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נתיבי הגז הטבעי לישראל
ISRAEL NATURAL GAS LINES

Document Title

Terms of Payment for PRMS Exhibit P

Company Representative : Ms. Shosh Yaacoby	Area Code: **GEN**
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1 Definition Of Contract Price

For the performance of the Work, the Contractor shall receive the following compensation:

- A provisional amount based on the Contract unit rates set forth in the Price Schedules multiplied by the measured items of completed work in accordance with the Contract and Project documents;

- Amounts resulting from any Change Orders, if issued by the Company.
  All prices and rates will be in either New Israeli Shekel (NIS), in Euro, or in US Dollars as denominated in the Price Schedules of the Bill of Quantities.

The Contract Price and all prices stated in this document shall conform to the provisions concerning taxes, customs duties, penalties and fines set forth in these Terms of Payment and to all provisions of the General Conditions.

1.1 Indemnification against Tax Claims

The Contractor shall indemnify and hold harmless the Company against any and all liabilities, claims, charges in relation to the foregoing whether assessed or levied on profits, corporate income, dividends, salaries, benefits, personal income of his employees or otherwise charged in relation to operations performed under the Contract and which may be assessed or levied on the Contractor, Subcontractors, vendors, it/ their affiliates and all their employees, by any and all authorities whatsoever, including all fines and penalties pertaining to any of the above, arising from or as a result of any act or omission of any of the foregoing.

1.2 Non-Reimbursable Items

Notwithstanding any provision to the contrary, the Contractor shall bear at its sole cost, risk and liability, and Company shall not reimburse, any customs

duties, import taxes and other charges whatsoever relating to the importation and exportation/re-exportation of any Contractor's Equipment, or any other goods, services and/or materials which the Contractor utilizes for the purposes of carrying out all of its obligations under the Contract at any time throughout the Contract Period.

1.3 Penalties and Fines

The Contractor shall have full and sole responsibility for the payment of any and all penalties, fines, fees and the like, imposed on the Contractor, any of its Subcontractor, affiliates, employees, personnel vendors, and anyone else acting on behalf of the Contractor, for failure to make timely payment of any customs duties and similar charges or to comply with applicable Laws or import procedures.

2 Composition of Prices and Rates

2.1. Lump sum prices and rates

All lump sum prices and all rates set out in the Bill Of Quantities or specified in Change Orders shall constitute full and final compensation, and shall be all – inclusive, regarding the Work for which they are being paid and, unless expressly otherwise specified in, shall include, without limitation:

a) salaries, wages, allowances including overtime, bonuses, premiums and other incentive payments, paid holidays, sick leave payments, graduated pensions, contributions made to superannuating and pension funds or other retirement benefit schemes, contributions to compulsory and complementary medical and sickness schemes, welfare facilities, redundancy payment contributions, industrial training levy, personnel rotation expenses and shift premiums, all severance pay funds, continuing education funds, Manager's insurance and any other social and/or employment

benefit program common in the State of Israel, and in general all burdens, contributions, insurance, taxes and payments, emoluments and expenses which Contractor incurs and/or effects in respect of his employees or agents under applicable Law or regulations including those under the statue or by agreement with national or local Trade Unions or under employment policies;

b) overheads, profits, contingencies, depreciation, head office charges, managerial and administrative expenses, all preliminaries and contract administration, financing costs and bank expenses including bank guarantees and bid bond, transfer charges, all taxes and duties as set out in the Contract, insurance premiums and deductibles, compliance with procedures, regulations and all applicable Law, cleaning of Site, all downtime and time lost (except as expressly allowed under the Contract) including breakdowns, repair time, waiting on weather or for approvals or authorizations, work disruptions even if due to other contractors on Sute and any and all direct or indirect costs and expenses due to subcontracting, including contingencies;

c) Co-ordination and interface with Company, the Engineer, Subcontractors, anyone else acting on behalf of the Company, Vendors, government and customs authorities, certifying entities, and any third parties;

d) offices and furnishings, secretarial and clerical services, material and equipment including for drafting, office supplies and consumables, lighting, electricity, heating and air conditioning, telephone, telex, telefax, mail and courier services, printing and reproduction costs, computer and computer-associated costs, office and lodging accommodation, sanitary and messing facilities;

e) Services for Company use under the Contract;

f) compliance with safety requirements and regulations, supply of safety gear, protective clothing and other protection-related items, safety and first aid training, medical care and facilities, fire fighting equipment, emergency evacuations, all preventive measures;

g) Supply and handling all Contractor Items and all material, means, equipment including Construction Equipment owned or hired, tools and the like for the performance of the Work;

h) Facilities and shops including for fabrication, storage and testing, camps, shelters, temporary works, scaffoldings and the like;

i) All consumables (air, gases, grease, oil, fuel, welding consumables and the like) and utilities (lighting, power, electricity, water);

j) Maintenance, caretaking, protection, safekeeping, security measures;

k) Inspections, samples and tests, certification, documentation, controls including quality control and verifications;

l) All costs and expenses whatsoever related to the subcontracting and purchase orders including all enquiries, supply, expediting and transport costs and expenses whatsoever nature;

m) Receipt, handling, inspection, storage, protection and installation of Company Items, if any;

n) Spare parts for Commissioning and Start-up operations and in general everything necessary for the complete performance of the Work in full compliance with the Contract, except if specifically stated in the Contract as being supplied by Company;

o) Labour, supervision, engineering, administrative and managerial personnel, mobilisation and demobilisation costs and expenses for personnel and equipment, living and hotel accommodation costs, meals, travel time

and expenses, fares and transportation, visa fees, authorizations, approvals, permits, licences (including for travel and missions), preparation of documents and compliance with requirements for importation and customs clearance, port charges and fees, unless expressly specified in the Contract as being supplied by Company or on a reimbursable basis;

p) All Contractors' obligations, liabilities, duties, risks under the terms of the Contract or as can be inferred there from, and /or relating to, or otherwise connected to performance of the Work;

2.2. These prices and rates set forth in the Bill of Quantities shall not be subject to upward or downward variation.

2.3. The measurement rules for the application of unit and other rates shall be agreed upon during the kick-off meeting between the Company and the Contractor.

3 Payments

3.1. Payment Mechanisms

The Contractor shall be entitled to receive payments pursuant to this Contract according to the following payment mechanism, based upon the quote provided by the Contractor in his Bid, and as stipulated in the Purchase Order:

3.1.1. **Regular Payment**.

The Contractor shall receive the Contract Price as follows:

- Fifteen Percent (15%) of the Purchase Order Price shall be paid, after signing the Purchase Order, upon receipt of the following: (i) Advance Payment Guarantee; and (ii) Performance Guarantee;

and (iii) submission of the 1.47 Insurance Certificate in accordance with **Exhibit D**; and

- Thirty percent (30%) of the Purchase Order Price shall be paid after a successful completion of all Workshop Tests as certified by the Company; and

- Ten percent (10%) of the Purchase Order Price shall be paid after the Approval of the Engineering Plan by the Natural Gas Authority; and

- Twenty percent (20%) of the Purchase Order Price shall be paid following the delivery and acceptance of the respective shipment at the destination designated by the Company, within the time period stipulated in the Purchase Order; and

- Twenty percent (20%) of the Purchase Order Price shall be paid upon a successful completion of installation and performing the Cold Commissioning as certified by the Company.

- Five percent (5%) of the Purchase Order Price shall be paid upon issuance of the Take Over Certificate by the Company and Release Form signed by the Contractor.

Receipt of any instalment in this Section 3.2.1 shall be contingent upon presentation to the Company of the following document:

A pro forma invoice (excluding VAT) for such instalment in accordance with the provisions of Section 4 below. Such a pro-forma invoice(s) (excluding VAT) will be approved or disputed by the Company within 14 (fourteen) days of the date receipt. Following receipt of Company's approval of the pro- forma invoice(s) (excluding

VAT), the Contractor shall submit tax invoice(s) representing the amount of VAT (Value Added Tax) due for such instalment;

3.1.2. Installation Option Payment

Upon the exercise of the Company Installation Option by Company in Accordance with the Provisions of the Contract, if exercised, the Contractor shall be entitled to receive the Contract Price as follows:

- Fifteen Percent (15%) of the Installation Price shall be paid upon receipt of the following: (i) Installation Advance Payment Guarantee as set forth in the General Conditions (Clause 7.3.3 thereof); (ii) Installation Performance Guarantee as set forth in the General Conditions (Clause 7.23.4(b) thereof); and (iii) Insurance Certificate as set forth in the General Conditions (Clause 7.23.4(a) thereof); and

- Fifteen Percent (15%) of the Installation Price shall be paid upon the Successful Positioning Of The Equipment in the _____ [enter location of PRMS] as certified by the Company; and

- Thirty percent (30%) of the Installation Price shall be paid after successful completion of installation and performing the Cold Commissioning and the issuance of the Completion Certificate for the _____ [Enter location of PRMS] by the Company; and

- Thirty percent (30%) of the Installation Price shall be paid after the issuance of the Take Over Certificate by the Company for the _____ [*Enter location of PRMS*] PRMS and clearance of punch list.

- Ten percent (10%) of the Installation Price shall be paid after successful completion of the Hot Commissioning and the issuance of the final approved as made drawing and station books.

Receipt of any instalment in Section 3.2.2 shall be contingent upon presentation to the Company of the following documents:

(i) A pro forma invoice (excluding VAT) for such instalment in accordance with the provisions of Section 4 below. Such a pro-forma invoice(s) (excluding VAT) will be approved or disputed by the Company within 14 (fourteen) days of the date receipt. Following receipt of Company's approval of the pro- forma invoice(s) (excluding VAT); the Contractor shall submit tax invoice(s) representing the amount of VAT (Value Added Tax) due for such instalment;

(ii) A Certificate signed by Company and/or the Engineer evidencing the performance of the relevant part of the _____ [*Enter location of PRMS*] PRMS Installation Works.

4 Conditions Precedent to Effecting Payments

4.1. The Company shall deduct Israeli Income Tax at source, unless it receives an official exemption certificate from the Israeli Income Tax Authorities, set forth in Clause 31.2.3 of the General Conditions.

4.2. The Contractor shall furnish to the Company the documentation, and abide by the provisions, set forth in Clause 31.2.4 of the General Conditions, as a condition precedent to receiving any payments hereunder, all as further set forth in Clause 31.2.4 of the General Conditions.

5 Adjustments to Contract Price due to Change Orders

Without derogating from the provisions of Section 4 below, the Contractor shall apply to each Change Order the invoicing and payment conditions specified in the said Change Order.

6 Invoicing

6.1. Invoice Procedures.

All invoices shall:

a) State the Contract reference number and Purchase Order number;

b) Invoices which are related to Change Order shall be issued separately and indicate as a reference the relevant Purchase Order number.

c) Clearly indicate the part of Work for which payment is requested;

d) Be supported by all documents required in order to enable the Company to review the invoice;

e) Clearly state the bank details and account number to which the payment(s) are to be made;

f) Clearly indicate all credits for sums owed by the Contractor including reimbursements of the advance payments, if any;

g) Be made out in the name of the Contractor.

The Contractor shall submit one (1) original invoice, including all necessary attachments to:

Israel Natural Gas Lines Company Ltd.
Atidim Tower (Building No. 8), 2184 St., Floor 33, Kiryat Atidim
Tel Aviv
Israel
Att. : Head of PRMS Department

6.2. Disputed Invoices

If the Company questions any invoice, it shall return the invoice in question to the Contractor specifying in writing the items to which Company objects

and the reasons for such objections and the Contractor shall resubmit such invoice in accordance with the instructions of the Company.

7 Lead times For Payments

The Company shall pay undisputed invoices from the Contractor in NIS and in other currency in accordance with the pricing in the Bill of Quantities as follows:

8 Performa Invoices

Within sixty (60) days from the date of approval of the Performa invoice Subject to applicable laws.

9 Tax Invoices

One (1) day before the due date of the VAT tax payment to such Israeli bank account as the Contractor shall specify on invoices to Company, subject to applicable laws. Company shall give payment instructions with value and date and furnish the Contractor with a copy of such instructions.

10 Sums due to the Contractor

Without derogating from the rights and remedies of the Company pursuant to the General Conditions, including, without limitation, the right of Set-Off set forth in Clause 28 thereof, the Company shall have the right, at any time during the performance of the Contract, and after notifying the Contractor of its intention to do so, to deduct from any sums due to the Contractor all and any sums due to Company by the Contractor for whatsoever reason, including:

i) Payments incorrectly made to the Contractor;

ii) Materials sold or services furnished to the Contractor;

iii) Additional Company costs resulting from the Contractor's failure to perform any part of the Work in accordance with the provisions of the Contract related to suspension, cancellation and termination due to the Contractor's Default;

iv) Claims and/or proceedings of third parties against the Company in relation to the Contractor's performance of the Contract and resulting in payment or commitment to pay by the Company pursuant to a court order or applicable laws (unless the Contractor's liability has been expressly excluded under the Contract);

v) Any amounts deemed necessary to indemnify and/or hold harmless the Company against any lien created in connection with the Contractor's performance of the Works (unless the Contractor immediately shows appropriate evidence proving that such lien is not valid);

Should sums owed by the Contractor exceed the amount of sums owed by the Company, the Contractor shall immediately pay the difference to the Company.