

Agreement for the Supply of Goods

Signed on _____, _____ 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 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 and the Order, 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 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.
- 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.
- 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 according to the representative rate on the date of issuance of the invoice, unless the Order explicitly states otherwise.

- 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, 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. The Supplier will be entitled to make partial supply of the products only with the prior written approval of the Company.

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. **Terms of Payment and Supply**

If supply is made through direct import by the Company:

10.1. Supply of the Goods will be under F.C.A. conditions (port of departure). 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.

10.2. No payment shall be made without attaching certificates of origin (EUR-1 from the European market or a U.S. certificate of origin).

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

10.3. 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).

10.4. 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.

11. **Performance Guarantee**

11.1. The Supplier's guarantee in the tender will be extended and used as 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. In the case of a cashier's check, the check will not be returned to the Supplier other than after supply of the Goods.

11.2. 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.

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

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

12.2. 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.

12.3. 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.

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

13. **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 ____.

14. **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