


	19/04/2019	Final	DC,GH	DC	TC	
	Date	Description	Prepared	Checked	Approved	
			Company			
			Document Title Contract for the Manufacture & Supply of Ball Valves (INGL/TENDER/2019/17)			
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Document Originator : Adv. G. Hagay						
			Rev. 2			

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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**")

And

(The "**Supplier**")

Of the first part

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 Goods under Tender No. INGL/TENDER/2019/17 (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 Goods, 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 Countries** means any of the current high income OECD members' countries as provided for in **Annex 3** of the Contract.
- 1.3 **Approved Financial Entity** means any of the following:
 - 1.3.1 A commercial Israeli bank or Israeli financial institution rated with at least an AA local Israeli rating (or an equivalent rating); or
 - 1.3.2 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.
- 1.4 **Approved Suppliers / List of Approved Suppliers** - Any and all Suppliers that have been declared by the Company as qualified suppliers of the Goods to the Company in accordance to the Tender; 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 (as applicable) 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 Goods in accordance with Clauses 4.1 and 4.2 below, including any shortage in Goods, 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 referred to in the Specifications, best industry practice and/or applicable law in the country of manufacture.
- 1.15 **Laws** mean all laws and regulations of the State of Israel.
- 1.16 **Party (ies)** means Company and/or Supplier.
- 1.17 **Goods / Ball Valves** means high pressure natural gas transmission Ball Valves as defined in the Contract including the Specifications (and such other ancillary items), 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 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 Goods and/or to approach any or all of the Approved Suppliers and invite them, by way of RFQ to supply Goods, all in accordance with the terms and conditions of the Contract.
- 1.19 **Quality Certificate** means a 3.1 or 3.2 Inspection Certificate according to the European EN 10204 standard which shall confirm completion and acceptance of test results of Goods in full accordance with applicable codes and standards and Specifications as final products, properly signed by the Supplier and the Certified Inspection Agency.
- 1.20 **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 Goods 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. The Purchase Order shall be signed by the Supplier.
- 1.21 **RFQ** means future Company's request from the Approved Suppliers in any manner to receive a proposal and/or a quotation for the manufacture and supply of Goods.
- 1.22 **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.
- 1.23 **Time Schedule** means the schedule for the manufacture and supply of Goods as defined in the Purchase Order and the Bill of Quantities.
- 1.24 **Tender** means International Public Tender for the Manufacture and Supply of Ball Valves held by the Company (INGL/TENDER/2019/17).
- 1.25 **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 the supply of Goods, all in accordance with the terms and conditions of the Contract.
- 3.3 The Company shall have the option to increase the quantity of the Goods under a specific Purchase Order and the following provisions shall apply:
- 3.3.1 The aggregate quantity of the Goods under such additional Purchase Order shall not exceed 50% of the quantity determined in the relevant Purchase Order for each unit of Goods.
- 3.3.2 The price quoted for each unit of the Goods to be ordered (as quoted in the Quotation submitted by the Bidder in the Tender or the relevant RFQ as applicable) shall remain unchanged, subject to Indexation according to Clause 15.2, if applicable.

- 3.3.3 The Time Schedule of the additional Goods under such option shall not exceed the duration for the delivery of the Goods as set forth in the Tender or RFQ, respectively.

4. The Goods

- 4.1 The Goods supplied by the Supplier to the Company will comply to the Purchase Order and shall conform to the following:
- 4.1.1 The Goods 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 Goods and/or the Specifications and/or the specific manufacturer and/or any pre-approved subcontractor and/or the place of production of the Goods, without the prior written approval of the Company.
- 4.1.2 The Supplier undertake that the Goods 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 Goods shall conform for the use in high pressure natural gas transmission.
- 4.2 **The steel raw materials which will be used by the Supplier to manufacture the Goods, shall be manufactured in a plant located in the Approved Countries.**
- 4.3 Manufacturing of the Goods shall not commence before Supplier has obtained Company's written approval of Supplier's Quality Control Plan.
- 4.4 The Goods shall be manufactured by the Supplier at its plant qualifying under the requirements set forth in Clauses 11.2.1 – 11.2.3 and 17.2 of the Tender, as applicable (the "**Original Plant**"). The Goods may be manufactured by the Supplier 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 the Approved Countries and meeting the relevant experience in Clause 11.3.2. of the Tender. 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 Goods 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 Goods in accordance to **Annex 2** hereof.
- 5.2 The Company may assign a representative for the inspection of the Goods during all the manufacture process. Such representative shall be authorized to inspect the manufacturing process and quality assurance of the Goods, 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 Goods; 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 Goods 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 Goods

- 7.1 Supplier shall properly pack and secure the Goods, according to the highest standards acceptable in the industry according to Clause 2 to **Annex 1**, 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 Goods 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 Goods shall be deemed delivered only if all the following terms have been met:
- 7.3.1 The Goods 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 Quality Certificates, properly approved and signed by the Supplier and the Certified Inspection Agency.
- 7.4 Receiving of the Goods by the Company's shall not be regarded as confirmation for the quality of the Goods.

8. Storage

If for any reason, Company is unable to accept dispatch of the Goods at the time when the Goods are timely due and ready for dispatch, Company shall so inform Supplier in writing and Supplier shall store the Goods, 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 one month 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 Goods 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 Goods 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 Goods or part thereof (to the delivered Goods 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 21.3 in respect of all of the Goods not delivered to the Company in accordance with Clause 7, provided that the delay was not fully cured by the Supplier within 21 Days after the Company had given him a notice of its intention to terminate the Contract.

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 Goods already delivered in the event the termination arises from any default, other than late delivery or, to exclude the Goods from the Purchase Order, at Supplier's costs and risks, any of the Goods 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 0.
- 11.2 Company has the right to make any change to the form, quality or quantity of the Goods 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 Goods or their manufacturing process only (other than quantity of the Goods) 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.
- 11.6 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.

- 11.7 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 25 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.
- 11.8 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.
- 11.9 The Supplier shall make best efforts to mitigate, minimize and avoid, to the maximum extent possible, the effects of any delays and/or expense due to a Variation, including in respect to its subcontractors.

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 **Non 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 7** 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 Goods 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 Goods in accordance with the Contract, the Tender, any RFQ (when applicable), shall not violate the Laws, 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 **Warranty**

13.3.1 The warranty period for the Goods and any other item supplied to the Company by the Supplier shall extend for 18 months after the date on which the Goods were placed in use or operation by the Company or 36 months from the date of actual

delivery of the Goods to the delivery destination specified in the Purchase Order, whatever occurs first (the "**Warranty Period**").

- 13.3.2 If any of the Goods 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 Goods 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 Goods; (b) excavation and removal of defective Goods; (c) transportation of defective Goods and replacement Goods; (d) purchase and installation of replacement Goods; (e) testing of replacement Goods.
- 13.3.3 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
- 13.3.4 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 Goods shall be removed by or at the expense of Supplier and Supplier shall without cost to the Company promptly deliver a satisfactory Goods which completely fulfils the provisions and intent of the Contract. Moreover, where such faulty Goods 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 Goods, and unless such use or acts are inconsistent with the nature of the Goods, then Supplier shall accept the rejected Goods in such condition, shall replace such Goods in accordance with the terms hereof and shall have no further claim against Company in connection therewith.

- 13.3.5 In the event of any alteration, repair or replacement as aforesaid, Supplier Warranty Period shall extend to such altered, repaired or replaced Goods 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.
- 13.3.6 If the faulty Goods are not removed and satisfactory replacement Goods are not furnished by Supplier within such reasonable time as Company shall reasonably 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 Goods all at the sole risk and expense of Supplier up to the maximum liability in Clause 20.1.
- 13.4 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 Goods by the Company, in accordance with Clause 7.3.2 above.
- 13.5 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 to 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 Goods 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 Goods under the Tender or relevant RFQ shall be issued by the Company to the Supplier after the end of 6 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 8** 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 Contract Price 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:

- 15.3.1 all the Goods ordered under the relevant Purchase Order have been received by the Company at the designated destination within the time stipulated in the Purchase Order; and
- 15.3.2 all the Quality Certificates for the Goods (Quality Certificates) (in digital files and original hard copy), properly approved and signed by the Supplier and the Certified Inspection Agency and received by the Company; and
- 15.3.3 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 Goods 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 sends back the invoice corrected to the satisfaction of Company; or, sends 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 that the Goods in the Purchase Order have been received in full by the Company and 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 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.
- 15.7 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 Goods, supply whatsoever governmental or other administrative documents as required for the performance of the Contract.
- 16.2 The Supplier warrants 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 Goods 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 Goods 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 or 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. A notice of such assignment or transfer shall be given to the Supplier.

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 Goods, 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 Goods), 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 Goods 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 Goods under this Contract; (ii) any damage or loss resulting from any defect in the Goods, including Incompatibility due to poor workmanship and/or quality of materials used for the production of the Goods 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 Goods, 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 Goods to the Company, procure and maintain, for as long as the Supplier is legally liable in respect of the Goods, a Product Liability Policy covering Supplier's legal liability in respect of the Goods 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 Goods, then it shall also provide the aforesaid insurance from the manufacturer of the Goods.
- 20.2.4 Should the Supplier be required to incorporate in the Goods, 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 the sole beneficiary in the said policy in respect of such materials and/or equipment.

If Marine Insurance is arranged by the Supplier, subject to terms of sale, the Supplier shall insure the Goods under Institute Cargo Clauses (A), Institute War Clauses (Cargo) and Institute Strikes Clauses (Cargo). The Company shall be named Sole Loss Payee in respect of the Goods. The insurance shall include a waiver of subrogation towards the Company.

- 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 20.1.4. 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 Goods 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 Goods completed and duly delivered to the Company at the date of such termination and for all documented direct costs reasonably and irrevocably incurred and paid by the Supplier in respect of the part(s) of the Goods not completed and supplied to the Company on such termination, provided that such costs has been proved by the Supplier to the Company's full satisfaction.

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 25 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, 10.1, 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 Goods, 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 Goods 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 Goods 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 Goods 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 Goods 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 Goods 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 For the purpose of Clause 2.7 to **Annex 2**, The Agreed Compensation shall be in amount of 0.5% of the total value of the Purchase Order, for each event or for every week (or part thereof) of tardiness, as applicable, up to an aggregate value of 10% of the total value of the Purchase Order.
- 24.5 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 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 in order to meet the provisions of the Contract, 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.
- 26.1.7 At the request of the Supplier, the Company shall send the original Guarantee to the issuing Approved Financial Entity within reasonable time after it expired.

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 (for Purchase Order/s equal or greater than €60,000), in the form set forth in **Annex 6** 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 Goods 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, without derogating from 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.

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

We, the undersigned _____
[insert Supplier's name] hereby undertake and declare that all the Ball Valves of the Contract for the Manufacture and Supply of Ball Valves (Doc. no. 396401) shall be manufactured and supplied by us in accordance with all provisions listed in this Annex.

A. NEN 3650

1. All the Ball Valves 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.**
2. Wherever a reference to the NEN 3650 exists in the Specifications, the NEN 3650:2003 edition shall apply and in any contradiction shall supersede other referenced codes and standards.

B. Specifications

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

	Doc. Reference No.	Description	Rev.	Date
1	EEN-EPI-SPC-023	Ball Valves \leq DN 50	3	26/10/2004
2	EEN-EPI-SPC-022	Ball Valves \geq DN 100 (4")	5	17/04/2019
3	EEN-EPI-SPC-022-003	Ball Valve design	1	15/04/2019
4	EEN-EPI-SPC-022-001	Hot Tapping items for Ball Valves	1	15/04/2019
5	EEN-EPI-SPC-022-002	Hot Tapping Ball Valve	1	15/04/2019
6	ENG-X17-SPC-0019	Minimum Wall Thickness for Steel Pipes in use by INGL	4	14/09/2017
7	IEN-EPI-SPC-001	General Rules for Certification Pipeline / Valve Station	2	20-07-2011
8	EEN-EPI-SPC-003	Painting	3	18-08-2004
9	EEN-EPI-SPC-004	General Quality Assurance Requirements	3	19/08/2004
10	EEN-EPI-SPC-005	Packing	3	17/08/2004
11	EEN-EPI-SPC-006	Shipping	3	27/08/2004

/	Doc. Reference No.	Description	Rev.	Date
12	EEN-EPI-SPC-007	Marking of Components	4	25/09/2017
13	EEN-EPI-SPC-008	Framework of Inspection	3	23/08/2004
14	EEN-EPI-SPC-010	Documentation to be Provided by Manufacturer	3	20/08/2004
15	EEN-EPI-SPC-014	Coating of Valves and Fittings - Shop Coating	3	13-08-2004
16	EEN-EPI-SPC-020	Fittings (Elbows, Tees, Reducers, Caps)	4	10-08-2012
17	EEN-EPI-SPC-024 (Due to a typo this spec. is numbered as EEN-EPI-SPC-020)	Welding Neck Flanges, Blind Flanges, Gaskets, Stud Bolts and Nuts	3	10-8-2012
18	EEN-EPI-SPC-025	Electric Actuators for Ball Valves (updated)	5	04-06-2012
19	EEN-EPI-SPC-027	Manual Actuators for Plug Valves and Ball Valves	3	26-10-2004
20	397381	Minimum Requirements For Quality Plan's (Inspection And Test Plan) for the Manufacture And Supply Of Ball Valves	1	14-04-2019

C. Clarifications

1. Greasing Nipple Control Valve (Needle Valve), Bleed & Grease Hoses

- 1.1. All Greasing Hoses shall be equipped with above ground Butt welded (BW) Greasing Nipple Control Valve at the diameter of the Hose.
- 1.2. (A greasing nipple control valve means: installing a BW ball valve above ground located prior to the 'Non return valve with the injection device).
- 1.3. Bleed & Grease hoses of each supplied ball valve to be approved by INGL on ball valve drawing issued by supplier prior manufacturing.

2. Packing

- 2.1. The Supplier shall properly pack and secure the Ball Valves, according to the highest standards acceptable in the industry and as specified under the specifications and by applying all the following guidelines.
- 2.2. The Ball Valves shall be delivered in **sealed boxes**, in a manner that **will enable unloading such boxes by a crane**, unless the Company agreed in advance in writing, at its sole discretion, for a different delivery method.
- 2.3. The Ball Valves shall be delivered by the Supplier in a manner which shall protect them from any damage, according to the best industry practice, at the Supplier's sole risk and expense and shall meet the following:

2.3.1.1. sealed box package (wooden or otherwise hard material) **shall be used and strengthen by the Supplier to allow loading additional boxes of Ball Valves of the same diameter size up to size of 24 inch diameter included) on top of such box**, in order to allow efficient use of space in the Company warehouse.

The total weight which can be loaded on top of such box shall be clearly marked on top and both side of each box.

Nevertheless, Ball Valves **greater than 24 inch diameter shall not** be loaded on top of any other box.

2.3.1.2. Each box of Ball Valves shall include **only one catalogue no. of Ball Valve.**

2.3.1.3. Each box of Ball Valves **equal or greater the 6 inch diameter shall include only one (1) pcs** of Ball Valve.

2.3.1.4. The Supplier shall clearly mark on the outside of such box the following details according to the Ball Valves position:

- a) on the one side "This side is full" and on the other side "This side is empty", as applicable.
- b) the center of gravity of the package, including marking on top of the narrow side of such package.

2.3.1.5. Each box, if used, shall be clearly marked with the Company's Purchase Order reference number, each of the Ball Valves serial number, quantity and Ball Valves description and total weight of the box.

2.4. The Supplier shall supply all the following which shall be included in the Contract Price: all packing facilities, boxes, wrappings etc. and all other packaging materials which shall be considered as non-returnable, all preparations of the Ball Valves for delivery, including without limitation packing, boxing, crating, weighing, freight, or other services of any kind. The above is without derogating from the Contract and the Purchase Order.

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:	

Not For Submission

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 Goods, the Supplier shall inspect, test and certify the Goods for compliance with the Purchase 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 Goods 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 Goods have failed to achieve or maintain the required standard and quality required pursuant to the Contract and the applicable law.
- 1.5. The Supplier shall present genuine documentation supporting the performance of the tests and inspections, as integral part of the quality certificates provided with the delivery of the Goods (without derogation from the documents to attached to the quality certificates according to the Specifications).
- 1.6. 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 & Goods 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 Supplier shall appoint the Certified Inspection Agency and a specific inspector/s on behalf of such Certified Inspection Agency, 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 have a minimum of 5 years' experience of inspecting the manufacturing of ball valves according to API 6D standard. Such experience shall include ball valves of 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. The Supplier shall provide 3.1 or 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 Goods to the Company.
- 2.5. The Original signed and stamped material certificates shall be provided by the Supplier and received by the Company not later than dispatch of the Goods to the Company.
- 2.6. 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.
- 2.7. A breach by the Supplier is any of the following shall entitle the Company to Agreed Compensation according to Clause 24.4 to the Contract, without limiting the Company's right under the Contract.
 - 2.7.1. failure to perform inspections, tests and certification by the Certified Inspection Agency and by the Inspector as provided in the Contract.
 - 2.7.2. failure to use an Inspector having the required experience and skills as provided in Clause 2.3 above at the times as required according to the Contract.

2.7.3. failure to provide on time, the Quality Certificates properly signed by the Supplier and the Certified Inspection Agency.

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 Goods 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 Goods comply with the Order Documents requirements, and, should such inspection or tests actually delay the delivery of the Goods, the Company shall grant the Supplier a corresponding extension of time for delivery. If the result of said inspection and tests show that the Goods 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 Goods 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 Clauses 3.1 or 3.2 above, the Company is of the opinion that the Goods 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 Goods in which case the Supplier shall within the time schedule of the purchase order supply, at no additional cost to the Company, Goods 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 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 Goods without prejudice and the Goods 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 Goods, the Supplier shall be obligated to replace such Goods by new Goods conforming to the requirements of the Contract on its own costs and risk. In the event of the Supplier failing to replace the Goods 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 Goods replaced by the Supplier or to exclude same from the purchase order, to order such Goods 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 Goods shall be forthwith reimbursed by the Supplier.
- 3.6. Goods 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 Goods so rejected as aforesaid, the Company shall be entitled to store them or return the rejected Goods 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, 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 Goods 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 13.3 of the Contract and to supply the Goods to a standard and quality required pursuant to this Contract.
- 3.9. 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.

4. Release for shipment of the Goods

Prior to dispatch of the Goods from the manufacturing plant, the Supplier shall be required to provide the Company a written approval in the form provided by the Company ("**Release for Shipment**" / "**FSR**") confirming that all Inspection and Testing according to the Specifications were successfully completed, all the relevant documents relate to such inspection and testing are

in hand and duly signed, and relevant matters relate to the manufacturing and packing of the Goods were checked and confirmed by the quality assurance authorized authority of the Supplier.

The Company shall be entitled to refuse to receive any of the Goods without the abovementioned Release for Shipment was provided by the Supplier and without the Company shall bear any responsibility or costs due to such refusal.

In Witness hereof on behalf of the Supplier:

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

Annex 3 – Approved Countries

We undertake on behalf of the Supplier that the steel raw material, used for the manufacturing of the Goods, shall be manufactured in one or more of the current **High Income OECD Member Countries** listed below, as defined by the World Bank

Australia	Japan
Austria	South Korea
Belgium	Latvia
Canada	Lithuania
Chile	Luxembourg
Czech Republic	Netherlands
Denmark	New Zealand
Estonia	Norway
Finland	Poland
France	Portugal
Germany	Slovak Republic
Greece	Slovenia
Hungary	Spain
Iceland	Sweden
Ireland	Switzerland
Israel	United Kingdom
Italy	United States

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. Such approval by the Company shall not derogate from any of the Supplier obligations under the Contract, including to the compliance of the Goods with the Specifications and the quality of the Goods.
- 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. Goods Delivery Terms

2.1. Passing of Risk and Title

The Delivery terms shall be DAP Incoterms 2010 and risk and title in the Goods 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. Goods Delivery Place

2.2.1. Goods 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 Goods is at the Company's warehouse located near Re'em ("Masmia") junction (regional council "Yoav" / "Sorek river"), Israel (position: 31°45'30.4"N 34°47'18.2"E / 31.758444, 34.788390) or the contractor's storage yard at the vicinity of the working site.

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 30 km** (road distance) from Ashdod Port, or Haifa Port, Israel, **without additional payment by the Company**.

2.2.3. Without derogating from the above an alternative destinations, the Company can decide upon alternative destination of more than 30 km from Ashdod Port or Haifa Port, Israel, by providing the required distance before a quotation is provided by the Supplier and without additional payment by the Company.

The Company may decide on alternative destination other than the above destinations and in such case the Supplier shall not refuse for such request and cooperate with the Company including by mitigating any costs.

2.2.4. The Company's decision regarding the final delivery of the Goods 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

2.2.5. Subject to the clauses 2.2.1 - 2.2.4 above, the Company may instruct to deliver the Goods to all locations (part of the Goods to each location), the default storage yard and any of the alternatives, without derogating from the Company's right to update to any alternative location according to the above without additional costs.

3. Goods Delivery Time Schedule

- 3.1. The Supplier shall provide the Company the approximate week number for the loading of the Goods (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, to the portion of undelivered Goods, 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 Goods at the Delivery Destination at the earliest possible but no later than the maximum time period originally stipulated in the RFQ for such Goods.

4. Shipping Documents

- 4.1. Immediately upon shipment of the Goods 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 Good and quantity (pcs) 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 Good;

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 Goods from customs in an expeditious manner and to facilitate payment, i.e. the documents that shall enable the Company to clear the Goods 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 Shipping Documents, including technical information of the Goods as may be required for custom clearance process, must be provided by the Supplier and received by the Company without any delay and before the arrival of the vessel delivering any of the Goods to Israel.

In addition, copies of all of the above mentioned Shipping documents and technical information of the Goods, shall be sent to the Company by e-mail simultaneously with the delivery of the originals. The above mentioned Shipping Documents must be forwarded solely in Company's name and shall state Company's full company name and shipping address.

- 4.5. The Supplier shall be responsible for any delay and direct costs including for storage of the Goods in the destination port, caused in the clearing process of the Goods at the destination port originating due to a lack of the abovementioned documents and/or technical information not received on reasonable time by the Company which in any way shall be no later than the arrival of the vessel delivering the Good to Israel.

5. Handling of Goods at Destination Port, "Free days" and temporary storage of the Goods,

- 5.1. The Goods shall be delivered in a manner which enable the Goods to be handled at the destination port as "containers" which can be temporarily stored at the port (i.e. the Goods **shall Not** be delivered by the Supplier in a way which obligates or forces the Supplier, the

Company or anyone on their behalf, the use of a "Pre-clearance" method (i.e. the Goods **shall Not** be unloaded from the vessel directly on a truck and immediately delivered to the Company's warehouse).

5.2. For the purpose of receiving the Good in the Company's warehouse and if applicable according to the shipping method selected in the Purchase Order, the Supplier shall ensure **at least a minimum of seven "free days" period** (i.e. business days) from unloading of the Goods at destination port until their delivery to the Company's warehouse, without additional costs to the Company.

5.3. **If the Goods are supplied to the Company by using the DAP incoterms delivery –**

5.3.1. the Supplier shall be responsible **at its sole expense to unload the Goods (removed) from the containers** (i.e. including from an open top container) **at the Israeli port (without additional payment by the Company)**. Only after the Goods have been removed from the container, the Supplier shall deliver the Goods to the final delivery destination according to Clause 2.2 above as instructed by the Company according to the Purchase Order.

Delivery to the Company's warehouse shall be done by the Supplier using a **"crane truck" only**, unless specifically agreed otherwise in writing by the Company.

5.4. As shall be applicable according the shipment method selected in the Purchase Order, the Supplier shall coordinate between all parties in order for the Goods to arrive their final destination at the shortest time and shall update the Company on the delivery status of the Goods at all times until their final delivery. The Supplier shall ensure a written notice was received by the Company upon arrival of the Goods to the destination port.

6. Technical Information

6.1. 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 Goods, Manufacturing Record Book ("MRB"), 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.

- 6.2. 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.
- 6.3. 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.
- 6.4. All Technical Information specifically provided by the Supplier in connection with the supply of the Goods 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 Goods 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 - 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 Goods according to the Contract for the Manufacture and Supply of Ball Valves (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 Goods 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 Goods 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 Goods 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 7 - Declaration Regarding Non 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 8 - 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 Goods 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 Goods will be issued by the Company to the Successful Supplier after the end of 6 months after the actual Submission Deadline of the Tender or the RFQ, as applicable), then 65% of the Base Price for such Goods shall be adjusted in accordance with the changes in the North European Plate Index (named as the "Platts TSI North European Plate" index) (the "**Plate 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 Plate 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 **12 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	€ 1,000	The Base Price in the Supplier's Quotation
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	€ 650	65% of Base Price is linked: 0.65 x 1,000 (= Row 6 multiply by Row 1)
7	Percentage price change apply on 65% of Base Price (the price change in Euros)	€ 162.5	= Row 6 multiply by Row 5
8	The new price	€ 1,162.5	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:	