



## Appendix F - Agreement for the Supply of Goods

Signed on \_\_\_\_\_, 2017 in \_\_\_\_\_

Between: **Petroleum & Energy Infrastructures Ltd. /  
Oil Products Pipeline Ltd.**

of 3 Hasadnaot St., Herzliya  
(jointly and severally: the "Company")

of the first part

And between: \_\_\_\_\_  
of \_\_\_\_\_ St.  
(the "Supplier")

of the second part

**Whereas:** the Company wishes to purchase pipes according to bill of quantities, (the "Goods") , all as specified in the Technical Specifications document, attached hereto as Appendix A (the "Technical Specifications") and has published a tender no. 011/17 for the purchase of the Goods (hereinafter the "Tender");

**WHEREAS** the Supplier participated in the Tender, and won, under the terms and conditions stipulated in the Tender Documents; and

**WHEREAS** the Supplier stipulates that he possesses all the means necessary for supplying the Goods; and

**WHEREAS** concurrently with the signature of this Agreement, the Company shall issue an Order (as defined herein) to the Supplier for the purchase of the Goods in accordance with the terms and conditions stipulated herein and in the Tender;

**Wherefore, it has been Stipulated, Represented and Agreed as follows:**

1. **Definitions** ; Discrepancies; General

1.1. The "**Order**" – An order for the supply of Goods, signed by the Company's authorized signatories, that is sent to the Supplier (via fax or e-mail), including all of the terms and conditions thereof and the Appendixes thereto, including the specifications, plans and all of the other documents attached to the Order. It is clarified that in the event of a discrepancy between the provisions of the tender documents, including this Agreement, and the provisions of the Order shall prevail, unless the Company determines otherwise.

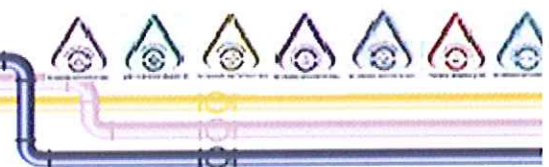




- 1.2. In case of discrepancies between the terms of the Technical Specifications Appendix and the terms specified in this Agreement, the terms and conditions of the Technical Specifications shall prevail.

## 2. The Supplier's Representations and Warranties

- 2.1. The Supplier represents that it has read and inspected the Tender, this Agreement and the Order, including all of the documents thereof, and that all of the provisions, conditions and plans contained therein, including without limitations in the Technical Specifications, are known and clear to him, and that it has the knowledge, capability and experience to perform this Agreement and supply the Goods contemplated in the Order.
- 2.2. All the terms and conditions regarding the manufacture, inspection and supply of the Goods are detailed in the Technical Specifications. The Supplier undertakes to strictly comply with all of the terms stated herein and therein, also insofar as such terms and conditions relate to the manufacturer of the Goods. The manufacturer's and/or coater's signature of the Technical Specifications shall not in any way relieve the Supplier from any of its obligations and/or liabilities under this Agreement including without limitation with respect to compliance of the Goods' with the Technical Specifications.
- 2.3. The Supplier undertakes that any and all materials that it shall use for performance of an Order will be new, durable and of excellent quality, as is accepted with respect to products of such type.
- 2.4. The Supplier undertakes that the Goods that shall be supervised, inspected and supplied thereby according to the Order shall comply with all the Technical Specifications and standards (Israeli or international standard), and will forward, upon the Company's demand, documents attesting to compliance with such standard.
- 2.5. The Supplier undertakes that the Goods will be of the type, quality, dimensions, material and processing specified in the Order and/or in accordance with the Technical Specifications, standards, models and samples delivered by the Company.
- 2.6. 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.
- 2.7. 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 Agreement.

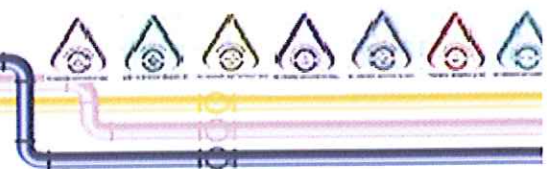




- 2.8. Execution and Binding Effect: This Agreement has been duly and validly executed and delivered by Supplier and constitutes the legal, valid and binding obligation of Supplier enforceable against Supplier in accordance with its terms.
- 2.9. No Breach, Default, Violation or Consent: The execution, delivery and performance by Supplier of is Agreement does not and will not:
- violate Supplier's charter, articles 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 (each a "Governmental Rule"); or
  - require any consent, authorization, approval, exemption or other action by, or any filing, registration or qualification with, any governmental entity.
- 2.10. Business Permits: There are no governmental permits, licenses, franchises, certificates, authorizations, consents or approvals necessary under applicable Governmental Rules held by Supplier with respect to its business or the Goods which are required to be transferred to Company or obtained by Company in order for Company to use the Goods.
- 2.11. Skills and Know-How: Supplier possesses all the skill, know-how, ability, experience and means, financial and otherwise, to successfully complete its obligations under this Agreement in complete and total conformance with the Technical 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 Agreement.

### 3. Liability

- 3.1. The Supplier is responsible for the quality of the Goods, including all of the parts, components and accessories thereof, and for the working order of such Goods for a period of 20 months from the date of supply thereof or 12 months from the date of commencement of use thereof by the Company, whichever the latter (the "**Warranty Period**").
- 3.2. Without derogating from any warranty by law, in the event that any flaws, defects, faults or deficiencies are discovered in the Goods during the Warranty Period, which are not the result of incorrect use by the Company:
- 3.2.1. The Supplier will be liable for any damage caused to the Company as a result thereof.



3.2.2. The Supplier will be required to repair, as soon as possible and at its expense, any flaw, defect, faults or deficiencies as aforesaid, or should the Company so demand, to replace any item with another new item with a corresponding function in accordance with the Order. Any such repair and/or replacement shall be carried out as soon as possible, at the Supplier's expense and to the Company's full satisfaction.

3.2.3. The burden of proving that the flaw, defect, faults or deficiencies in the products were caused as a result of incorrect use by the Company will be borne by the Supplier.

3.2.4. If the Supplier fails to fulfill its undertakings during the warranty period as aforesaid, the Company will be entitled, without prejudice to any of its other rights, to repair or replace the products itself and to charge the Supplier with the expenses of the repair and/or replacement as aforesaid. The Supplier will indemnify the Company for any such expense immediately upon demand.

3.3. The Supplier will be liable to the Company and/or anyone on its behalf and/or its employees and/or agents for any damage and/or expense that it shall incur, including in respect of demands or claims that it shall receive from third parties, with respect to or deriving from the fulfillment of this Agreement by the Supplier, including due to a delinquency in the date of supply and/or the supply of Goods which do not meet the terms and conditions of this Agreement or the Tender documents, including the Appendixes thereto. The Supplier shall indemnify the Company immediately upon receipt of a demand in respect of the aforesaid, without derogating from any other remedy or right available to the Company in

#### 4. Supervision and Inspection

4.1. The Supplier shall inspect, test and certify the Goods in compliance with the relevant Agreement documents, including without limitation the Technical Specification.

Supplier shall give at least seven (7) days prior written notice of its intention to perform such tests. Such notice shall state the location of such tests and Company shall be entitled to be represented thereat. No Goods shall be dispatched without written release or written waiver of inspection by Company.

Within seven (7) days of any request of Company, Supplier shall supply a copy of the Supplier's test sheets certified by Supplier to be a true copy.

Before dispatching the Goods, Supplier shall carefully inspect and test them for compliance with the Contract.

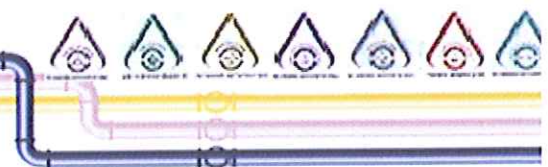




All tests shall be at Supplier's costs and risks.

- 4.2. 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 Agreement. If Company exercises this right Supplier shall provide or shall ensure the prompt provision of all such facilities as may reasonably be required by Company therefore.
- 4.3. If the results of such additional or repeated inspection and tests show that the Goods comply with the Agreement requirements, Company shall reimburse at cost to Supplier the direct expenses incurred for said inspection and tests, and, should such inspection or tests actually delay the delivery of the Goods, Company shall grant Supplier a corresponding extension of time for delivery. If the result of said inspection and tests show that the Goods do not, in the reasonable opinion of Company, comply with the Agreement requirements, the expenses of said inspection and tests and related correction or rework of the Goods shall be borne by Supplier without any effect on the schedule.
- 4.4. If as a result of any inspection or test under this Section 4, Company is of the reasonable opinion that the Goods do not comply with the requirements of the Agreement or are unlikely to so comply on completion of manufacture or processing, it may inform Supplier in writing of its decision to reject such Goods in which case Supplier shall within the schedule of the Order supply, at no additional cost to Company, Goods which comply with the requirements of the Agreement in place of those rejected.
- 4.5. Should Supplier fail to comply with the provisions of this Section 4 and make dispatch in contravention of the requirements hereof then Company may at its sole option provisionally receive the Goods without prejudice and the Goods shall be thereafter inspected and tested at Supplier's costs, and if found defective or inferior in quality to or differing from the requirements of the Agreement, may be rejected in whole or in part at the sole option of Company.

For any such rejected Goods, Company shall have the option either to have said Goods replaced by Supplier or to exclude same from the Order, in which case any sums already paid with respect to such rejected Goods shall be forthwith reimbursed by Supplier. Company shall be entitled to order such Goods from another vendor, and Supplier shall reimburse Company for any additional cost incurred by Company in so doing. Goods so rejected shall be removed at Supplier's own cost and risk within eight (8) days from the date of receipt of notification of rejection. In the event of Supplier failing to take back Goods so rejected as aforesaid, Company shall be at liberty to return the rejected Goods or any of them at Supplier's cost and risk.





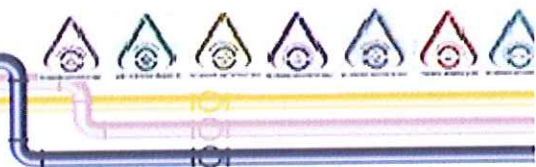
- 4.6. This Section shall be without prejudice to any other rights and/or remedies Company may have under the Agreement and/or at law, as a result of aforesaid breach(es) by Supplier.
- 4.7. The carrying out or failure to carry out or observe any inspection or examination or test of the Goods shall in no way relieve Supplier of his obligation to comply with all requirements of the Agreement, including without limitation the warranty provisions.

5. **Prices**

- 5.1. The prices of the Goods will be in accordance with the provisions of the Order alongside each unit, and the prices will be fixed and subject to no increment for whatever reason, apart from such increment as shall be agreed to by the Company in advance and in writing. Prices stated in foreign currency will be paid according to the representative rate on the date of issuance of the invoice, unless the Order explicitly states otherwise.
- 5.2. The prices for the Goods include all consideration in respect of the supply of the Goods, including anything needed to be performed or supplied by the Supplier, for the entire period through unloading of the Goods at the Company's site in southern Israel [or: at the Manufacturer's premises] (and as further detailed herein and subject to prior coordination between the Parties) and until the end of the Warranty Period as stated in this Agreement. Without limiting the generality of the above, such price includes all equipment and manpower, production and supply, and any and all types of ancillary payments. Without limiting the generality of the above, such price includes all equipment and manpower, production and supply, and any and all types of ancillary payments (including, without limitation: insurance, food and lodging, travel and transportation costs, and any expenses or inputs of the in connection with quality assurance, acceptance tests, etc.).
- 5.3. It is hereby clarified that the Company will not be charged for items that are supplied other than in accordance with the terms and conditions of the Order.

6. **Taxes and Customs Duties**

- 6.1. Supplier shall bear and discharge under his sole liability all and any taxes, imposts, levies, fees, stamps, customs duties and the like, associated with the supply of the Goods and levied by whatsoever authorities, (not expressly payable by Company under the Order). Supplier shall likewise bear and discharge under his sole liability any fines and/or penalties pertaining to any of the above. In addition, when so required the Company shall withhold and deduct at source Israeli withholding tax.





6.2. Supplier shall indemnify and hold Company harmless against claims/liabilities in respect of the foregoing.

7. **Changes to the Order**

7.1. The Supplier will not be entitled to introduce any change to the Goods relative to the Order unless the Company's prior written consent is given thereto.

7.2. No change shall be made to any of the terms and conditions or provisions of the Order unless agreed in writing between the Company and the Supplier.

8. **The Company's Rights in the Case of Failure to Timely Supply the Goods**

8.1. The date of supply of the Goods specified in the Order is a fundamental condition of the Order, and therefore failure to timely supply the Goods or any part thereof shall constitute a fundamental breach of the Supplier's undertaking according to this Agreement and such Order.

8.2. In any case of failure to timely supply the Goods, the Company will be entitled, without prejudice to any other right or remedy (including forfeiture of the Guarantee, as defined herein), at its absolute discretion, to take one or more of the following steps:

8.2.1. To cancel the entire Order or such part thereof that was not timely performed;

8.2.2. To accept the Goods, in whole or in part, from other sources in order to make up the deficiency, and to charge the Supplier for any additional financial expense that the Company shall incur due thereto, and the Supplier will be required to pay for any such expense immediately upon demand.

8.2.3. A monetary fine – in the event of failure to timely supply the products, in whole or in part, the Company will be, in addition to the aforesaid, entitled to a monetary fine as liquidated damages (a penalty), and without derogating from the Company's right to claim the direct and indirect damage caused to the Company as a result of any delay, as follows:

A delay of up to two weeks – a fine in the sum of 0.25% of the value of the Order will be imposed for each day of delay.

A delay of more than two weeks and up to four (4) weeks – a fine in the sum of 0.5% of the value of the Order will be imposed for each day of delay.





A delay of more than four (4) weeks – a fine in the sum of 1% will be imposed for each day of delay, up to a maximum of 20% of the value of the Order

9. **Partial Supply**

The Supplier will supply the Order in full, including all of the Goods stated in the Order. The Supplier will be entitled to make partial supply of the Goods only with the prior written approval of the Company.

10. **Supply**

10.1. The supply date will be no later than the supply date as stated in the attached Order. The place of supply of the Goods is as specified in the Order. Goods supplied elsewhere within the Company without prior coordination shall be deemed as Goods that were not supplied, and the Company will not be liable for payment therefor.

10.2. The Supplier will not supply the Goods before coordinating by telephone in advance with the person named in the Order for coordination purposes.

11. **Terms of Payment and Supply**

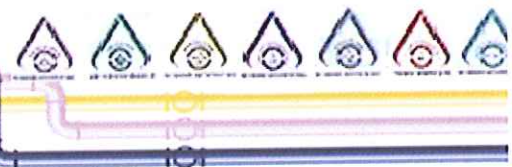
11.1. Payment shall be remitted via an automated clearing house on the 5th or the 20th of the calendar month after the month following the date of receipt of the invoice, at the Company's discretion, and subject to approval of the invoice by the Company (i.e. EOM + 35 or EOM + 50).

11.2. It is hereby clarified that the Company will not be charged interest or linkage differences for a delinquency of up to 30 days past the dates stated in Sections 1 above, and insofar as the delinquency derived from the Supplier's negligence or from submission of an inadequate invoice, the Company will not be charged linkage and interest differences as aforesaid also in respect of a delinquency exceeding 30 days, all in accordance with the terms and conditions of this Agreement.

12. **Performance Guarantee**

12.1. The Supplier's guarantee in the tender will be extended and used as a guarantee for supply of the Goods (the "**Guarantee**"), and it will be required to arrange for extension of its Guarantee prior to signature of this Agreement and the Order. The Guarantee shall be extended until the date of supply of the Goods in practice.

12.2. The Company will be entitled to collect from the Guarantee or the cashier's check any amount of money that the Supplier shall be required to pay thereto by virtue of the Agreement and/or by law in respect of payments, damage, losses, compensation, expenses etc. caused to the







Company, and in any case in which the Supplier breaches its undertakings according to this Agreement, the Order or the Tender documents. If the Company forfeits the Guarantee or any part thereof, the Supplier shall supplement the amount of the Guarantee to the original amount.

**13. Shipping Certificate, Billing of Company and Payments by the Company**

- 13.1. Any and all Goods that shall be delivered to the Company will be accompanied by a shipping certificate bearing the Order number.
- 13.2. The Supplier will issue the invoice for the Goods only after supply of the Goods in accordance with the terms and conditions of the Order and this Agreement.
- 13.3. The Company will pay the Supplier the consideration according to the Goods' quantities inspected and accepted thereby and according to the prices and the payment terms specified in the Order, against an original invoice only, and after the Company ensures that the Supplier has met the terms and conditions of the Order and the Technical Specifications, including without limitations provision of required documentation etc.
- 13.4. The Supplier will attach to the invoice a shipping certificate signed by the recipient of the products.

**14. Passing Of Title And Risk**

- 14.1. The title and risk in the Goods shall pass to Company when the Goods or part thereof are supplied to the Company's site [or: at the Manufacturer's premises] as instructed by the Company and in accordance with the guidelines set forth in the Order, subject to prior coordination of supply with the Company, and subject to the Company's approval of supply.
- 14.2. 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 this Agreement or the Order.

**15. Liability and Insurances**

- 15.1. Supplier shall hold harmless and indemnify Company in respect of loss of or damage to the Goods until the risk thereof has been transferred to Company in accordance with the terms of this Agreement. In addition, , Supplier shall hold harmless and indemnify Company in respect of all third party claims that arise out of the performance of this Agreement, including but not limited to, claims related to property damages, personal injury and death.
- 15.2. The provisions of this Section 15 are without prejudice to the provisions of Section 3 and nothing in said Section 3 shall be taken to limit Supplier's liability under this Section 15.



- 15.3. The provisions of this Section 15 shall apply mutatis mutandis to any sub-vendor at any level of Supplier, such that the Company shall be a third party beneficiary under the agreement between such sub-vendor and the Supplier.
- 15.4. The insurance instructions that apply to the Supplier are as specified in Appendix B.

## **16. Termination**

### **16.1. General**

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

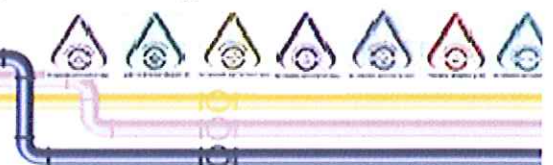
### **16.2. Termination on account of FORCE MAJEURE**

- 16.2.1. Either of the Parties may terminate the Agreement if the completion of the Goods is made impossible on account of FORCE MAJEURE, as evidenced by the party claiming such FORCE MAJEURE event, or if a situation of FORCE MAJEURE has lasted or, according to the joint opinion of the parties is deemed to last, more than thirty (30) consecutive days and has affected the major part of the Goods, and the corresponding notice has been served to the other party. If the Agreement is so terminated, Supplier shall be paid the remaining unpaid balance of the Order up to the percentage of the Goods completed and supplied at the date of such termination and subject to the obligation of Supplier to use its best efforts to mitigate its damages shall be reimbursed for all costs irrevocably and reasonably incurred and paid prior to the occurrence of such FORCE MAJEURE in respect of the part of the Goods not completed and supplied on such termination.

### **16.3. Termination through Supplier's fault or deficiency**

Company shall be entitled to terminate the Agreement in the following cases:

- 16.3.1. With immediate effect, subject to implementation of applicable laws, if Supplier becomes bankrupt or has a receiving order made against him or presents his petition in bankruptcy or makes an arrangement with or assignment in favour of his creditors or shall agree to carry out the Agreement under a committee of inspection of his creditors or (being a corporation) shall go into liquidation (other than a voluntary liquidation for the purposes of amalgamation or



reconstruction) or has an execution levied on the Goods and/or more generally has become insolvent; or

- 16.3.2. If Supplier fails to either meet the time schedule, supply Company with the bank guarantee required hereunder, commits any fundamental breach of the Agreement or persists for a period of seven (7) days in failing to comply with any of his obligations under this Agreement after receipt of Company's notice summoning him to perform such obligation(s).
- 16.3.3. In the event of such termination, 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 the Goods, either directly or through any other vendor or supplier. The resulting additional expenses shall be reimbursed by Supplier to Company.
- 16.3.4. Nevertheless and at its own option, Company has the right to send back to Supplier, at Supplier's own cost and risk, those parts of the Goods already delivered and Supplier shall immediately reimburse Company any sums paid with respect to the relevant part(s) and also any direct expense(s) Company has incurred as a consequence of its decision.

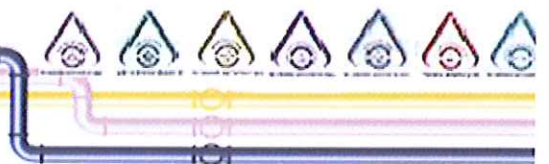
The exercise of any of the rights granted to Company under this Section shall not prejudice or affect any rights of action or remedy which shall have accrued or shall accrue thereafter to Company.

#### 16.4. Termination attributable to Company

Without prejudice to the provisions of sub-Section 16.2 and 16.3, Company reserves the right to terminate the Agreement at any time without justifying its decision, but shall in such case:

- 16.4.1. Pay Supplier the remaining unpaid balance of the Order up to the percentage of the Goods completed and supplied by Supplier prior to the date of termination.
- 16.4.2. 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.

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





17. **Confidentiality**

The Supplier, its employees and/or anyone on its behalf undertake to keep confidential any information that shall be delivered or become known thereto for the purpose of performance of its undertakings according to this Agreement, and is not entitled to publish such information or transfer it to or bring it to the attention of any person throughout the term of the engagement and after expiration thereof, and will make no use of the information that reached it as aforesaid.

18. **Liens**

18.1. 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 Company and/or the Goods or any part thereof.

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

19. **Assignment**

19.1. Supplier shall not transfer or assign all or any of his rights and obligations under the Agreement, without prior written consent of the Company. Notwithstanding any assignment to which Company has given its consent, Supplier shall be and remain fully responsible for the due performance of his obligations under this Agreement.

19.2. The Company may at any time, transfer or assign all or any of its rights and obligations under this Agreement.

20. **Governing Law ; Agreed Venue**

20.1. The construction, validity and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of Israel without regard to conflict of laws principles and without regard to the United Nations Convention on Contracts for the International Sale of PIPES (1980).

20.2. The Supplier agrees that the sole venue on any matter connected to and deriving from this Agreement and/or the Order will be the competent court in Tel Aviv.

**In witness whereof, the Parties have hereto set their hands:**

\_\_\_\_\_  
Company

\_\_\_\_\_  
Supplier

