company's rights under the Contract.
- 6.3 Without derogating from Supplier's responsibilities, Company shall be entitled to perform any expediting of the Pipes that may be deemed necessary over and above that performed by Supplier pursuant to this Clause 6. For this purpose Supplier shall promptly provide all reasonable and free access to Supplier's worksites and ensure that his sub-vendor(s) do the same, together with all reasonable and free assistance including, but not limited to, the provision of a list of sub-vendors, together with unpriced copies of sub-vendor orders placed, schedules, progress reports, and any shipping information pertaining to sub-vendor(s) orders when and as requested by Company.

7. Delivery of Pipes

- 7.1 Supplier shall properly pack and secure the Pipes, according to the highest standards acceptable in the industry, in a manner that will enable the unloading by cranes and shall deliver and/or dispatch and/or convey to destination same, as the case may be, at the dates and in the manner specified in the Purchase Order, or as may be subsequently agreed in writing.
- 7.2 Every shipment of Pipes will be coordinated in advance with the Company. Early supply from the predetermined date specified in the Purchase Order shall not be accepted unless approved and coordinated by the Company in advance and in writing.

7.3 The Pipes shall be deemed delivered only if all the following terms have been met:

7.3.1 The Pipes were delivered according to the provisions of Clause 2 of **Annex 5** hereof (or according to other delivery method if such was established in the Purchase Order) and only if delivered to the delivery destination designated in the relevant Purchase Order and in full conformance with the Contract and the Purchase Order; and,

7.3.2 The Company received from the Supplier all the Shipping documents listed in Clause 4 of **Annex 5** hereof; and, all 3.2 Quality Certificates, including the Pipes' Manufacturing Data Book, properly approved and signed by the Supplier and the Certified Inspection Agency.

7.4 Receiving of the Pipes by the Company's shall not be regarded as confirmation for the quality of the Pipes.

8. Storage

If for any reason, Company is unable to accept dispatch of the Pipes at the time when the Pipes are timely due and ready for dispatch, Company shall so inform Supplier in writing and Supplier shall store the Pipes, safeguard them and take all steps to prevent their deterioration during such storage and Company shall be liable to Supplier for reasonable justified costs, including insurance, of so doing after a period of 14 Days grace of free storage (unless otherwise specifically provided). It is hereby clarified that the Company shall be liable to the Supplier for reasonable costs when the Pipes dispatch is delayed as of the date set forth in the Time Schedule, provided that the cause for such delay is under the sole responsibility of the Company.

9. Passing of Title and Risk

9.1 The title and risk in the Pipes shall pass to Company free and clear of all security interests, liens, attachments, encumbrances and any other rights or claims of any kind of any third party, when the Pipes or part thereof (to the delivered Pipes only) are delivered to Company as instructed by Company and in accordance with the Contract.

9.2 The Company may accept or refuse at its sole opinion the ownership of any of the same which may not be in conformity with the requirements of the Contract.

10. Time Schedule

- 10.1 The Supplier shall comply with the Time Schedule of the relevant Purchase Order.
- 10.2 If due to any Force Majeure Supplier is unable to comply with the specified Time Schedule, then provided that Supplier shall have given Company notice in writing of his intention to claim an extension of time no later than 5 days from occurrence of the Force Majeure situation, then the Time Schedule shall be extended by the actual delay resulting from such Force Majeure, as evidenced by Supplier. No other compensation whatsoever shall be payable by Company to Supplier on account of Force Majeure.
- 10.3 If the Time Schedule, or any agreed extension thereof, is not complied with, the Company shall be entitled to terminate the Contract in accordance with Sub-Clause 21 in respect of all of the Pipes not delivered to the Company in accordance with Clause 7.
- 10.4 This right shall not in any way derogate from the Company's rights for the Agreed Compensation and/or of termination with respect to Pipes already delivered in the event the termination arises from any default, other than late delivery or, to exclude the Pipes from the Purchase Order, at Supplier's costs and risks, any of the Pipes which are behind Time Schedule.

11. Variation

- 11.1 No amendment to the Contract shall be valid unless set down in a Variation that has been duly signed by the Company. The issuance of information, advice, approvals or instructions by Company's technical personnel or other representatives shall not be deemed requests for, or approvals of a change to the Contract and shall not affect the Parties rights and obligations hereunder unless the same is issued as a Variation, duly signed by the Company and expressly states that it constitutes a change to the Contract and/or the Purchase Order in accordance with this Clause 11.
- 11.2 Company has the right to make any change to the form, quality or quantity of the Pipes or any part thereof that may in its opinion be necessary and no such change shall in any way vitiate or invalidate the Contract, but the value (if any) of all such changes shall be taken into account in ascertaining the amount of the Contract Price. Supplier shall proceed with the implementation of the Variations upon receipt of Company's written notice thereof and shall be bound by all of the terms and provisions of this Contract in so doing.

- 11.3 Notwithstanding the above, material changes required by the Company regarding the Specifications of the Pipes or their manufacturing process only (other than quantity of the Pipes) shall be subject to the mutual agreement of the Parties and the Supplier shall not refuse to such changes without a reasonable ground.
- 11.4 No change shall be made by Supplier without a previous duly signed Variation.
- 11.5 Provided that the Supplier asserts the need to make such an adjustment, within 10 days from the date of notification of the change, suitable price and Time Schedule adjustments shall be agreed upon between Parties, without the above shall derogate from the Company's right to change quantities without changes in prices and delivery time schedule in accordance with the terms of the Tender.

Unless otherwise provided for in the Purchase Order, such prices shall be, firstly, the unit prices of the Purchase Order, including indexation if applicable according to the Contract, or secondly be deducted therefrom by analogy, or, when not applicable, shall be the current market price. Failure to agree to any adjustment shall not excuse Supplier from proceeding with the Variation.

Should an agreement not be reached within a reasonable time as per Company's judgement, Company shall instruct and Supplier shall proceed with the Variation with diligence and the dispute shall be settled in accordance with Clause 24.4 or at any time by mutual agreement. A dispute regarding a Variation shall not serve as grounds for the Supplier to delay the performance thereof and the Supplier shall be obligated to proceed with such Variation.

- 11.6 Should the Supplier consider himself entitled to any claim for additional expense or extension of Time Schedule, Supplier shall send to the Company an account giving particulars (as full and detailed as possible) within 7 Days of the occurrence considered by Supplier as constituting a variation or extra to the Purchase Order; it being understood that any failure to comply with this provision shall debar the Supplier from his claim being considered.

12. Supplier's Representations and Warranties

The Supplier warrants, covenants and represents the following:

- 12.1 Organization and Qualification. Supplier is a corporation duly organized, and validly existing. Supplier is duly qualified to do business and is in good standing in all jurisdictions in which the ownership of its properties or the nature of its business makes such qualification necessary.
- 12.2 Power and Authority. Supplier has the corporate power and authority to own its properties and assets, to conduct its business as presently conducted and to execute, deliver and perform this Contract.
- 12.3 Execution and Binding Effect. The Contract has been duly and validly executed and delivered by Supplier and constitutes the legal, valid and binding obligation of Supplier enforceable against Supplier in accordance with its terms.
- 12.4 No Breach, Default, Violation or Consent. The execution, delivery and performance by Supplier of the Contract does not and will not: violate Supplier's charter, Clauses of association or certificate of organization or operating agreement or by-laws; breach or otherwise violate any order, writ, judgment, injunction or decree issued by any governmental entity which names Supplier or is directed to Supplier, its business or any of its assets; violate any law, rule, regulation, ordinance or code of any governmental entity; or require any consent, authorization, approval, exemption or other action by, or any filing, registration or qualification with, any governmental entity.
- 12.5 Nothing prohibits the Supplier from performing any of its obligations under the Contract in accordance with its terms; the Supplier and any of its subcontractors (insofar as any exist and only after having been approved by the Company in advance and in writing), are proficient, experienced, possess adequate personnel and equipment, has the financial means and capability, hold and will continue to hold throughout the term of the engagement all applicable licenses, authorizations, permits and qualifications adequate and required in accordance with applicable law for the performance of its obligations.
- 12.6 As far as the Supplier is an Israeli entity - it complies with all the terms stipulated in the Transactions with Public Entities Law 1976, and declares that none of the conditions detailed in Clause 2B of the Transactions with Public Entities Law prohibit the Company from engaging the Supplier in this engagement.

12.7 Skills and Know-How

Supplier possesses:

- 12.7.1 All the skill, know-how, ability, experience and means, financial and otherwise, to successfully complete its obligations under this Contract in complete and total conformance with the Specifications, the Time Schedule and any other relevant information or know-how in the field of the Supplier. The Supplier provides this representation and warranty fully aware of all factors and conditions that may affect the progress or completion of its obligations under this Contract; and,
- 12.7.2 All the skill, know-how, ability, experience, means, financial and otherwise, to successfully manage the execution of the work of the Subcontractors according to the provisions of this Contract, including, without derogating from the generality of the above, the Time Schedule.

12.8 Conflict of Interests

It shall refrain from any activity that might constitute a conflict of interest in the execution of its duties under the terms of the Contract and shall undertake that all of its employees, Subcontractors and representatives will refrain from any activity or association that might involve such a conflict of interest, directly or indirectly and shall notify the Company immediately should such a conflict of interest develop or arise or may potentially develop or arise, either for itself or for any of its employees, Subcontractors or representatives, and act in accordance with the Company's instructions in order to avoid the conflict. All as provided for in **Annex 9** hereof.

12.9 Ethical Code

It has been presented with the Company's Ethical Code for Contractors and Suppliers available at all time on the Company website (www.ingl.co.il) and undertakes to comply with it.

13. Supplier's General Obligations

- 13.1 Supplier hereby agrees to execute any and all works and services required for the manufacture and delivery of the Pipes in accordance with the terms and the conditions of the Contract, including, inter alia, the manufacture, inspection, testing, supply, delivery,

warranty as well as the fulfilment of Supplier's obligations in accordance with the Specifications and Supplier's Bid and Quotation in the Tender and/or any RFQ.

- 13.2 The Supplier shall manufacture and deliver the Pipes in accordance with every applicable law, the Tender, any RFQ (when applicable) and shall be fully & solely accountable towards the Company for any work, activity, material and product pertaining to the Tender and/or the RFQ and the Purchase Order including any work, activity, material and product provided by its subcontractors (if any) even after having been pre-approved by the Company.
- 13.3 The Supplier warrants, covenants and represents that the execution, delivery and performance by the Supplier of the Contract does not and shall not violate the Law.

13.4 **Warranty**

- 13.4.1 The warranty period for the Pipes and any other item supplied to the Company by the Supplier shall extend for 18 months after the date on which the Pipes were placed in use or operation by the Company or 36 months from the date of actual delivery of the Pipes to the delivery destination specified in the Purchase Order, whatever occurs first (the "**Warranty Period**").
- 13.4.2 If any of the Pipes do not comply with the provisions of the Contract or are found defective or if any defect or fault originating in connection with the design (if furnished by Supplier), materials or workmanship, of any of the Pipes arise at any time within the Warranty Period, Supplier shall at his own cost promptly make such alterations, repairs and/or replacement, including packing, transportation, and retesting, wheresoever located, as are necessary so that said item conforms to the provisions of the Contract and fulfils the preceding warranties to Company's entire satisfaction; Supplier shall in addition reimburse the Company for the following costs and expenses incurred in completing the necessary remedial and repair works: (a) seeking and finding of defective Pipes; (b) excavation and removal of defective Pipes; (c) transportation of defective Pipes and replacement Pipes; (d) purchase and installation of replacement Pipes; (e) testing of replacement Pipes.
- 13.4.3 The Supplier's liability for actual removal and substitution costs at site and under this sub-Clause is limited to the highest of the following: (i) the total price quoted

in the relevant Purchase Order; or (ii) the maximal insurance coverage of the Supplier for the ordered items under the Contract.

- 13.4.4 The Supplier's liability is as provided for under Clause 20.1 below. If the fault or failure to function properly cannot be corrected or is not promptly corrected as set forth above, the Incompatible Pipes shall be removed by or at the expense of Supplier and Supplier shall without cost to the Company promptly deliver a satisfactory Pipes which completely fulfils the provisions and intent of the Contract. Moreover, where such faulty Pipes are no longer in the condition in which they were delivered due to use or acts by Company prior to discovery of the Incompatibility(ies) of the Pipes, and unless such use or acts are inconsistent with the nature of the Pipes, then Supplier shall accept the rejected Pipes in such condition, shall replace such Pipes in accordance with the terms hereof and shall have no further claim against Company in connection therewith.
- 13.4.5 In the event of any alteration, repair or replacement as aforesaid, Supplier Warranty Period shall extend to such altered, repaired or replaced Pipes for a new period of same duration as initially stipulated, from the date of acceptance of same by Company, but in any event not less than one year from the date of repair or replacement.
- 13.4.6 If the faulty Pipes are not removed and satisfactory replacement Pipes are not furnished by Supplier within such reasonable time as Company shall determine, then the Company shall be entitled to carry out such remedial work or have such remedial work carried out by others or provide replacement Pipes all at the sole risk and expense of Supplier up to the maximum liability in Clause 20.1.
- 13.5 The Supplier shall provide the Company with all documentation required under this Contract, without limitation, to enable custom clearance, payment, receiving and use of the Pipes by the Company, in accordance with Clause 7.3.2 above.
- 13.6 The Supplier shall update the Company at any time it may no longer meet the threshold of the Tender and/or RFQ, including the financial requirements. At any time during the Contract or the Qualification Period the Company may instruct the Supplier the validate all of the above representations, warranties, information and data, as well as any other

information (such as financial statements) that was provided by the Supplier as part of its Bid for the Tender and/or RFQ.

14. Taxes and Customs Duties

- 14.1 Supplier shall bear and discharge under his sole liability all taxes assessed against profits, dividends, corporate income, personal income of his employees, all taxes and/or withholdings that may derive from any use of sub-vendor(s) or from the place of payment designated by Supplier, and more generally all and any taxes, imposts, levies, fees, stamps, customs duties and the like, levied by whatsoever authorities, (not expressly payable by Company under the Purchase Order). Supplier shall likewise bear and discharge under his sole liability any fines and/or penalties pertaining to any of the above. In addition, The amounts required by the applicable law to be withheld at source by the Israeli Tax Authorities shall be paid by Company directly to the Israeli Tax Authorities and shall be deducted from the Contract Price, unless all relevant approvals for the Tax authority shall be provided to the Company by the Supplier
- 14.2 Supplier shall indemnify and hold Company harmless against liability to claims in respect of the foregoing.

15. Consideration, Terms of Payment and Invoicing

15.1 Price

- 15.1.1 The consideration is as stipulated in the relevant Purchase Order ("**Contract Price**"). Unless explicitly stated otherwise in the relevant Purchase Order, such Contract Price is the full and final consideration for the Pipes and services provided by the Supplier, including, without limitation, all costs and expenses relating to production, supply, lifting, transport, storage, execution of the works, materials, product examination, inspection, testing, warranty, insurance, taxes, levies and licenses, tolls and any other payment according to the selected delivery terms specified in the Tender or the RFQ as applicable and the Purchase Order.
- 15.1.2 For Orders placed using foreign currency (i.e. any currency other than New Israeli Shekel) the Contract Price shall be paid according to currency stipulated in the relevant Purchase Order, unless specifically agreed otherwise by the Parties.

Accounting and payment shall be in the currency as indicated in the Supplier Bill of Quantities, as approved by the Company in the Tender or relevant RFQ.

15.2 Indexation

- 15.2.1 Unless specifically stated otherwise in the Purchase Order or subject to any Variation or agreed upon in writing by the Parties, the Contract Price shall be equal to the price stipulated in the Purchase Order and shall not be adjusted or linked to any index and shall not be subject to any currency fluctuation in any way.
- 15.2.2 Unless determined otherwise by the Company in a RFQ, where the Purchase Order for any of the Pipes under the Tender or relevant RFQ shall be issued by the Company to the Supplier after the end of 2 months from the actual Last Submission Date of the Tender or the relevant RFQ then the Contract Price shall be adjusted in accordance with the provisions of **Annex 10** hereof.

15.3 Payment

Payment by the Company to Supplier shall be made on a per-order basis. Unless determined otherwise by the Company in the Tender or a RFQ the following terms of payment of the Contract Price shall apply:

15.3.1 Advance Payment

The Supplier shall be entitled if requested to receive an amount equal to 25% of the Contract Price ("**Advance Payment**") subject to submission by the Supplier of all the following documents to the Company:

- 15.3.1.1 an Invoice in the amount of the Advance Payment in accordance to Clause 15.4 below; and
- 15.3.1.2 an original Advance Payment Guarantee to the Company in accordance to Clause 26 below; and
- 15.3.1.3 an original Performance Guarantee in accordance to Clause 26 below; and
- 15.3.1.4 a duly signed statement by the Approved Steel Manufacturer stating that: (a) the Supplier and the Approved Steel Manufacturer have signed

an order for the manufacturing and delivery of raw material to the Supplier to the benefit of the Company's Purchase Order; and (b) the raw material type and quantity ordered fulfil the required quantity of Pipes in the Purchase Order; and (c) the delivery date of the raw material to the supplier; and

15.3.1.5 a detailed production and delivery time schedule for the Purchase Order by the Supplier; and

15.3.1.6 an approved Inspection Test Plan is approved by the Supplier and the Company.

The Company shall pay the invoice for the Advance Payment, at the 1st day or the 15th day of the month when the invoice is received, provided that all the documents in Clauses 15.3.1.1 - 15.3.1.6 received from the Supplier at least 15 Days prior to the payment.

15.3.2 Final Payment

The remaining balance of the Contract Price subject to any set-off or deduction if applicable in accordance to the Contract, shall be paid by the Company at the 1st day or the 15th day of the month when 45 days have passed from the date the Company received all the Shipping Documents in accordance to Clauses 7.3.2 and subject to all the following:

15.3.2.1 all the Pipes ordered under the Purchase Order have been received by the Company at the designated destination within the time stipulated in the Purchase Order; and

15.3.2.2 all the quality certificates for the Pipes (3.2 Quality Certificates) and the Manufacturing Data Book ("Pipe Book") (in digital files and hard copy), properly approved and signed by the Supplier and the Certified Inspection Agency and received by the Company; and

15.3.2.3 The Company has received a valid Performance Guarantee (Quality guarantee) in accordance to Clause 26.

15.4 Invoicing

15.4.1 Invoice/s shall bear clear reference of the Purchase Order number, quantity, Supplier's company registration number and indicate the Company catalog no. for each type of Pipe and quantity according to the Purchase Order.

15.4.2 Invoices be in the name of: INGL – Israel Natural Gas Lines Company Ltd. and be sent in 1 original and 3 copies to the Company address: The Natural Gas Lines Company, Ltd. (INGL), Atidim Tower, 32 Flr., Kiryat Atidim, Tel-Aviv 6158101, Israel, Attention: Purchasing Department.

15.4.3 If the Company disputes all or part of an invoice, Company shall return this invoice to Supplier specifying in writing the reasons for its rejection. Supplier may then:

Either send back the invoice corrected to the satisfaction of Company; or, send back an invoice covering the non-disputed part. To the extent applicable, the invoice for the disputed part may be sent after the settlement of the issue.

The times for payment in respect of confirmed invoices shall run from the date of their receipt by Company. The times for payment in respect of revised invoices when agreed between the Parties shall run from the date of their receipt by Company, provided that the credit note in respect of the original invoice has been received by Company.

15.5 Provided all the provisions of the Contract have been complied with, payments shall be made to the account designated on the Supplier's invoices.

15.6 In case of payment by bank transfer, the payment shall be deemed made as from the date of transfer from Company's bank.

15.7 The payment procedure referred to in this Clause shall apply mutatis mutandis to the payment of such amounts as become due as a result of Variation or of other terms of the Contract.

15.8 From any sum due by Company, Company may deduct any amount due by Supplier to Company. Supplier shall promptly reimburse any sum in excess due to Company.

16. Statutory Requirements

- 16.1 The Supplier shall comply at any time with all laws and regulations applicable to its activities in relation to the Contract and shall, at his own cost and expense, prior to the delivery of the Pipes, supply whatsoever governmental or other administrative documents as required for the performance of the Contract.
- 16.2 The Supplier warrants, covenants and represents that the execution, delivery and performance by the Supplier of the Contract does not and will not violate the Laws.

17. Intellectual Property

- 17.1 The Supplier shall fully indemnify and hold the Company harmless against any action, claim, demand, costs, charges, damages, and expenses arising from or incurred by reason of any infringement or alleged infringement of any patent, registered design, trade mark, or trade name protected in the country of origin or elsewhere and resulting from the Pipes or their use.
- 17.2 In the event of any claim being made or action brought against the Company arising out of the matters referred to in this Clause, the Supplier shall be notified thereof and, subject to the following, may at his own cost and expense conduct all negotiations for the settlement of the same and any litigation that may arise therefrom. The Supplier will not, without the Company's prior written consent, settle, admit liability or compromise any pending or threatened claim, proceeding or investigation in respect of which indemnification could be sought under this Clause (whether or not the Company or any other Affiliates, employees or agents is an actual or potential party to such claim proceeding or investigation), unless such settlement, admission or compromise includes an unconditional acknowledgement that none of the Company, its Affiliates, employees or agents had any responsibility for the matter giving rise to such claim, proceeding or investigation. The Company will not owe any responsibility to other indemnified persons for providing or failing to provide such consent.
- 17.3 Either the Supplier or the Company shall, at the request of the other, afford all reasonably available assistance for the purposes of this Clause and the Company shall be repaid by the Supplier for any expenses incurred by the Company in so doing.

- 17.4 If the Pipes or part thereof involved in such action, claim, etc. are prohibited from use, Supplier shall at his own expense, at the Company's option, either replace or modify them, or purchase the necessary licences in order to remove the infringement to the satisfaction of Company.

18. Assignment and Sub-Contracting

18.1 Assignment

- 18.1.1 The Supplier shall not transfer or assign all or any of his rights and obligations under the Contract, without prior written consent of the Company. Notwithstanding any assignment to which the Company has given its consent, Supplier shall be and remain fully responsible for the due performance of his obligations under the Contract.
- 18.1.2 The Company, may at any time, transfer or assign all or any of its rights and obligations under the Contract to the State of Israel, including to any other third party, provided that such third party demonstrates reasonable financial ability which allows him to comply with the payments obligations to the Supplier under the Contract.

18.2 Sub-contracting

- 18.2.1 The Supplier shall not without prior written approval of Company subcontract directly or indirectly at any level the performance of this Contract or any part thereof.
- 18.2.2 A proposed list shall be prepared by Supplier and provided to the Company for its approval within 14 Days of the issuance of the relevant Purchase Order with indication, for each named sub-vendor, of field and volume of activities possibly to be sub-contracted. The Company may at its sole discretion refuse to include a sub-vendor in such approved list.
- 18.2.3 The Company refusal to approve any sub-vendors not named in the aforementioned list shall not increase the Contract Price or extend the Time Schedule.
- 18.2.4 The Company shall be entitled to approve all subcontract documents relating to sub-vendors as aforesaid, excluding prices, prior to award of each subcontract.

Such subcontract documents shall provide that sub vendors shall not be authorized to subcontract their order, or part thereof, at any level without written consent of Supplier.

18.2.5 Supplier shall remain fully responsible for any part of the Contract performed by his sub-vendors, at any level, and for the acts and omissions of such sub-vendors and their personnel. Notwithstanding anything to the contrary in the Contract, the Supplier shall indemnify and hold harmless Company against all such acts/omissions of sub-vendors, and against any consequence of use of sub-vendors at any level.

18.2.6 The Company's approval of sub-vendors at any level shall not create any contractual relation between the sub-vendor and Company.

19. Safety and Security on Site

19.1 Before entering any of the Company's sites and/or facilities, including any related premises to the supply of the Pipes, the Supplier will undergo a safety and security briefing performed by one of the Company's representatives, and will be issued an entry permit, as a precondition for such entry.

19.2 Throughout the duration of Supplier in the Company's premises (including any other premises of a third party related to the supply of the Pipes), the Supplier shall adhere to all of Company's (including the third party if applicable) safety and security regulations.

20. Liability and Insurance

20.1 Liability

20.1.1 Supplier shall hold harmless and indemnify the Company in respect of loss or of damage to the Pipes until the risk thereof has been transferred to Company in accordance with the terms of the Contract.

20.1.2 Without derogating from anything stipulated in the Contract and the Purchase Order, the Supplier shall be liable for: (i) any bodily injury or property damage resulting from any act or omission by the Supplier and/or anyone on its behalf in connection with the manufacturing and supplying of the Pipes under this Contract; (ii) any damage or loss resulting from any defect in the Pipes, including

Incompatibility due to poor workmanship and/or quality of materials used for the production of the Pipes and/or late delivery, incurred by the Company and/or any third party including, among others, third parties employed by the Supplier.

20.1.3 The Supplier's liability towards the Company for any consequential loss and/or loss of profit deriving out of physical defect or damage to the Pipes, including in case of any liability imposed on or attributed to the Company by any third party, as well as termination of the Contract by the Company for a reason attributed to the Supplier, shall be limited to the total Contract Price. These limitations of liability shall not apply in respect of indemnity provided under Supplier's insurance, as well as in case of Gross Misconduct by the Supplier or by anyone acting on its behalf.

20.1.4 The provisions of this Clause 20 are without prejudice to the provisions of Clause 12 and nothing in said Clause 12 shall be taken to limit Supplier's liability under this Clause.

20.2 Insurances

20.2.1 Supplier shall obtain and maintain all insurances required by applicable laws.

20.2.2 Supplier shall, from the date of delivering the Pipes to the Company, procure and maintain, for as long as the Supplier is legally liable in respect of the Pipes, a Product Liability Policy covering Supplier's legal liability in respect of the Pipes with a limit of liability of no less than \$20,000,000 USD per event and in the aggregate.

20.2.3 In such case where the Supplier is the provider, but not the manufacturer of the Pipes, then it shall also provide the aforesaid insurance from the manufacturer of the Pipes.

20.2.4 Should the Supplier be required to incorporate in the Pipes, or to connection thereto, or hold on behalf of Company, materials and equipment which are supplied to the Supplier directly or indirectly by Company, the Supplier shall be wholly responsible for any loss of or damage to the materials or equipment so supplied to him from such time as they come under his custody, until the risk has been transferred to the Company in accordance with the Contract.

Accordingly the Supplier shall carry out an inspection upon receipt of such materials or equipment and shall be responsible for any damage or defects not notified to Company in writing and which he ought to have identified and so notified in accordance with usual professional practice.

The Supplier shall insure such materials and/or equipment under an "All-Risk" policy. The Company shall be named as an additional insured and as the sole beneficiary in the said policy in respect of such materials and/or equipment.

20.2.5 In addition to the insurance requirements of this Clause, the Supplier shall obtain and maintain, at his own costs, all insurance necessary to cover his liabilities and his equipment and those of his sub-vendors in connection with the Contract and shall ensure that all such insurances waive all rights of subrogation against Company, its Affiliates, and Company's other contractors, suppliers, subcontractors and sub-vendors. The Supplier shall remit certificates evidencing said insurances.

20.2.6 The Supplier shall provide an insurance certificate, in the format acceptable to its insurer that shall include all substantive requirements of this clause 20.2. Terms and conditions applicable to Supplier's Insurance:

20.2.6.1 The Supplier's insurer waives the right of subrogation against the Company as well as anyone operating on its behalf;

20.2.6.2 All Insurances arranged by the Supplier are primary to any insurance arranged by the Company and include a waiver of all rights of recourse or claim for insurance participation against the Company;

20.2.6.3 The insurer of the Supplier shall provide the Company with a 30 days written notice prior to the termination, or material reduction of coverage during the insurance period.

21. Termination

21.1 General

Termination of the Contract shall not relieve the Parties from obligations, such as confidentiality obligations, which by their nature survive the termination.

21.2 Termination on Account of Force Majeure

- 21.2.1 Neither Party shall be liable for any delay in the performance of the Contract, if such delay is due to Force Majeure and without fault or negligence of the Party.
- 21.2.2 A Party affected by an event of Force Majeure shall (a) promptly notify the other Party in writing of any such event, the expected duration thereof, and its anticipated effect on the Party affected in terms of the performance required hereunder; and (b) make reasonable efforts to promptly remedy any such event of Force Majeure. Any supply delayed due to an event of Force Majeure shall be extended for such time as the event shall continue.
- 21.2.3 Either of the Parties may terminate the Contract if the completion of the Pipes is made impossible on account of Force Majeure which lasted for a period of more than 45 consecutive Days, as evidenced by the Party claiming such event as occurred, and a corresponding notice has been served to the other Party. If the Contract is so terminated, Supplier shall be paid the remaining unpaid balance of the Contract Price up to the percentage of the Pipes completed and duly delivered to the Company at the date of such termination.

21.3 Termination through Supplier's fault or deficiency

- 21.3.1 Company shall be entitled to terminate the Contract in the following cases:
- 21.3.1.1 With immediate effect, subject to implementation of applicable laws, if any of the circumstances detailed in Clause 26 to the Tender has occurred; or
- 21.3.1.2 With immediate effect if Supplier fails to either meet the Time Schedule and/or supply the Company any of the guarantees or the insurance certificate required under the Contract and/or commits any material breach of the Contract (Any breach by the Supplier of Clauses 4, 5, 7, 010, 12, 18.1.1, 18.2.1 and 22 shall be regarded as a material breach of the Contract); or
- 21.3.1.3 If the Supplier persists for a period of 7 Days in failing to comply with any of his obligations under the Contract after receipt of Company's notice summoning him to perform such obligation(s).

21.3.2 In the event of such termination, the Company has the right at Supplier's own costs and risks to take over any material, equipment, service, supply or right totally or partially performed at the time of termination and to complete the supply of any unsupplied Pipes, either directly or through any other vendor or supplier. The resulting additional expenses shall be reimbursed by Supplier to Company.

21.3.3 The exercise of any of the rights granted to Company under this Clause shall not prejudice or affect any rights of action or remedy which shall have accrued or shall accrue thereafter to Company.

21.4 Termination attributable to Company

21.4.1 Without prejudice to the provisions of sub-Clauses 21.2 and 21.3, Company reserves the right to terminate the Contract at any time without justifying its decision, but shall in such case:

21.4.1.1 Pay Supplier the remaining unpaid balance of the Contract Price up to the percentage of the Pipes completed and delivered by Supplier prior to the date of termination.

21.4.1.2 Subject to the obligation of Supplier to use its best efforts to mitigate its damages, reimburse Supplier for all costs reasonably and irrevocably incurred and paid in respect of the part(s) of the Pipes not completed and supplied on such termination, proved by the Supplier.

21.4.1.3 Pay Supplier 5% of the difference between the Contract Price and amounts paid as per sub-Clauses 21.4.1.1 and 21.4.1.2 hereinabove.

21.4.2 Such payments shall constitute the sole and full compensation payable by Company.

22. Confidentiality

22.1 The Supplier shall keep in strict confidence all information and document received by it or on its behalf, from the Company or anyone operating on its behalf in connection with the Contract, and shall not disclose such information or document in any manner otherwise than for the purpose of the fulfilment of the Contract.

- 22.2 Without derogating from the abovementioned, the Supplier acknowledges that any confidential information relates to the Company may be considered as "Internal Information" as defined in the Securities Law, 1968 (the "**Securities Law**"). The Supplier is aware of and recognizes the legal limitations applicable to the use of Internal Information. The Supplier shall not make any use of the confidential information in a manner that violates the provisions the Securities Law. The Supplier shall notify the Company immediately and without delay, in any event where such confidential information was disclosed.
- 22.3 The foregoing obligations of confidentiality shall not apply to:
- 22.3.1 Information which is available to the public or which, in the case of the Company, hereafter becomes available to the public not as a result of the acts or omissions of the Supplier or, in the case of the Supplier, hereafter becomes available to the public as a result of acts or omissions of the Company;
 - 22.3.2 Information which was lawfully in the possession of the Supplier before the beginning of the Tender process which are the subject of this Contract;
 - 22.3.3 Information which the Supplier is obliged to disclose as a matter of law or upon the request of any authorized authority provided that it makes every reasonable effort to obtain confidential treatment by the person or entity to which the information is disclosed.
 - 22.3.4 The provisions of this Clause 22 (Confidentiality) shall survive termination of this Contract for any reason whatsoever.
- 22.4 Upon the expiration or termination of the Contract, the Supplier shall return all information supplied by the Company to the Supplier in connection with the Contract and all copies thereof to the Company or destroy the same and, in either and both cases, certify to the Company that such return or destruction, as the case may be, has taken place.

23. Liens

- 23.1 Supplier undertakes not to create or do any act, deed or thing which would result in the creation of any lien or charge on property of the Company and/or the Pipes or any part thereof.

- 23.2 Supplier shall protect, indemnify and hold the Company harmless from and against any and all liabilities for the payment of the amount of any lien claimed in relation to the Contract against the property of the Company and/or the Pipes or any part thereof by any sub-vendor, or third party.

24. Damages

- 24.1 The Supplier hereby acknowledges that compliance with the Time Schedule is a material condition of the Contract.
- 24.2 In the event the Company shall suffer any damage due to breach by Supplier of any of the terms stipulated in the Time Schedule and/or in the event of a monetary demand and/or suites filed against the Company with regard to damages under the liability of the Supplier according to Clause 20.1 above, the Company shall have the right, in its sole discretion, to place a lien and/or set-off and/or actualize any guarantee furnished by the Supplier, as compensation and/or indemnification for any damages and costs incurred by the Company.
- 24.3 The Company shall have the right to collect from the Supplier an agreed compensation fee for late supply of the Pipes which exceeds 14 Days from the delivery date stipulated in the Time Schedule, in whole or in part, at a rate of 0.5% of the total value of the delayed Purchase Order, for every week (or part thereof) of tardiness, up to an aggregate value of 10% of the total value of the Purchase Order (the "**Agreed Compensation**"). The Parties agree that the Agreed Compensation constitutes adequate and predetermined minimal compensation for reasonable, foreseeable damages the Company may incur.
- 24.4 Nothing in the aforementioned shall derogate from any other right and relief the Company may be entitle to under the Contract and any applicable law.

25. Governing Law and Jurisdiction

- 25.1 The construction, validity and performance of the Contract and any related document shall be governed by and construed in accordance with the laws of the State of Israel without regard to conflict of laws principles.
- 25.2 All matters related to the Contract and any Purchase Order, including all future Purchase Orders, shall be adjudicated in the authorized courts of the city of Tel Aviv-Jaffa, Israel,

and the competent Israeli courts shall have exclusive jurisdiction in all matters arising therefrom.

26. Guarantees

26.1 General

- 26.1.1 The Supplier shall provide the Company in accordance with the provisions of this Clause 26 with an Advance Payment Guarantee and with a Performance Guarantee (the "**Guarantees**") for each and every Purchase Order the Company issued the Supplier.
- 26.1.2 The Company may demand an adjustment of the amount of any of the Guarantees, where circumstances, including, without limitation, a change in the Contract Price, necessitate such adjustment. Upon such request, the Supplier shall provide the Company with amended or new Guarantees reflecting the adjusted sum.
- 26.1.3 The Supplier shall cause the validity of any of the Guarantees to be extended, from time to time, by such period(s) as the Company shall request, and shall provide the Company with written evidence of such extension.
- 26.1.4 All costs in connection with the compliance with this Clause 26 shall be borne solely by the Supplier.
- 26.1.5 Without derogating from any other remedy pursuant to the Contract or pursuant to any Law, where the Supplier by act or omission breaches any provision of the Contract, the Company may draw down, in all or in part, any of the Guarantees.
- 26.1.6 In the event of draw down on any of the Guarantees or part thereof, as specified above, the Supplier shall immediately restore the amount of the forfeited Guarantee to the amount prior to such draw down so that the Guarantee shall be at original amount at all times.

26.2 Performance & Quality Guarantee

- 26.2.1 Within 14 days of the Effective Date of each of the Purchase Orders the Supplier has been issued, the Supplier shall provide the Company with an irrevocable performance guarantee, in the form of an independent, autonomous and unconditional letter of guarantee issued by an Approved Financial Entity

approved by the Company, for an amount equal to 10% of the Contract Price, in the form set forth in **Annex 7** hereof (the "**Performance Guarantee**").

26.2.2 The Performance Guarantee shall be valid at least until 2 months after the expiration of the relevant Warranty Period but without derogating the Company's right in accordance to Clause 26.1.3.

26.2.3 The amount of the Performance Guarantee shall be reduced by an amount equal to 5% of the Contract Price (provided that an adjustment in the Contract Price pursuant to the Contract shall cause the amount of such guarantee to be adjusted) upon the delivery in accordance to the Contract of all the Pipes ordered pursuant to the relevant Purchase Order, and with respect to the remaining 5% of the guaranteed amount after 2 months from the expiration of the relevant Warranty Period.

26.2.4 In the event of termination pursuant to Clause 21.3, the Performance Guarantee shall be forfeited in favour of the Company, in addition to any penalty, which may have accrued or remedy to which the Company is entitled to under the respective provisions of the Contract or at Law.

26.3 Advance Payment Guarantee

26.3.1 Within 14 days of the Effective Date of each of the Purchase Orders the Supplier has been issued, and if the Supplier wishes to receive the Advance Payment, the Supplier shall provide the Company with an irrevocable advance payment Guarantee, in the form of an independent, autonomous and unconditional letter of guarantee issued by an Approved Financial Entity approved by the Company, for an amount equal to the Advanced Payment, in the form set forth in **Annex 8** hereof (the "**Advance Payment Guarantee**").

26.3.2 The Advance Payment Guarantee, when issued, shall be in effect for a period ending 3 months after the final date for delivery under the relevant Purchase Order and, if requested by the Company, shall be extended from time to time, until such time that the Company has paid the Final Invoice in accordance with the provisions of the Purchase Order and without derogating the Company's right in accordance to Clause 26.1.3.

27. Foreign Supplier Industrial Cooperation Undertaking

The Supplier's obligations regarding Foreign Supplier Industrial Cooperation Undertaking per the Mandatory Tender Regulations, as detailed in the Tender and/or any RFQ shall apply to any Purchase Order issued by the Company and the Supplier shall fulfil all of his obligations in accordance with the Tender and RFQ and the Laws.

28. Notices

Notices shall be sent to the following addresses:

For the Supplier:

For the Company:

INGL – Israel Natural Gas Lines Company Ltd.

Atidim Tower (32 Floor)

Kiryat Atidim

Tel-Aviv 6158101, Israel

Attn: Purchasing Department

Any written notice sent by one party to the other in accordance with its above address shall be deemed to have reached its destination upon the business day following delivery by hand, by facsimile or email to the said address or after 3 Days have elapsed since its delivery to a post office for dispatch by domestic registered mail in Israel or after 10 Days have elapsed since its delivery to a post office for dispatch by international registered mail, unless otherwise expressly provided herein.

In Witness Whereof the parties have executed this Contract as of the date and year below written:

<p>Israel Natural Gas Lines Company Ltd.</p> <p>Signed on behalf of INGL by the following:</p> <p>Name: Shmuel Turgeman</p> <p>Title: CEO</p> <p>Signature: _____</p> <p>Name: Daniel Szobel</p> <p>Title: CFO</p> <p>Signature: _____</p> <p>Company's Seal: _____</p> <p>Date: _____</p>	<p>_____</p> <p>The Supplier</p> <p>Signed on behalf _____ by the following:</p> <p>Name: _____</p> <p>Title: _____</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Signature: _____</p> <p>Company's Seal: _____</p> <p>Date: _____</p>
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Not for Submission

Annex 1 – List of Specifications, Undertaking, & Compliance to NEN3650 Standard

We, the undersigned _____
[insert Supplier's name] hereby undertake and declare that all Pipes of the Contract for the Manufacture and Supply of Pipes (Doc. no. 394287) shall be manufactured and supplied by us in accordance with all provisions listed in this Annex.

A. NEN 3650

All the Pipes manufactured and supplied by the Supplier under the Contract shall be **manufactured and supplied in full compliance with the NEN 3650 Dutch Standard and with all the requirements and the Company's Specifications set forth below.**

B. Specifications

The following specifications are provided to the Supplier (attached in digital files):

	Doc. Reference No.	Description	Rev.	Date
1	EEN-EPI-SPC-015	Spiral Seam Submerged - Arc Welded Pipes Pipe Size DN 450 - 900 mm	5	25/09/2017
2	EEN-EPI-SPC-001	Longitudinal Seam Submerged - Arc Welded Pipes Pipe Size DN 450 - 900 mm	5	14/05/2015
3	EEN-EPI-SPC-002	Electric Resistance Welded (HFW) Pipes Nominal Pipe Size DN 100 – 500 mm	4	06/06/2011
	Specifications for Offshore Pipes			
4	PR-11-1315-SPEC-020	Specification for High Frequency Welded (HFW) Line pipe **	3	18/06/2011
5	PR-11-1315-SPEC-021	Specification for External 3 LPE Linepipe Coating **	2	18/06/2011
6	PR-11-1315-SPEC-023	Specification for Concrete Weight Coating and Anode Attachment **	2	18/06/2011
7	PR-11-1315-SPEC-041	Specification for Internal Flow Coating **	2	23/06/2011
8	EEN-EPI-SPC-018	Steel Pipes for use as Casing	4	06/12/2018
9	IEN-EPI-SPC-003	Coating of Casing Pipes by Fusion Bonded Exposed Resin – Shop Coating	1	25/06/2004
10	EEN-EPI-SPC-011	Polyethylene and Polypropylene Coating for Steel Pipes - Shop Coating	4	06/12/2018
11	EEN-EPI-SPC-013	Internal Coating of Steel Pipes DN > 450 mm	3	20/08/2004
12	ENG-X17-SPC-0019	Minimum Wall Thickness for Steel Pipes in use by INGL	4	14/09/2017
13	EEN-EPI-SPC-004	General Quality Assurance Requirements	3	19/08/2004

	Doc. Reference No.	Description	Rev.	Date
14	EEN-EPI-SPC-005	Packing	3	17/08/2004
15	EEN-EPI-SPC-006	Shipping	3	27/08/2004
16	EEN-EPI-SPC-007	Marking of Components	4	25/09/2017
17	EEN-EPI-SPC-008	Framework of Inspection	3	23/08/2004
18	IEN-EPI-SPC-001	General Rules for Certification Pipeline / Valve Station	2	20/07/2011
19	EEN-EPI-SPC-010	Documentation to be Provided by Manufacturer	3	20/08/2004
20	394259	Minimum Requirements For Quality Plan's (Inspection And Test Plan) For The Manufacture And Supply Of Carbon Steel Line pipe	2	31/01/2019

** Specification currently under revision. Update specification shall be provided by the Company according to need.

C. Clarifications

1. The raw material for coating of the pipes shall be acquired from a manufacturer who is a certified member of the PE+100 Association.
2. All Pipes shall be supplied with bevel protecting **plastic caps**, unless otherwise agreed in advance at the sole discretion of the Company in writing. The Bevel protecting Caps type shall be approved by the Company's at its sole discretion. The Pipe's serial number shall be printed on the outer side of both caps on both Pipe's ends.

We hereby confirm that we have received and diligently reviewed all of the Specifications and provisions above and consent to all of the requirements set forth therein.

In Witness Whereof, we have signed this undertaking on behalf of the Supplier:

Name of Supplier	Supplier's authorized representative	Signature & Stamp
	By: Position: Date:	
	By: Position: Date:	

Annex 2 - Quality Assurance

1. Quality Assurance

- 1.1. The following provisions of Clause 1 below shall apply as integral part of Clause 5 of the Contract (Quality Assurance).
- 1.2. Before dispatching the Pipes, the Supplier shall inspect, test and certify the Pipes for compliance with the Order Documents.
- 1.3. The Supplier shall give at least 14 days prior written notice of its intention to perform such tests. Such notice shall state the location of such tests and the Company shall be entitled to be represented thereat. No Pipes shall be dispatched without written release or written waiver of inspection by the Company.
- 1.4. Unless otherwise specified, all tests shall be at the Supplier's costs and risks; when the Order Documents states specific payments by the Company for certain tests, if any, the Supplier shall not be paid for any test in which the Pipes have failed to achieve or maintain the required standard and quality required pursuant to the Contract and the applicable law.
- 1.5. In addition to the Supplier's inspections and testing, all inspections, tests and certification shall be performed by a Certified Inspection Agency and according to the provisions as follows.

2. Certified Inspection Agency & Inspector, Tests & Pipes Certifications

- 2.1. All inspections, tests and certifications shall be performed by a Certified Inspection Agency, shall be included in the Contract Price, on the Supplier's sole expense, without payment of additional consideration by the Company to the Supplier.
- 2.2. "**Certified Inspection Agency**" shall mean: a third party, non-related certified national inspection agency to be selected by the Supplier from the list of Approved Certified Inspection Agencies in **Annex 4** below, (the "**List of Approved Certified Inspection Agencies**"), or another certified inspection agency whose identity was approved in advance by Company at its sole discretion as a suitable alternative and considering the experience required from the Supplier in the Purchase Order Documents.
- 2.3. The Certified Inspection Agency shall appoint a specific inspector/s to personally perform all inspections, tests and certifications on behalf of the Certified Inspection Agency (the "**Inspector**"). Such Inspector meet all the following criteria:

- 2.3.1. shall not be a resident of the Supplier's country and shall have a minimum of 5 years' experience of inspecting the manufacturing (including coating) of high pressure natural gas transmission pipelines according to API 5L PSL2 standard. Such experience shall include pipes diameters equal or greater of the Purchase Order.
- 2.3.2. Shall have good and satisfactory communication skills in the English language (speaking and writing).
- 2.4. At least one month prior to the beginning of any inspections, tests and certifications, the Supplier shall present to the Company's approval the proposed Inspector's CV and details with respect to his experience. The Company's approval in writing to such Inspector shall be a condition precedent to the beginning of any such inspections, tests and certification. The Company may, at its sole discretion, withhold such approval for any reason whatsoever and in such event the Supplier shall be required to present a suitable alternative.
- 2.5. **The Inspector shall attend and inspect the entire production process throughout the production process on a daily basis.**
- 2.6. The Supplier shall provide 3.2 material and quality inspection data and certificate according to the Company specification "General Rules for Certification pipeline / valve station" (no. IEN-EPI-SPC-001 rev. 2), approved and signed by the Inspector and the Certified Inspection Agency as "Witnessed". The above-mentioned documents must be received and approved by the Company in writing before the delivery of Pipes to the Company.
- 2.7. The Original signed and stamped material certificates shall be provided by the Supplier and received by the Company not later than dispatch of the Pipes to the Company.
- 2.8. In addition and without derogating from the aforesaid, within 7 days of any request of the Company, the Supplier shall supply a copy of the Supplier's tests and data sheets (and technical calculations if so requested) certified by the Supplier to be a true copy.
- 2.9. For the removal of doubt, it is hereby clarified that the Certified Inspection Agency and/or the Inspector shall not be dismissed and/or replaced without the Company's prior written approval.
- 2.10. A breach by the Supplier to perform inspections, tests and certification by the Certified Inspection Agency and by the Inspector as provided herein or a failure to provide on time, 3.2 material and quality inspection data and certificates, including Manufacturing Data Book

properly signed by the Supplier and the Certified Inspection Agency, shall constitute a material breach of the Contract. Without derogation of the above, in an event of a breach of this Clause, the Company shall be entitled to the Agreed Compensation according to Clause 24.3 to the Contract.

3. Additional / Repetition of inspection & tests

- 3.1. Subject to the provisions of the Contract, the Company shall be entitled to request additional or repetition of inspection and tests of the Pipes during manufacture or storage or as otherwise set out in the Contract. In addition, the Company shall have the right, at their own cost, to inspect and ensure quality of the Supplier's facilities at any time during its performance of the Contract. If the Company exercises any of such rights, the Supplier, at his own cost, shall provide or shall ensure the prompt provision of all such facilities, materials and labor as may be required by the Company.
- 3.2. If the results of such additional or repeated inspection and tests indicate that the Pipes comply with the Order Documents requirements, and, should such inspection or tests actually delay the delivery of the Pipes, the Company shall grant the Supplier a corresponding extension of time for delivery. If the result of said inspection and tests show that the Pipes do not, in the opinion of the Company, comply with the Order Documents requirements, the expenses of said inspection and tests and related correction or rework of the Pipes shall be borne solely by the Supplier without any effect on the time schedule.
- 3.3. If as a result of any inspection or test under this Clauses 3.1 or 3.2 above, the Company is of the opinion that the Pipes do not comply with the requirements of the Order Documents or are unlikely to so comply on completion of manufacture or processing, it may inform the Supplier in writing of its decision to reject such Pipes in which case the Supplier shall within the time schedule of the purchase order supply, at no additional cost to the Company, Pipes which comply with the requirements of the Order Documents in place of those rejected.
- 3.4. Should the Supplier not comply with the provisions of this Clauses 3.1 or 3.2 above and make dispatch in contravention of the requirements hereof then the Company may at its sole option provisionally receive the Pipes without prejudice and the Pipes shall be thereafter inspected and tested at the Supplier's costs, and if found defective or inferior in quality to or differing from the requirements of the Contract, may be rejected in whole or in part at the sole option of the Company.

- 3.5. For any such rejected Pipes, the Supplier shall be obligated to replace such Pipes by new Pipes conforming to the requirements of the Contract on its own costs and risk. In the event of the Supplier failing to replace the Pipes so rejected as aforesaid within 60 working days or in the event that the Company is in the opinion that the replacement is urgent, the Company shall have the option at its sole discretion either to have such Pipes replaced by the Supplier or to exclude same from the purchase order, to order such Pipes from another third party, in which case the Supplier shall reimburse the Company for any additional cost incurred by the Company in so doing and any sums already paid with respect to such rejected Pipes shall be forthwith reimbursed by the Supplier.
- 3.6. Pipes so rejected shall be removed at the Supplier's own cost and risk within 10 days from the date of receipt of notification of rejection. In the event of the Supplier failing to take back Pipes so rejected as aforesaid, the Company shall be entitled to store them or return the rejected Pipes or any of them at the Supplier's cost and risk.
- 3.7. This Clause shall be without prejudice to any other rights and/or remedies Company may have under the Contract and/or the applicable law, as a result of aforesaid breach(es) by the Supplier.
- 3.8. The carrying out or failure to carry out or observe any inspection or examination or test of the Pipes by the Company or on its behalf, including providing the above written release or a waiver in Clause 1 above, shall in no way relieve the Supplier of its obligation to comply with all obligations of the Contract, including without limitation the warranty provisions of Clause 13.4 of the Contract and to supply the Pipes to a standard and quality required pursuant to this Contract and the applicable law.
- 3.9. Upon the Company's first request, the Supplier shall provide the manufacturer's undertaking to comply with all the requirements under this Clauses 1 and 3 above. The form of the manufacturer's undertaking shall be approved by the Company in advance.
- 3.10. A dispute over the results of the tests may be referred to the Technical Expert in an attempt to end the dispute by mutual understanding, provided, however, that the Supplier shall be obligated to implement all of the instructions of the Company with regard to the Contract during the time the matter is in dispute.

In Witness hereof on behalf of the Supplier:

Name of Supplier	Supplier's authorized representative	Signature & Stamp
	By: Position: Date:	
	By: Position: Date:	

Not for Submission

Annex 3 - List of INGL's Approved Steel Manufacturers

1. THYSSEN KRUPP – GERMANY
2. SALZGITTER – GERMANY
3. VELLOUREC & MANESSMANN SEAMLESS TUBES (V&M) – FRANCE/GERMANY
4. ARCELORMITTAL FOS-SUR-MER – FRANCE
5. TENERIS – ITALY
6. CORUS – UK
7. VOEST ALPINE – AUSTRIA
8. ARCELOR MITTAL BREMEN- BILGIUM
9. MITSUI – JAPAN
10. JFE – JAPAN
11. POSCO – KOREA
12. USS - USA
13. SMI – USA

1. We undertake on behalf of the Supplier to acquire the steel which shall be used by us to manufacture the Pipes from one or more of the **Steel Manufacturer** listed above.
2. The Approved Steel Manufacturer list may be amended from time to time by the Company, at its sole discretion, by adding or omitting Approved Steel Manufacturers.
3. For the purpose of manufacturing the Casing Pipes **only**, the Company may allow in its sole discretion, in advance in writing, to purchase the raw materials from a steel manufacturer which is not included in the above Approved Steel Manufacturer list.
4. The Supplier shall not have any claims for the Company's decision regarding the above matters.

In Witness hereof on behalf of the Supplier:

Name of Supplier	Supplier's authorized representative	Signature & Stamp
	By: Position: Date:	
	By: Position: Date:	

Annex 4 - List of Approved Certified Inspection Agencies

1. Lloyds Register, United Kingdom
2. Bureau Veritas International (U.S. or European Branches only).
3. Groupment des APAVAS, France
4. Llyods, Holland
5. Germanischer Lloyd, Germany
6. TÜV, Germany
7. Association des Industries de Belgique, Belgium
8. Technischer Ueberwachungs-Verein, Austria
9. Schweizer Verein von Dampfkesselbesitzern, Switzerland
10. Det Norske Veritas, Norway / Italy
11. Germanischer Lloyds Noble Denton (SE)

1. The Company may add additional Certified Inspection Agencies or to omit such from the above list of Approved Certified Inspection Agencies, according to its sole professional discretion.
2. The Company may amend the any of the above country of origin of the above Certified Inspection agencies, according to its sole professional discretion.
3. The Supplier shall not have any claims for the Company's decision regarding the above matters.

In Witness hereof on behalf of the Supplier:

Name of Supplier	Supplier's authorized representative	Signature & Stamp
	By: Position: Date:	
	By: Position: Date:	

Annex 5 - Production Plan, Delivery Terms and Technical Information

1. Production Plan

- 1.1. The Supplier shall use all measures, at its own expense, in order to expedite the progress of the execution of the Order according to the Contract. Unless otherwise agreed, the Supplier shall within 14 days from the purchase order, submit to the Company, for its approval, a production plan covering Inspection Test Plan ("**ITP**"), technical drawings and other documentation, production time schedule (refers to start, duration and finish of all major stages and critical paths of manufacture, including examination, testing, inspection and delivery) (the "**Production Plan**"). The Production Plan shall come into effect upon its approval by the Company.
- 1.2. The Supplier shall continuously update such program and issue revisions immediately to reflect any variations. Without derogating from the Company's rights under the Contract, should the Supplier encounter or anticipate any delays, including, but not limited to, delays in obtaining materials from his sub-vendors, delays in receiving information from the Company, he shall immediately advise Company with written indication of cause, estimated period of delay, and corrective actions to be taken.
- 1.3. For the removal of doubt, in approving Supplier's Production Plan, the Company and anyone on its behalf shall not in any way assume responsibility for its entirety and accuracy

2. Pipes Delivery Terms

2.1. Passing of Risk and Title

The Delivery terms shall be DAP Incoterms 2010 and risk and title in the Pipes shall pass to the Company as per DAP in accordance with Incoterms 2010, subject to the provisions of the Contract. In the event the Purchase Order has stipulated a different delivery method the applicable Incoterms 2010 shall apply.

However, Company may accept or refuse at its sole option the ownership of any of the same which may not be in conformity with the requirements of the Contract.

2.2. Pipes Delivery Place

- 2.2.1. Pipes delivery Place: shall be as indicated in the Purchase Order issued following the Tender or RFQ instructions.
- 2.2.2. Unless otherwise provided by the Company the default delivery place of the Pipes is at the Company's warehouse located near Re'em junction (regional council "Yoav" / "Sorek river"), Israel (position: 31°45'30.4"N 34°47'18.2"E, 31.758444, 34.788390).
- 2.2.3. Nevertheless, the Company shall have the option, at its sole discretion, to instruct the Supplier to deliver all or part of the quantity ordered to an alternative destination/s in Israel, no more than 60 km (road distance) from Haifa Port or Ashdod Port, Israel, without additional costs to the Company.
- 2.2.4. Without derogating from the above an alternative destination delivery may be, the Company's storage yard near the following coordinates: 31°38'21.1"N 34°31'58.3"E, 31.639186, 34.532865, or the contractor's storage yard at the vicinity of the working site.
- 2.2.5. The Company's decision regarding the final delivery of the pipes shall be notified to the Supplier at reasonable time and at least one month before FOB (Free on board) date in respect to the date of shipment, unless agreed otherwise between a the Company and the Supplier. The FOB date shall be according to the detailed time schedule to be provided in advance by the Supplier to the Company
- 2.2.6. Subject to the clauses 2.2.1 - 2.2.5 above, the Company may instruct to deliver the Pipes to all locations (part of the pipes to each location), the default storage yard and any of the alternative, without derogating from the Company's right to update to any alternative location according to the above without additional costs.

3. Pipes Delivery Time Schedule

- 3.1. The Supplier shall provide the Company the approximate week number for the loading of the Pipes (FOB date in the detailed production time schedule of the Purchase Order). One and a half months before the planned FOB dates the Supplier shall update the Company as for the updated actual FOB date, if changed.
- 3.2. The Supplier shall keep the Company updated from 14 days before actual FOB dates.

- 3.3. Failure to meet the Time Schedule for more than 30 days, shall entitle the Company to terminate the Contract, without prejudice to any other rights of Company under the Contract or at law, including without limitation, to the liquidate damages stipulated in the Contract.
- 3.4. In the event that the Delivery Schedule of any of the Purchase Order items shall be postponed at the Company's request, the Company and the Supplier shall coordinate an updated Delivery Schedule, including start of production, as may be applicable. In any event, the Supplier shall be obligated to start production following a 3 months advance written notice by the Company and to deliver the Pipes at the Delivery Destination at the earliest possible but no later than the maximum time period originally stipulated in the RFQ for such Pipes.

4. Shipping Documents

- 4.1. Immediately upon shipment of the Pipes the Supplier shall provide the following original documents to the Company ("**Shipping Documents**"):
- 4.1.1. Invoices in accordance to Clause 15.4 of the Contract;
- The Invoices shall include all the following:
- (a) the Company's Purchase Order no.;
 - (b) the Company's catalog no. for each type of pipe and quantity (pcs & meters) according to the Purchase Order;
- 4.1.2. Duly filed and signed EUR – 1 certificate, if applicable (or certificate of origin) according to the Contract;
- 4.1.3. Bill of lading - issued in the Company's name;
- 4.1.4. Itemized Packing list. Such list shall include:
- (a) the Company's Purchase Order no.;
 - (b) the Company's catalog no. for each type of Pipe;
 - (c) the Pipes Coating type (e.g. PE / PP).
- The Packing list shall be provided to the Company by signed hard copy, as well as by an open excel file.

- 4.2. If applicable according to the delivery method designated in the Tender/RFQ, any and all other documentation necessary to release the Pipes from customs in an expeditious manner and to facilitate payment, i.e. the documents that shall enable the Company to clear the Pipes through customs and which will enable Company to make any payment, including in foreign currency in accordance with the Regulations of the Bank of Israel.
- 4.3. The above Shipping Documents, original and 2 copies, shall be delivered by the Supplier using express air delivery. Additionally, a true copy of such documents shall be scanned and send to the Company by email Supplier.
- 4.4. Original copies of all of the above mentioned documents must arrive to the Company without any delay and before the arrival of the vessel delivering any of the Pipes to Israel. In addition, copies of all of the above mentioned documents shall be sent to the Company by e-mail simultaneously with the delivery of the originals. The above mentioned documents must be forwarded solely in Company's name and shall state Company's full company name and shipping address.

5. Technical Information

- 5.1. The Supplier shall, without additional cost to the Company, supply all required drawings specifications or other technical information (whether needed for information only, approval or final record) such as by way of illustration and without limitation, as relevant to the nature of the Pipes, technical Data Book, operating instructions, maintenance manuals, certificates giving chemical compositions and mechanical properties, fabrication reports, technical calculations, certifications and the like ("Technical Information") at times and in a digital file in a PDF format and one hard copy.
- 5.2. Together with the said drawings specifications or other Technical Information, and/or any other required documentation, the Supplier shall provide the Company a declaration acceptable by the Company, confirming that such documents have been reviewed thereby or by an authorized representative on its behalf and that they are completely accurate and in full compliance with the Contract requirements. In approving Supplier's Technical Information, the Company and anyone on its behalf shall not in any way assume responsibility for their entirety and accuracy.
- 5.3. The request for Technical Information may be presented to the Supplier with respect to any purchase order, before or following the issuance of the purchase order.

5.4. All Technical Information specifically provided by the Supplier in connection with the supply of the Pipes or obtained by the Company at its cost shall be and remain the property of the Company and shall be delivered to the Company promptly upon its request, at any time and for whatsoever cause. The Supplier shall not use such Technical Information, nor authorize or knowingly permit them to be used by anyone else for, or in connection with, any purpose other than the supply of the Pipes to the Company unless such use is expressly authorized by the Company previously and in writing.

In Witness hereof on behalf of the Supplier:

Name of Supplier	Supplier's authorized representative	Signature & Stamp
	By: Position: Date:	
	By: Position: Date:	

Annex 6 - Land Transportation and Handling of Pipes

1. Pipelines - Land Transportation Company

In order to maintain and promote the safety operation while loading the Pipes at port and their transportation and unloading at the Company's facilities or any other site decided by the Company according to the Tender and the Purchase Order, it shall be the Supplier's sole responsibility to take the following actions (as minimum requirements):

- 1.1. The Supplier shall use only professional and safe transportation companies, having approved safety procedures and safety risk plan for transportation, loading and unloading of pipes.
- 1.2. All trucks shall be equipped with safety wall between the driver's cabin and the truck's carriage.
- 1.3. Safety straps shall be used to secure the pipes loaded on the truck's carriage, in the amount needed, but not less than 5 straps as a minimum requirement.
- 1.4. The truck's carriage shall be equipped with at least 5 safety rods in each side of the carriage.
- 1.5. 3 wooden beams shall be used on top of each carriage and below the pipes. Use of saddles as alternative is subject to coordination in advance of the Supplier with the Company and proving the safety and secure handling of the Pipes.
- 1.6. Trucks transporting pipes unsafely shall not be allowed to exit the port and to enter and unload any pipes at the Company's facilities or any other site.
- 1.7. Forklift shall not be used for unloading or any kind of handling of the Pipes.
- 1.8. Personal safety equipment (PPE) should be used by all personal and drivers – helmet, safety shoes, vest, long trousers etc.
- 1.9. The Company shall have right to refuse any truck from entering the Company's facilities or site, and refuse to receive any Pipes, due to unsafely transportation by the Supplier, without derogating from the obligations of the Supplier according to the Contract.
- 1.10. The Company may provide additional safety guidelines and procedures to the Supplier regarding the transportation of the Pipes in Israel.
- 1.11. The above shall not derogate from the Supplier's undertaking and responsibility according to the Contract.

2. Warning & Penalties for Safety failures

The Company shall have the right, at its sole discretion, to alert and collect penalties as agreed compensation fees for safety failures from the Supplier as follows:

2.1. The Company's Safety Officer or any other duly authorized representative acting on behalf of the Company is authorized to point out faults related to safety and their classification.

Points, penalty limit and penalties for safety failures according to INGL HSE:

<u>Mark (X)*</u>	<u>Risk level</u>	<u>Warning / penalty letter</u>	<u>Weighted Value</u>	<u>Risk Value</u>
<input type="checkbox"/>	Low	The supplier shall receive a warning letter.	3-1	L
<input type="checkbox"/>	Medium	The supplier shall receive a penalty of 1,500 NIS	6-4	M
<input type="checkbox"/>	Medium	The supplier shall receive a penalty of 1,500 NIS	9-8	M
<input type="checkbox"/>	High	The supplier shall receive a penalty of 1,500 NIS	16-12	H

- ☒ Repeated violation will multiply the probability and risk level.
- ☒ The fine will reset the accumulation of points, an opportunity will be given to the supplier demonstrate continuous improvement and ensure a high level of safety performance.
- ☒ The fines imposed by INGL or any representative on its behalf shall be charged from the amount of payment to the supplier

Risk Matrix (R = PxS)

Probability Severity (S) \ (P)	Very Low)(1 - May happen, but probably won't)Low(2 - May happen, but only rarely)Medium(3 - May happen occasionally) High(4 - May happen every day
(4 - High) Fatality or serious injury	M- Moderate 4	M- Moderate 4	High 12	High 16
(3 – moderate) Impact with absence over 30 days	L - Low 3	M- Moderate 4	M- Moderate 4	High 12
(2- Low) Medical care, day away case	L - Low 2	M- Moderate 4	M- Moderate 4	M- Moderate 4
(1 – Very Low) First aid is needed	L - Low 1	L - Low 2	L - Low 3	M- Moderate 4

Risk index

code	description
16-12	Unacceptable Risk (H) - Immediate action should be taken to reduce the level of risk, even if this requires stop the work process .
9-4	Unacceptable risk (M) - should be reduced. It is possible to continue the activity for a limited time if necessary and cannot be applied prevention. Only an authorized manager may approve the execution of the work.
3-1	Acceptable risk (L) - Constant measures should be taken to remain at this level, such as employee training, standing orders in safety.

Injury scenarios that received a score of 12 or more in the decision board of risk assessment are not acceptable. Activity should be discontinued and renewed after risk reduction processes are carried out to an acceptable level.

Probability index

code	description	definition
4	High	May happen every day
3	Moderate	May happen occasionally
2	Low	May happen, but only rarely
1	Very Low	May occur during the life of the system

Severity index

code	description	Health & Safety	Environment	Property / equipment
4	High	Death or permanent disability	Very serious, long-term environmental degradation of ecosystem functions.	Loss of the entire equipment / property (total loss)
3	Moderate	Injury/ illness with absence over 30 days	Serious, medium-term environmental effects	Loss or damage of a major / major subsystem (extended downtime)
2	Low	Medical treatment and incapacity	Moderate / monotonous, short-term effects but does not affect ecosystem function and ecosystem	Loss or damage of a small subsystem (short-term downtime)
1	Very Low	Only first aid is needed	A slight impact on the biology of the physical environment	Injury / serious damage to equipment / property (without downtime)

In Witness hereof on behalf of the Supplier:

Name of Supplier	Supplier's authorized representative	Signature & Stamp
	By: Position: Date:	
	By: Position: Date:	

Annex 7 - Form of Performance & Quality Guarantee

To:

Israel Natural Gas Lines Company Ltd.

Atidim Tower, Kiryat Atidim, St. 2184

Tel-Aviv, Israel 6158101

Re: Guarantee no. _____

1. At the request of _____ (the "**Supplier**") the undersigned _____ *[insert name of the Bank]* (the "**Guarantor**"), having its official address at _____ does hereby establish this irrevocable, independent, autonomous and unconditional guarantee, in favour of Israel Natural Gas Lines Company Ltd., (the "**Company**") in the amount of Euro [_____] *[insert sum equal to 10% of the Contract Price applicable to the Purchase Order]* (the "**Guaranteed Amount**") as a guarantee of any amounts, up to the Guaranteed Amount, that the Company may demand in connection with the manufacturing and supplying of Pipes according to the Contract for the Manufacture and Supply of Pipes (Doc. no. _____, dated _____) (the "**Contract**") signed between the Supplier and the Company and the Purchase Order (Doc. No. _____, dated _____) (the "**Purchase Order**") issued according to the Contract.
2. This Guarantee is effective as of the date hereof and shall remain valid and in full force and effect until _____ *[to fill in: the date which is 38 months after the Pipes actual delivery date under the Purchase order]*.
3. The Guaranteed Amount under this Guarantee shall be reduced by 50% (the "**Reduced Guarantee**") upon Guarantor's receipt from the Company a letter confirming the reduce of this Guarantee following the receipt of the Pipes under the above Purchase Order according to the Contract. The Reduced Guarantee shall remain valid and in full force and effect until the date specified in Clause 2 above.
4. At the Company's written request from time to time, sent by registered mail or messenger, we shall extend the validity of this Guarantee until such time the Company shall have presented to us a written confirmation that the Warranty Period under the Contract for the above Purchase Order has been terminated, but in any event no later than _____ *[insert 40 months after the Pipes actual delivery date under the Purchase order planned]*.

5. Upon receipt of a written request signed by the Company (the "**Letter of Demand**"), we shall, within 7 days of receiving the Letter of Demand, sent by registered mail or messenger, pay the Company the full amount claimed in the Letter of Demand up to the Guaranteed Amount, without the Company having to, prior to sending the Letter of Demand and the payment of the Guaranteed Amount: (i) prove or substantiate its demand; or (ii) demand such amount from the Supplier; or (iii) start with legal proceedings against the Supplier.

The Guarantor shall have no claim of whatsoever nature against the Company that the Supplier could have had against it and shall not assume any such claim.

6. Any amendments or changes to the Contract shall not affect the Guarantor's obligations hereunder and the Guarantor shall have no right to annul this Guarantee on whatsoever ground.
7. The Company may drawdown on this Guarantee in instalments, provided that all payments made in such instalments shall not exceed the Guaranteed Amount (or the Reduced Guaranteed as applicable in Clause 3 above). The amount of this Guarantee shall be reduced by the amount of any payments made by the Guarantor to the Company hereunder. Forfeiture of any part of this Guarantee shall not impair the validity of the part which has not been forfeited.
8. Any demand under this Guarantee shall be submitted to the address set forth above during regular working hours.
9. The benefit of this Guarantee may be assigned by Company to the State of Israel whether in whole or in part. A written notice of such assignment shall be sent to the Guarantor and the Supplier.
10. This Guarantee shall be governed by the Laws of the State of Israel and any proceedings for enforcement shall be brought solely before the competent courts of the Tel Aviv District, Israel.

In Witness whereof, we have caused this Guarantee to be executed by one or more of our officer's thereunto duly authorized on this _____ day of _____, ____ 20__.

[_____] *[Insert complete name of Bank]*

By: _____

Name: _____

Title: _____

Annex 8 - Form of Advance Payment Guarantee

To:

Israel Natural Gas Lines Company Ltd.

Atidim Tower, Kiryat Atidim, St. 2184

Tel-Aviv, Israel 6158101

Re: Guarantee no. _____

1. At the request of _____ (the "**Supplier**") the undersigned _____ *[insert name of the Bank]* (the "**Guarantor**"), having its official address at _____ does hereby establish this irrevocable, independent, autonomous and unconditional guarantee, in favour of Israel Natural Gas Lines Company Ltd., (the "**Company**") in the amount of Euro [_____] *[insert sum equal to 25% of the Contract Price applicable to the Purchase Order]* (the "**Guaranteed Amount**") as a guarantee of any amounts, up to the Guaranteed Amount, that the Company may demand in connection with the manufacturing and supplying of Pipes according to the Contract for the Manufacture and Supply of Pipes (Doc. _____, dated _____) (the "**Contract**") signed between the Supplier and the Company and the Purchase Order (Doc. No. _____, dated _____) (the "**Purchase Order**") issued according to the Contract.
2. This Advance Payment Guarantee is effective as of the date hereof and shall remain valid and in full force and effect until _____ *[date inserted shall be 3 months after the Pipes actual delivery date according to the purchase order]*.
3. At the Company's written request from time to time, sent by registered mail or messenger, we undertake to extend the validity of this Advance Payment Guarantee until such time that we are presented with written confirmation signed by the Company confirming that the Company has paid the Final Invoice due to the Supplier under the Purchase Order, but in any event no later than _____ *[insert 12 months after the Pipes actual delivery date according to the purchase order]*.
4. Upon receipt of a written request signed by the Company (the "**Letter of Demand**"), we shall, within 7 days of receiving the Letter of Demand, sent by registered mail or messenger, pay the Company the full amount claimed in the Letter of Demand up to the Guaranteed Amount, without the Company having to, prior to sending the Letter of Demand and the payment of the Guaranteed Amount: (i) prove or substantiate its demand; or (ii) demand such amount from the Supplier; or (iii) start with legal proceedings against the Supplier.

The Guarantor shall have no claim of whatsoever nature against the Company that the Supplier could have had against it and shall not assume any such claim.

5. Any amendments or changes to the Agreement shall not affect the Guarantor's obligations hereunder and the Guarantor shall have no right to annul this Guarantee on whatsoever ground.
6. The Company may drawdown on this Guarantee in instalments, provided that all payments made in such instalments shall not exceed the Guaranteed Amount. The amount of this Guarantee shall be reduced by the amount of any payments made by the Guarantor to the Company hereunder. Forfeiture of any part of this Guarantee shall not impair the validity of the part which has not been forfeited.
7. Any demand under this Guarantee shall be submitted to the address set forth above during regular working hours.
8. The benefit of this Guarantee may be assigned by Company to the State of Israel whether in whole or in part. A written notice of such assignment shall be sent to the Guarantor and the Supplier.
9. This Guarantee shall be governed by the Laws of the State of Israel and any proceedings for enforcement shall be brought solely before the competent courts of the Tel Aviv District, Israel.

In Witness whereof, we have caused this Guarantee to be executed by one or more of our officer's thereunto duly authorized on this _____ day of _____, ____ 20__.

[_____] *[Insert complete name of Bank]*

By: _____

Name: _____

Title: _____

Annex 9 - Declaration Regarding Conflict of Interest

To:

Israel Natural Gas Lines Ltd.

Atidim Tower, Kiryat Atidim

Tel-Aviv 6158101, Israel

We the undersigned:

Name of Supplier	
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(hereinafter referred to, as the “**Supplier**”) hereby declare, warrant and undertake, to the Company as follows:

1. We hereby undertake to act loyally and professionally and to avoid any and all conflict of interest in the execution of our duties under the terms of the Contract, and shall undertake that all of our employees, subcontractors and representatives will refrain from any activity or association that might involve such a conflict of interest, directly or indirectly.
2. We hereby undertake to notify the Company in any event when the Services involve or may involve any conflict of interest with other work that we have performed, are performing and/or intends to perform, we shall notify the Company immediately of any such conflict with connection to the Services and/or any personal interested of us and/or the like and we will act in accordance with the instructions of the Company in connection with any such conflict of interest.
3. We hereby declare that we are not shareholder/holder of other convertible securities and/or officers (including but not limited to directors in any of corporation involved in the natural gas market and/or energy and/or infrastructure and/or any related area which competes with the Company's business and/or is/ may become the company's client.
4. Our positions and/or other occupations do not create and are not liable to create any conflict of interest whatsoever, whether directly or indirectly, whether professional or business, with our duties under the terms of the Contract.
5. We hereby declare that there are no conflicts of interest between any of our prior or current engagements or activities and/or those of our employees and/or subcontractors.
6. We hereby declare that neither we nor any of our subcontractors are connected with the Company or its employees.
7. We hereby undertake to report to the CEO of the Company, immediately upon our becoming aware of a possible conflict of interest with regards to our duties under the terms of the Contract. Furthermore, we undertake to take all necessary and reasonable measures under the

circumstances to remove the conflict of interest and to act in regard to the Services in accordance with the instructions of the Company.

8. We undertake to give immediate notice to the Company about any change of the details provided hereto and/or about any matter included in this statement.
9. We hereby declare that we have reviewed this declaration and all parts thereof. We declare that we have understood its content and we undertake to abide by and fulfil all its instructions.

In Witness hereof the parties hereto have signed this Declaration on behalf of the Supplier:

Name of Supplier	Supplier's authorized representative	Signature & Stamp
	By: Position: Date:	
	By: Position: Date:	

Annex 10 - Indexation Mechanism

The indexation mechanism shall apply, if applicable, to the Quotation according to following provisions:

1. "**Base Price**" shall mean the prices quoted by the Supplier in the Bill of Quantities (the Quotation Price Form) with respect to the Tender or any RFQ subject to its approval by the Company (the "**BOQ**").
2. The prices offered by the Supplier (if declared by the Company as the successful Bidder in the Tender or the RFQ, as applicable) (the "**Successful Supplier**") for any of the Pipes shall be equal to the Base Price and shall not be adjusted or linked in any way and shall not be subject to any currency fluctuation.
3. Where a Purchase Order for Pipes will be issued by the Company to the Successful Supplier after the end of 2 months after the actual Submission Deadline of the Tender or the RFQ, as applicable), then 65% of the Base Price for such Pipes shall be adjusted in accordance with the changes in the North Europe Hot Rolled Coil Index (the "**HRC North**").

For this purpose, the Submission Deadline index shall be [XXX] Euro/ton (as published a day before the actual Submission Deadline) and the Purchase Order Date index shall equal the average of the last 30 daily HRC North indices actually published immediately prior to the Purchase Order Date. The S & P Global (Platts) database at www.steelbb.com shall serve as the source for such indices (unless otherwise source is presented by the Company, at its sole discretion, during the Tender or the RFQ as applicable).

4. For the removal of any doubt it is hereby clarified that the Adjusted Base Price shall not be subject to revision, or escalation, or any adjustment due to currency fluctuations.
 5. The Indexation mechanism shall apply for **9 months** after the actual Submission Deadline. At the end of such period the Contract Price shall not be valid unless the Supplier and the Company shall agree in writing otherwise.
- Application of the Indexation mechanism as **an example** only in the Table below:

[Remainder of the page shall remain blank]

Row	Description	Value	Description
1	Base Price	€ 250	The Base Price in the Supplier's Quotation (Euro/meter)
2	The Submission Deadline index	240	As published a day before the actual Submission Deadline (Euro/Ton)
3	Purchase Order Date index	300	Average of the last 30 indices values, actually published immediately prior to Purchase Order issuance date
4	Index factor	1.25	The ratio as calculated between average of the last 30 North Europe HRC indices actually published and the Base Index (= Row 3 divided by Row 2, = 300/240)
5	HRC price change in %	0.25	(= Row 4 minus 1, = 1.25 – 0.25)
6	65% of the Base Price	€ 162.5	65% of Base Price is linked: 0.65 x 250 (= Row 6 multiply by Row 1)
7	Percentage price change apply on 65% of Base Price (the price change in Euros)	€ 40.62	= Row 6 multiply by Row 5
8	The new price	€ 290.62	New price after indexation (Euro/meter), = Row 1 + Row 7

In Witness hereof on behalf of the Supplier:

Name of Supplier	Supplier's authorized representative	Signature & Stamp
	By: Position: Date:	
	By: Position: Date:	