

Agreement for the Supply of Goods

Signed on _____, _____ in _____

Between: **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 from the Supplier the goods specified in the technical specification attached hereto as Annex B, in accordance with the Order that the Company shall issue thereto (the "**Goods**"); and

Whereas: the Supplier has the suitable knowledge, experience and capability therefor and wishes to supply the Goods to PEI, all as specified in and in accordance with the terms and conditions of this Agreement; and

Whereas: the Parties wish to put the agreement between them to writing;

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

1. Definitions

The "**Order**" – Any 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 annexes 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, the provisions of the Order shall prevail, unless the Company determines otherwise.

2. The Supplier's Representations

The Supplier represents that it has read and inspected the Agreement, the Order and the summary of the safety procedures attached to this Agreement, including all of the documents thereof, and that all of the provisions, conditions and plans are known and clear thereto, and that it has the knowledge, capability and experience to perform the Order and supply the Goods contemplated in the Order.

3. Liability

3.1. 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.

3.2. The Supplier undertakes that any and all products that shall be supplied thereby according to the Order shall comply with the standards stated in the Order (Israeli or international standard), and will forward, upon the Company's demand, documents attesting to compliance with such standard.

3.3. The Supplier undertakes that the products that shall be supplied according to the Order will be of the type, quality, dimensions, material and processing specified in the Order and/or in accordance with the technical specifications, models and samples delivered by the Company. If the Company's approval is required with respect to the product, the Supplier will not manufacture or supply the product without such approval, and such approval shall be deemed as a condition precedent to performance of the Order.

3.4. With respect to products with an expiry date, the Supplier undertakes not to supply products with a close expiry date and to ensure to supply new products.

3.5. The Supplier is responsible for the quality of the products, including all of the parts, components and accessories thereof, and for the working order of such products, as follows:

3.5.1. For a period of 18 months from the date of supply thereof or 12 months from the date of commencement of use thereof by the Company, whichever is later, and not more than a total period of 36 months, provided that the products are stored in accordance with the supplier's instructions. Notwithstanding the foregoing, it should be clarified that in the case that a product failure will be detected, which is caused by a manufacturing defect or manufacturing that does not conform to the technical specification, the Supplier will be required to compensate the company for the damage caused due to such failure.

3.5.2. Notwithstanding the provisions of section 3.5.1, in respect of the supply of valves, the Supplier is responsible for the quality of the products including all of the parts, components and accessories thereof, and for the working order of such products for a period of 24 months from the date of delivery or 12 months from the date of use by the company, whichever is later, and no more than a total period of 36 months. Notwithstanding the foregoing, it should be clarified that in the case that a product

failure will be detected, which is caused by a manufacturing defect or manufacturing that does not conform to the technical specification, the Supplier will be required to compensate the company for the damage caused due to such failure.

3.6. Without derogating from any warranty by law, in the event that any flaws, defects, faults or deficiencies are discovered in the products during the warranty period, which are not the result of incorrect use by the Company:

3.6.1. The Supplier will be liable for any damage caused to the Company as a result thereof.

3.6.2. 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.

3.6.3. 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.

3.6.4. 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.

3.7. 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 annexes 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 such a case.

4. Supervision and Inspection

4.1. Without prejudice to any of the terms and conditions of the Order, the Company's representative will be entitled to check the quality of the products and their compliance with the Order prior to, upon or after receipt thereof, all at the Company's choice, in order to determine whether the products comply with the Order. To the extent the Company so demands, the Supplier will perform the required tests regarding the quality of the products and their compliance with

the Order via a third party, and submit the test results to the Company's representative.

4.2. The Company will not be charged for products found to be defective or inconsistent with the Order.

4.3. For the avoidance of doubt, the inspections carried out by the Company's representative as aforesaid do not release the Supplier from its full responsibility as specified above.

5. Prices

5.1. The prices of the products 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, plus V.A.T, in NIS according to the representative rate on the date of issuance of the invoice, or in the foreign currency stated in the order, at the Company's sole discretion, as also stated in Section 10.5 hereunder.

5.2. 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.

5.3. All of the prices for domestic supply include transportation and unloading at the Company's site, including use of the equipment required for such purpose and/or workers for such unloading, if required,, unless the Order explicitly states otherwise.

6. Changes to the Order

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

6.2. 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.

7. The Company's Rights in the Case of Failure to Timely Supply the Products

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

7.2. In any case of failure to timely supply the products, the Company will be entitled, without prejudice to any other right or remedy (including forfeiture of the bank guarantee submitted with the bid), at its absolute discretion, to take one or more of the following steps:

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

7.2.2. To accept the products, 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.

7.2.3. 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 ceiling of 20% of the value of the Order.

8. Partial Supply

The Supplier will supply the Order in full, including all of the products stated in the Order, not later than upon the date of supply stated in the Order. The Supplier will not be entitled to make partial supply of the products, unless under special circumstances and subject to a prior written approval by the Company to such partial supply. In case of partial supply without the Company's prior confirmation as aforesaid, the Supplier will be prohibited from unloading the Products in the Company's site, and the such Products sent back with its carrier, and all expenses entailed in such reverse delivery shall be borne by Supplier or, alternatively, payment for the partial supply shall be executed only following the complete supply of the Products, at the Company's sole discretion.

9. Supply

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

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

9.3. The Supplier represents that it is aware that supplying to the Haifa oil port entails special coordination and is subject to the instructions of the Haifa port and to an entrance fee.

10. Delivery of the Goods and Manner of Unloading

10.1. Prior to transporting the equipment to the Company's facilities, the Supplier will be required to issue a work permit, and arrive at the facility for the purpose of examining the area and coordinating the unloading of the Goods. The coordination meeting will be held in the presence of a representative of the Supplier and a representative of the freight company.

10.2. The unloading will be carried out by a crane operator and at least 4 employees. Prior to the commencement of the unloading process, the employees will undergo a safety briefing by an inspector on behalf of the Company.

10.3. The unloading will take place at the location specified by the warehousekeeper on behalf of the Company.

10.4. After unloading, a representative of the Company will sign the delivery note, confirming that all goods have arrived at the Company's warehouses, and were delivered in good condition.

11. Safety instructions

11.1. For each violation of the safety provision contained in the attached safety procedures summary, the Supplier will be charged by the Company by an agreed compensation of NIS 1,500, and cumulatively up to the sum of the Bank Guarantee. In addition, in the case of severe safety violation, the Company may increase the sum of the agreed compensation up to the sum of the Bank Guarantee, according to its sole discretion, and the Supplier will have no claim on the matter. Without derogating from the generality of the aforesaid, it should be noted that the Company considers safety violations to be a substantial breach of the Agreement: smoking in the facility, using a mobile phone in the operating area, non-compliance with the work permit or execution permit, fire related work without a permit, work at height without a permit, introduction of a worker to work without safety guidance, Crane / Manito / JCB work without tools insurance or without an appropriate operating license or without surveys required by law, change of the operating status of systems without a permit, excavation without a permit from all relevant factors regarding the absence of infrastructure in the route. It is hereby clarified that the Company reserves the discretion to determine that additional safety violations constitute a substantial breach of the Agreement, in accordance with the provisions of this section.

11.2. Without derogating from any other manner of collection, the company may deduct the amount of compensation from any money that is in its possession and that is due or that will reach the Supplier and / or collect them by exercising the Bank Guarantee. The payment of compensation or deduction of the amount of compensation will not release the supplier from any obligation or liability under the Agreement or under any relevant law.

11.3. In addition, without derogating from the aforesaid or any other provision in this Agreement and any other remedy to which the Company is entitled by any law and according to this Agreement, it is hereby clarified that breach of safety provisions by the Supplier will entitle the Company to an agreed compensation of NIS 1,500. The agreed compensation is assessed by the Parties as an amount that reflects the immediate minimum damage that will be caused to the Company as a result of a breach of these provisions, and is not dependent on proof of damage.

11.4. It is hereby clarified that this section does not derogate from the Company's rights under the agreement and under any law in the event that a breach of safety provisions caused damage or delay in the supply of the goods, and such case will be dealt with in accordance with the provisions of the Agreement and any relevant law.

11.5. The Company shall be entitled to forfeit the Bank Guarantee for the purpose of collecting agreed compensation under this section and/or to deduct the agreed compensation from payments owed to the Supplier under this Agreement, at its sole discretion.

12. Terms of Payment and Supply

If supply is made through direct import by the Company:

12.1. Supply of the Goods will be in accordance with the conditions stated in the invitation to bid. The payments shall be made in the manufacturer's currency. Payment shall be made C.A.D. and no advance payment shall be made in any other manner.

12.2. No payment shall be made without attaching all documents required for the release of the shipment, including certificates of origin (EUR-1 from the European market or a U.S. certificate of origin), if necessary.

If supply is made by the Supplier to the Company's site (domestic procurement):

12.3. Payment shall be remitted via an automated clearing house not later than 45 days following the end of the month during which the receipt was issued.

12.4. 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 Section 10.3 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.

12.5. The Company shall be entitled to pay the Supplier in one of the following currencies – NIS/USD/EURO, at its discretion, as also stated in Section 5.1 above.

12.5.1. If the payment is made in USD/EURO. then the sum paid shall be as stated in the Order plus V.A.T.

12.5.2. If the payment is made in NIS. then the sum paid shall be as stated in the Order, plus V.A.T, converted to NIS according to the representative rate of the Bank of Israel, known on the date of issuance of the invoice.

13. Offset

13.1. The company shall be entitled to offset and deduct any amount due to it from the Supplier, without exception and including an unlimited sum from any amount due to the Supplier from the company, whether by virtue of this Agreement or by virtue of any other contract.

13.2. The Supplier hereby waives any right of lien, bondage or claim of trust granted to it by agreement and by any law against the Company or against those acting on its behalf or on its behalf (including its subcontractors) in relation with all materials and equipment related to the performance of the works and\or the works themselves.

13.3. The Supplier shall not be entitled to deduct any amount which he owes to the Company, whether by virtue of this Agreement or by virtue of any other source, against any amount due to it by the Company or by anyone on its behalf (including its subcontractors).

14. Performance Guarantee

14.1. Simultaneously with the signing of the Agreement, if required in the tender documents, the Supplier will submit a guarantee for supply of the Goods, and it will be required to arrange for extension of its guarantee until the date of supply of the Goods in practice to the Company's site and its inspection by the Company's qualified representative (in accordance with the provisions of the tender). In the case of a cashier's check, the check will not be returned to the Supplier other than after supply of the Goods and shall be treated as a guarantee.

14.2. 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 or according to 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.

15. Shipping Certificate, Billing of Company and Payments by the Company

15.1. Any and all products that shall be delivered to the Company will be accompanied by a shipping certificate bearing the Company's Order number.

15.2. The Supplier will issue the invoice for the products only after supply of the products in accordance with the terms and conditions of the Order.

15.3. The Company will pay the Supplier the consideration according to the product 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.

15.4. The Supplier will attach to the invoice a shipping certificate signed by the recipient of the products.

15.5. The Supplier may attach digital invoices to email: invoices@pei.co.il.

16. 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. Upon execution of this Agreement, the Supplier shall sign a confidentiality declaration in the language attached hereto as Annex ____.

17. Agreed Venue

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

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

Company

Supplier