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	Date	Description	Prepared	Checked	Approved

נתיבי הגז הטבעי לישראל ISRAEL NATURAL GAS LINES	**Document Title** **Exhibit N** **Foreign Supplier's Industrial Cooperation Undertaking**	
Company Representative Shosh Yaacoby	Area Code:	
Reference	Document-No.	Rev.
Document Originator: Gil Hagay	468941	1

Binding Undertakings by Foreign Supplier

This Binding Undertakings Instrument ("**Undertaking**") is made as of [_____] [Date], by [_____] [Name] a corporation duly incorporated and existing under the laws of [_____] [Place of incorporation], company number [_____] with address at _____ _____ ("**Supplier**").

Whereas, according to the Israeli Mandatory Bidding Regulations (Mandatory Industrial Cooperation) of 2007 a Foreign Supplier who participates in a procurement process conducted by Buyer (as such term is defined below), or otherwise engages Buyer, for the purpose of acquisition by Buyer of goods, equipment, services or work, at a value as defined under the Regulations, is required to engage in industrial cooperation activity in Israel; and -

Whereas, the Supplier, is a Foreign Supplier (as such term is defined below) and participates in a procurement process number _____ issued by **Israeli Natural Gas Lines Company Ltd.** (the "**Buyer**") for the _____ (the "**RFQ**") or otherwise wishes to engage with Buyer for the supply of goods, equipment, services or work; and -

Whereas, Supplier hereby undertakes that, should it be awarded in the framework of the Tender (or otherwise contract with Buyer), Supplier shall conduct such industrial cooperation in such nature and scope as set forth in this binding Undertaking, including appendices thereof.

Therefore, in consideration of these premises, I, the undersigned Supplier, hereby declare, warrant and undertake towards the State of Israel (represented for the purposes hereof by the ICA (as such term is defined below)), as follows:

1. **Preamble, Interpretation and Definitions**

1.1 The preamble and Schedules to this Undertaking and the Appendices attached hereto constitute integral parts hereof.

1.2 Section headings have been included in this Undertaking for convenience of reference only and shall not be used for the interpretation thereof and in no way alter, modify, amend, limit, or restrict any contractual obligations of the Supplier hereunder.

1.3 This binding Undertaking is provided in accordance with Israeli Statute and Regulations (as such terms are defined below) and the ICA Guidelines as presented in the official website of the ICA.

1.4 Terms used herein and not otherwise defined shall have the same meaning as ascribed thereto in Statute or Regulations.

Without derogating from the above, in this Undertaking, the following terms shall have the meaning ascribed thereto below:

"**Buyer**" as defined in the preamble to this Undertaking above.

"**Contract**" shall mean the procurement contract between the Buyer and the Supplier which shall be entered into between Buyer and Supplier should the Supplier be awarded in the framework of the Tender, or otherwise, for the purpose of acquisition by Buyer from Supplier of goods, equipment, services or work.

"**Contract Value**" – the total considerations to be paid to Supplier in the framework of the Contract or in relation thereto, including taxes, levies, fees, insurance and transportation costs, and - in respect of imported goods - their CIF price in an Israeli port, including taxes, levies, fees, insurance and transportation costs, all - without giving effect to any deductions, set-offs or fines. Contract Value includes, without limitation – (1) any payment which, under the Contract, the Buyer is required to pay to Supplier and Supplier is required to transfer to another; (2) any payments which any third party is required to pay to Supplier, by virtue of the Contract; (3) any payments, including payments as stated in paragraphs (1) or (2) above included in any option of Buyer under the Contract; (4) any follow-on procurement in excess of USD 500,000 that is made within a period of 5 years from the date of the Contract; and (5) any acquisition of spare parts, training activities, maintenance, technical assistance, guarantees etc. procured in the framework of the Contract or in relation thereto.

"**Foreign supplier"** – a manufacturer, supplier or importer of imported goods or a supplier of work that is not performed in Israel, whether himself or by means of others. For the purpose of this Undertaking and subject to its terms and conditions, importer of imported goods and their manufacturer are considered jointly and severally a Foreign Supplier.

For the removal of doubt, the Foreign Supplier's Subsidiaries or affiliates shall be considered as Foreign Supplier, For the purpose of this undertaking.

"Subsidiary" - a company in which the Foreign Supplier holds fifty percent or more of the nominal value of its issued share capital or of the voting power therein or is entitled to appoint fifty percent or more of its directors.

"Affiliate" – a company in which another company - which is not a parent company thereof - holds twenty-five percent or more of the nominal value of its issued share capital or of the voting power therein or is entitled to appoint twenty-five percent or more of its directors;

"**Israeli made Goods**" - goods made in Israel or in the Area (as such term is defined under the Statute) by a producer who is an Israeli citizen, or a permanent resident of Israel, or a body corporate registered in Israel, on condition that the price of their Israel content constitutes at least 35% of the proposed price, all – as defined under the Regulations. Goods manufactured outside of the State of Israel may only be recognized as Israeli-Made Goods at the prior written approval of ICA and under the terms and conditions as defined under the Regulations.

"**ICA**" shall mean The Foreign Investments and Industrial Cooperation Authority operating in the Ministry of Economy and Industry.

"**Industrial Cooperation**" shall mean the business activities in Israel as set forth in section 4 of the Regulation.

"**Local Subcontracting**" shall mean the execution of contract/s to purchase Israeli Made Goods (as such term is defined under the Regulations), or to procure Works or services in Israel (as such term is defined under the Regulations), all - for the purpose of performing the Supplier's undertakings under the Contract.

"**Regulations**" shall mean the Mandatory Bidding Regulations (Mandatory Industrial Cooperation) of 2007, a curtsey translation to English thereof are presented in the official website of the ICA.

For the removal of doubt, in any case of contradiction between the provisions of the Regulations and the English translation thereof, the provisions of the Regulations shall govern.

"**Statute**" shall mean the Mandatory Bidding Law of 1992.

"**Work or Services in Israel**" - work or services executed in Israel or in the Area by an Israel citizen or by a permanent resident in Israel, or by a body corporate registered in Israel.

2. **General**

2.1 The Supplier hereby declares, warrants and undertakes towards the State of Israel (represented for the purposes hereof by the ICA), that subject to the signing of the Contract, it shall perform and put into practice Industrial Cooperation in Israel at a scope, nature and timetables as set forth in this Undertaking and the Implementation Plan (as such term is defined below) and shall fully comply with all of its undertakings hereunder.

2.2 This Binding Undertaking may further include special terms and conditions as set forth in **Appendix "A"** hereof.

3. **Extent Of The Industrial Cooperation**

The scope of Industrial Cooperation that shall be carried out by the Supplier shall be at an amount of at least __% of the Contract Value, i.e. a total amount of US$ _____.

The Contract Value for the purposes of calculating the scope of Industrial Cooperation hereunder shall be adjusted, as required, in any case of a change in the Contract Value.

4. **Nature Of Industrial Cooperation**

4.1 Industrial Cooperation may be conducted by means of Local Subcontracting, investments, research and development, transfer of know-how or purchase of Israeli-Made Goods (as such term is defined above), or Works or services in Israel (as such term is defined above).

Supplier undertakes to perform Local Subcontracting at a value of no less than 20% of the Contract Value.

4.2 Industrial Cooperation shall not include:

4.2.1 Expenses, including agent's commission, incurred to promote the sales of the Supplier in Israel;

4.2.2 The purchase of shares of companies that are subject to the Israeli Securities Law, 5728 - 1968 ("**Securities Law**"), at a rate at which the purchaser does not become an interested party as defined in the Securities Law; and -

4.2.3 Investments, acquisition and funding of research and development work that shall be deemed Industrial Cooperation, shall not include grants given by the Government of Israel as part of an investment program or funding.

5. **Period And Timetable**

5.1 The Supplier's Industrial Cooperation undertakings hereunder shall be fully executed within the period of the Contract ("**Industrial Cooperation Period**"). Without derogating from the above, or from any right or remedy of the ICA hereunder or at law, in any case this Undertaking shall not be terminated until full Industrial Cooperation obligations hereunder are fully complied with by Supplier.

5.2 The Supplier's undertakings for Industrial Cooperation hereunder shall be fulfilled at a fixed amount every year on a linear basis, unless otherwise approved by the ICA and included in the Implementation Plan.

6. **Implementation Plan**

6.1 A comprehensive detailed implementation plan for the fulfillment of Supplier's Industrial Cooperation obligations hereunder is Attached as **Appendix "B"** ("**Implementation Plan**"). Any change or adjustment of the Implementation Plan may only be done by the prior written approval of the ICA.

The Implementation Plan shall apply to the whole period of the Contract.

6.2 Supplier hereby warrants and represents that the Implementation Plan reflects its good faith estimation of the business opportunities for performance of its Industrial Cooperation undertakings hereunder in scope and in timetable as defined hereunder. Such Implementation Plan was established by Supplier after thorough review and examination and in-depth survey for potential real investments or other Industrial Cooperation activities in Israel.

6.3 Supplier hereby undertakes that it will continue to invest efforts, using customary reasonable measures, for exploring and establishing Industrial Cooperation in Israel in accordance with its undertakings hereunder, including the use of consultation services, conducting a professional survey in Israel, visiting business entities in Israel, participating in Israeli industry conferences, etc., and shall pursue full implementation of the Industrial Cooperation as described in the Implementation Plan.

6.4 ICA may, at any time, require Supplier to submit clarifications, additions or modifications to the Implementation Plan, inter alia in order to reflect actual changes in Supplier's Industrial Cooperation, or in the case of a default or a potential default by Supplier (and without prejudicing from any right or remedy of ICA) – in order for Supplier to

cure any such default and fully comply with its undertakings hereunder. Supplier hereby undertakes to comply with all such requirements by ICA.

6.5 Any industrial cooperation activity to be carried out by the Supplier which is not part of an approved Implementation Plan will be subject to ICA's prior written approval in order for it to be credited as Industrial Cooperation.

7. Reports

7.1 The Supplier shall submit to the ICA an annual report regarding the fulfillment of the undertakings for Industrial Cooperation stated in this Undertaking (the "**Progress Report**").

7.2 The Progress Report for each calendar year shall be submitted no later than March 31st of the following calendar year. ICA may, at any time, require the submission of additional Progress Reports, including in case of a default or a potential default of the Implementation Plan.

7.3 The Progress Report shall include the following details:

7.4 Performance against anticipated Industrial Cooperation under the Implementation Plan.

7.4.1 A summary of all the claims for Industrial Cooperation credits in a form attached as **Appendix "C"** hereof approved by the Supplier's independent auditor. For each one of the credit claims the Supplier shall submit a confirmation of the Israeli supplier signed by an authorized signatory, at the form included in **Appendix "C1"**.

7.4.2 Any additional information, which may be required by the ICA, regarding the activities carried out toward the fulfillment of the Supplier's undertakings.

7.5 A final report regarding the scope of the Industrial Cooperation and Local Subcontracting as actually implemented and the nature thereof shall be submitted by the Supplier, along with the approval of Supplier's auditor to such report, no later than 30 days after the end of the Industrial Cooperation Period.

8. Breach By Supplier

8.1 Breach by Supplier of the provisions of Sections 2.1, 3, 4.2, 5.1, 6.2, 6.3, 7.1 or 7.4 of this Undertaking shall be considered as fundamental breach of this Undertaking.

8.2 Any other breach by Supplier of this Undertaking, which is not cured within 30 days of ICA's written demand (or an extended cure term as defined by the ICA, at its sole discretion) shall become a fundamental breach.

9. **Liquidated Damages**

9.1 During the Industrial Cooperation Period, the ICA will determine the following parameters, as at the end of each calendar year ("**Evaluation Date**"):

9.1.1 The Supplier's accumulated obligations for Industrial Cooperation under this Undertaking from the commencement of the Industrial Cooperation Period until the Evaluation Date.

9.1.2 The Supplier's accumulated volume of Industrial Cooperation performed by Supplier and approved by ICA, from commencement of the Industrial Cooperation Period and until the Evaluation Date.

9.2 In any case that the balance between section 9.1.1 minus section 9.1.2 above is positive ("**Unfulfilled Obligation**"), i.e., at the relevant Evaluation Date, the Supplier has not fully complied with its Industrial Cooperation undertakings hereunder, Supplier agrees and undertakes to pay the State of Israel liquidated damages, at an amount equal to 2% of the Unfulfilled Obligation.

Supplier hereby warrants and confirms that the above liquidated damages constitutes reasonably estimated damages which will be caused to the State of Israel in any case of breach of its undertakings hereunder.

9.3 The provisions of this Section 9 above shall not prejudice or derogate from any right or remedy of ICA hereunder or at law.

10. **Industrial Cooperation Coordinator**

10.1 Supplier shall appoint one person in Israel which will serve as Supplier's liaison person vis-à-vis ICA. As at the date of signing the Contract, the Industrial Cooperation Coordinator is:

_____ [Name]
_____ [Address]
_____ [Telephone]
_____ [Fax]
_____ [Email]

10.2 The Industrial Cooperation Coordinator will represent the Supplier for all purposes hereunder and will serve as the Supplier liaison person also vis-à-vis Israeli industry and other business entities.

10.3 In case the Industrial Cooperation Coordinator is replaced at any time in the future, the Supplier is committed to notify the ICA of the identity of the new Industrial Cooperation Coordinator within 7 days from the time the replacement took place.

11. **Law And Jurisdiction**

11.1 This Undertaking shall be exclusively governed by and construed in accordance with the substantive laws of the State of Israel without giving effect to any choice of law or conflict of law provision or rule.

11.2 The competent courts of the State of Israel shall have exclusive jurisdiction over any and all disputed arising from or related to this Undertaking, to exclude the jurisdiction of any other competent court of any other jurisdiction.

12. **Miscellaneous**

12.1 The records of ICA pertaining to the execution of the Supplier undertakings hereunder shall serve as prima facie evidence to the contents thereof.

12.2 Any activity of the Supplier with the Israeli industry carried out prior to being awarded with the Contract shall not be eligible for crediting purposes.

12.3 This binding Undertaking shall constitute an integral and inseparable part of the Contract and is hereby signed for the benefit of the State of Israel.

12.4 This Undertaking and Appendices thereof constitute the entire understandings and undertakings by the Supplier towards the State of Israel and replaces and supersedes any and all previous, agreements or understandings, all of which shall be null and void.

12.5 Any amendment and/or supplement to this Undertaking shall be in writing, signed by Supplier and approved by ICA.

In Witness Whereof, this Undertaking has been executed by the Supplier, as of the day and year first hereinabove written.

Signature of an authorized officer on behalf of the foreign supplier (Not the Importer):
Foreign Supplier [Company name]:

_____

Name: _____

Title: _____

Signature:
_____Date:_____

If the Tender proposal is submitted (and/or the Contract is signed) by an importer, this undertaking should also be signed by an authorized officer on behalf of the importer:
Importer [Company name]:

_____

Name: _____

Title: _____

Signature:
_____Date:_____

Appendix B

Implementation Plan

Related to Tender/RFP No. ……

Issued by ..... Dated …….

Pursuant to clause 6 of the a.m. document, we [full company name] ……, hereby submit our detailed Fulfillment Program, aimed at the satisfaction of our a.m. undertaking, as follows:

1. Our fulfillment activities will be in the fields of one or more of the following Industrial Cooperation Categories: (*)

   ☐ Local Subcontracting

   ☐ Acquisition of Israeli Products, Work or Services

   ☐ R&D Orders

   ☐ Investments

   ☐ Know-How transfer

   ☐ Other ……

2. Anticipated / Approximate dates of the following mile stones implementation:

   a. Conducting an Israeli industry survey ……

   b. Projects and partners selection ……

   c. Starting date of IC activities implementation ……

   d. Full program accomplishment ……

3. Following is our prospective Fulfillment Program:

Industrial Cooperation Category	Transaction Description	Estimated Timeframe		Local Subcon-tractor Yes/No	Names of Is-raeli Entities Involved	Transaction Value (in USD/EUR)	Israeli entity's Contact Person info.
		Start Date	Due Date				
					Total Fulfill-ment Value		
					Total Local Subcontracting value		

Signature of an authorized officer on behalf of the foreign supplier (Not the Importer):

Name (Supplier): …… Title: …….……..…….

Signature (Supplier): …… Date: ……..……..…

Name (Importer): *……..…..…… Title:*……

Signature (Importer): *…….... Date:*……

* If the Tender proposal is submitted (and/or the Contract is signed) by an importer, this undertaking should also be signed by an authorized officer on behalf of the importer.

Appendix C

Annual Claims Submission Form

To:
ICA Israel
86 Menachem Begin Rd.
P.O. Box 36049
Tel-Aviv, 67138
ISRAEL
E-mail: Rashpat@economy.gov.il

Re: Annual Claims Report - Undertaking File_[FILE #]

Dear Sir/Madam,

Please see attached our annual report for the period _____ to _____.

Total claims for this period, as attached, are US$ _____. Each of the claims is supported by a signed Claim for Industrial Cooperation Credit.

Thank you,
Company Name: _____
Name: _____
Title: _____
Signature: _____ Date: _____

#	Israeli supplier name	Description of goods purchased	Nature of the industrial cooperation (Acquisition, Investment, R&D etc.)	Value (US$/EUR)	Local subcontracting (US$/EUR) (Industrial cooperation directly related to the Contract/Project)	POC
1						
2						
3						
4						

Auditor's Opinion letter
(Industrial Cooperation)

Date _____

To:
The Industrial Cooperation Authority
Menachem Begin Road,
PO Box 36049, Tel Aviv 67138
by email: rashpat@economy.gov.il

Re: Auditor's Opinion letter regarding Industrial Cooperation

As Accountants and Auditors of_____, duly registered in _____ under Registration No. _____ (hereinafter: "**the Foreign Supplier")** and upon his request, we have audited the financial statements in the declaration of the Foreign Supplier as detailed in the attached Implementation Report (marked with our seal for purposes of identification) for _____ [year]. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the said declaration. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements in the declaration referred to above, present fairly, in all material respects, the financial statements included in it, according to the audited financial reports/unaudited financial reports and the supporting books they are based on.

Yours truly

_____, CPA
Registration/License No: _____

Notes:

- ✓ This version was drafted in consultation with the Institute of Certified Accountants and with its consent.
- ✓ To be printed on the Charted Accountant's firm's letter head

Appendix C_1

Claim for Industrial Cooperation Credit

For the calendar year …….

1. Name of Foreign Supplier ("**Supplier**"): ……..
2. Name and address of the Israeli provider or manufacturer: ……

   Preferences:

   ☐ SME ☐ Preferred Zone

3. Goods or services provided during the above mentioned Calendar year: ……
4. Industrial Cooperation Category[1]:

   a) **Direct** - Industrial Cooperation directly related to project/contract :

   Ref: ……..

   ☐ Local Subcontracting

   ☐ Acquisition of Israeli Products, Work or Services

   ☐ R&D Orders

   ☐ Investments

   ☐ Know-How transfer

   ☐ Other ……..

   b) **Indirect**

   ☐ Local Subcontracting

   ☐ Acquisition of Israeli Products, Work or Services

   ☐ R&D Orders

[1] Please mark the relevant category. If it is a direct industrial cooperation, please fill out the name and a short description

☐ Investments

☐ Know-How transfer

☐ Other ……..

5. We hereby warrant and confirm that the Israeli content of each one of the goods and services detailed in Section 3 above constitutes at least 35% of its value.
6. The total Value of Goods or services provided (US$) (calculated in accordance with the US$ exchange rate published by the Bank of Israel at the date of invoice): ……

I, the undersigned……., Passport Number ……., an authorized signatory of ……., hereby warrant and confirm that the above Claim for Industrial Cooperation is true and correct, and in full compliance with the Regulations and the Industrial Cooperation Undertaking by Supplier.

Foreign Supplier [Company name]:

……..

Name: ……..

Title: ……..

Signature: ……Date: ……...

The Israeli supplier's declaration

I, the undersigned, an authorized signatory of ……. [Name of Israeli supplier] registration No…….. hereby warrant and confirm that the information set forth under section 3 through 5 of the above Claim for Industrial Cooperation Credit by Supplier is true and correct.

Israeli supplier [Company name]:

……..

Name: ……..

Title: ……..

Signature: ……Date: ……...

Email: ……..

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of the project.

Tel: ……Cell: ……..…