



Petroleum & Energy Infrastructures Ltd.
Oil Products Pipeline Ltd.

Finance Division - Procurement & Engagements Department

April 8, 2019
Ref.: 214648

Public Tender No. 020-19
Invitation to Submit Bids

To: All Tender Participants

Dear Sir / Madam,

Re: **Public Tender No. 020-19**

Petroleum and Energy Infrastructures Ltd. and/or Oil Products Pipeline Ltd. (the “**Company**”) hereby invites the submission of bids for the supply of steel pipe for petroleum as specified in the Technical Specifications and Bill of Quantities attached hereto (the “**Goods**”), according to the following terms and conditions.

In this Tender, “**NIS**” means New Israeli Shekels, “**USD**” or the “**\$**” symbol means United States Dollars, and “**Euro**” or the “**€**” symbol means Euros. Price quotes may be provided in NIS, USD or Euro; however, the currency provisions of Section 16.5 shall apply. Each price quote includes all costs, expenses and tax, as further described in Section 16.6 below

1. **The Tender Documents**

This invitation to bid (this “**Invitation**”) together with the documents listed below and attached hereto (the “**Tender Documents**”), together form one integral unit, comprising a single invitation to bid under the terms described herein and therein (which invitation to bid as expressed in the Tender Documents may hereinafter be referred to as the “**Tender**”):

- 1.1. Form of the bidder’s general declaration – Annex A;
- 1.2. Form of declaration regarding non-collusive tendering – Annex B;
- 1.3. Form of declaration regarding brokerage fees – Annex C;
- 1.4. Form of the bidder’s declaration regarding experience in the sale of pipe conforming to API-5L standard – Annex D;
- 1.5. Form of Manufacturer’s declaration – Annex E;
- 1.6. A bill of quantities of the Goods – Annex F (the “**Bill of Quantities**”)
- 1.7. Technical specifications regarding the Goods– Annex G (the “**Technical Specifications**”);
- 1.8. Form of the engagement contract, including the Exhibits attached thereto (the “**Contract**”) – Annex H;





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1.9. For Israeli bidders – Annex J; and

1.10. Form of Bank Guarantee – Annex K.

Any capitalized term in the other Tender Documents shall have the meaning ascribed to that term in this Invitation, unless specifically indicated otherwise therein.

In the case of any conflict between the Tender Documents, these rules of interpretation shall apply, in the following order of precedence:

(a) the executed contract between the Company and the winning bidder(s) shall comprise the entire agreement between those parties and shall supersede and replace any previous documents, agreements or understandings between them;

(b) in the event of a conflict between any other Tender Document and the Technical Specifications or Bill of Quantities (including a bidder's price quotes as described in the completed Bill of Quantities), the terms of the Technical Specifications or Bill of Quantities shall prevail;

(c) in the event of a conflict between the Contract and any other Tender Document, the terms of the Contract shall prevail;

(d) in the event of a conflict between this Invitation and any other Tender Document, the terms of this Invitation shall prevail; and

(e) in the event of any other conflict, discrepancy, or question of interpretation, the reasonable construction or interpretation which is most conducive to ensuring that, in consideration of the price quoted by the selected bidder, the Company shall receive, in a lawful and efficient manner, the entire amount of Goods ordered to its satisfaction, shall prevail.

2. **The Goods, Location and Date of Supply**

2.1. The Goods shall meet the requirements of the Technical Specifications and the Bill of Quantities, and shall be manufactured in a country which is a member of the EU or the OECD.

2.2. The Goods will be supplied DDP (Incoterms 2010), to Company's warehouse either at Ashkelon South Industrial Zone ("**Ashkelon**") or Kiryat Hayim (Haifa area) ("**Terminal**"), as indicated for each item in the Bill of Quantities. It is specifically stipulated that any cost associated with unloading the Goods into the Company's warehouse(s) will be borne by the supplier, unless provided otherwise in the relevant Order.





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- 2.3. The supply of all Goods will be performed no later than 120 days after receipt of an order from the Company. It is emphasized that any delay in supply of Goods which deviates from this deadline will be considered a fundamental breach of contract, and will cause the supplier to be liable for liquidated damages as described in the Contract.
- 2.4. It is clarified that the terms of supply provided in this Section 2 are for the sake of convenience only. The full and actual terms and conditions of supply shall be in accordance with the provisions of the Contract.

3. **Preconditions**

A bid or bidder which does not meet each of the conditions specified below on the date of that bid's submission (the "**Submission Date**") will be disqualified:

- 3.1. The bid, including all attachments and documents related thereto, has been physically received in the tender box at the Company's offices at HaSadna'ot 3, Herzliya 4672830, ISRAEL, by no later than May 7, 2019 at 23:59 Israel time (the "**Submission Deadline**").
- 3.2. The bid is accompanied by an autonomous bank guarantee conforming to the requirements set forth in Section 4.1 below (the "**Bank Guarantee**"). For sake of clarification it is noted that the Bank Guarantee shall serve as a bid guarantee for the Tender as well as a performance Guarantee for the Contract, and that, without derogating from any other requirement of the Contract, the Bank Guarantee(s) of the winning bidder(s) will also serve as a performance guarantee for the Contract.

Potential bidders are advised of the importance of submitting a guarantee which complies with the specific requirements set forth in Section 4.1 below.

- 3.3. The bidder is eligible to participate in the Company's tenders, and has not, as of the Submission Date, been notified by the Company in writing of any suspension of its participation in accordance with the Company's procedures.
- 3.4. (a) For non-Israeli bidders: The bidder is not subject to sanctions, investigations, or other restrictions by a governmental authority of its home jurisdiction which would render it ineligible to participate in tenders of governmental corporations or other public bodies in its home jurisdiction.
(b) For Israeli bidders: The bidder is eligible to participate in the Tender and enter into the Contract in accordance with the relevant provisions of Israeli law concerning transactions with public bodies;





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and the bidder has a valid approval pursuant to the provisions of the Public Bodies Transactions Law, 5736-1976.

- 3.5. The bid indicates that it shall be for supply of Goods: (a) which are manufactured in an OECD or EU country; *and* (b) which meet the requirements of the Technical Specifications and the Bill of Quantities, as evidenced by the bidder's and Manufacturers' respective signatures in conformance with Sections 4.4 and 4.5 below.
- 3.6. For Israeli bidders: The bidder is registered in any registry as may be required by law and holds all licenses as may be required by law with respect to the subject matter of the engagement, and if there is an official Israeli standard (within the meaning thereof in the Standards Law, 5713-1953) on the subject matter of the engagement, the bidder meets the requirements of such standard.
- 3.7. In the five (5) years preceding the Submission Deadline (i.e., from May 7, 2014 to present), the bidder has successfully supplied pipes conforming to the API-5L standard, with an aggregate minimum value of NIS 2,500,000, USD 700,000 or €625,000.
- 3.8. Each Manufacturer (as defined in Section 4.4 below) has successfully supplied, in the course the five years preceding the Submission Deadline (i.e., from May 7, 2014 to present), pipe manufactured according to the API-5L standard in an aggregate value of not less than €1,000,000 (one million Euro).
- 3.9. [Reserved]
- 3.10. The bidder's net shareholder's equity for fiscal year 2018 was positive.

4. **Documents Required to be Attached to the Bid**

The following documents, as described in Sections 4.1 through 4.10 below, shall be included in the bid:

- 4.1. An autonomous bank guarantee conforming to the following requirements (the "**Bank Guarantee**"):
 - 4.1.1. the guarantee is an original document, validly issued by a banking corporation regulated and licensed under Israeli law or by the banking authority of the bidder's home jurisdiction;
 - 4.1.2. the guarantee is written in either the English language or the Hebrew language;





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- 4.1.3. the guarantee is made to the Company's benefit and is payable upon demand, under the substantial conditions described in this Section 4.1;
- 4.1.4. the amount guaranteed is either (a) NIS 100,000; (b) € 25,000; or (c) US\$ 27,000.
- 4.1.5. the guarantee shall be valid until September 30, 2019;
- 4.1.6. the guarantee's applicant is identical to the bidder;
- 4.1.7. the guarantee is identified by a reference number or code and states that it is made in reference to the Company's "Public Tender No. 020-19" and "Contract No 020-19" as the underlying relationship;
- 4.1.8. URDG 758 applies to the guarantee, and the guarantee specifically states that supporting statement under article 15(a) is excluded; and
- 4.1.9. under the terms of the guarantee, a complying presentation requires no additional documentation other than the Company's statement that the amount claimed is due by reason of the bidder's obligation arising from or in connection with this Tender or the Contract.

An autonomous bank guarantee issued by a banking corporation regulated and licensed under Israeli law or by the banking authority of the bidder's home jurisdiction, which conforms in all material respects to the suggested form provided as Annex K attached hereto, shall be considered a complying Bank Guarantee for purposes of this Tender.

- 4.2. For Israeli bidders, a copy (certified by a lawyer as true to original) of a valid approval pursuant to the provisions of the Public Bodies Transactions Law, 5736-1976.
- 4.3. A copy of the Bill of Quantities, showing the bidder's price quote in the appropriate space(s) provided, signed by the bidder.
- 4.4. A copy of the Technical Specifications, signed by the bidder (for each item) as well as by each Manufacturer of each item, indicating thereby:
(a) the Manufacturers' acknowledgement of the Technical Specifications and that its actual manufacture of the Goods will take place in an OECD or EU member country; (b) the bidder's undertaking to supply the Goods in conformance with such Technical Specifications, unused and as manufactured by the relevant Manufacturers; and (c) the bidder's representation that a complete report of all relevant Manufactures has been provided therein. In this





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Tender, “**Manufacturer**” means a person or entity responsible for any stage, portion or process relating to the manufacture of Goods, from raw materials to finished form as described in the Technical Specifications.

4.5. For Israeli bidders: Confirmation regarding (1) registration of the bidder in any registry as may be required by law, (2) any licenses as may be required by law and (3) compliance with any official Israeli standard that may exist, all of the above with respect to the subject matter of the engagement.

4.6. One of the following:

(a) the bidder’s audited financial statement(s) for the fiscal year ending 31 December 2018, showing that as of that date the bidder’s net shareholders’ equity was positive;

(b) the bidder’s audited financial statement(s) for a different period ending no earlier than 31 December 2017, showing that as of the end of such period the bidder’s net shareholders’ equity was positive, *provided that* such statement(s) is accompanied by the confirmation of a certified public accountant licensed in the bidder’s jurisdiction identifying such financial statement(s) as the bidders’ latest existing audited financial statement(s); or

(c) if the bidder is not required by applicable law to release its audited financial statements to the public, a letter addressed to the Company and signed by a certified public accountant licensed in the bidder’s jurisdiction and responsible for the bidder’s accounting, stating that the bidder’s net shareholders’ equity as of 31 December 2018 was positive.

4.7. The following Tender Documents, completed and duly executed by the bidder's authorized signatories:

4.7.1. Annex A

4.7.2. Annex B;

4.7.3. Annex C;

4.7.4. Annex D; and

4.7.5. for Israeli bidders, Annex J.

4.8. Annex E, completed and duly executed by each Manufacturer (other than an Exempted Manufacturer). An “**Exempted Manufacturer**” means any of the following manufacturers: (a) for SMLS pipe: Vallourec, Tenaris, and Trinicke-Moravia; (b) for SAWL or ERW pipe: Manesmann.





- 4.9. Annex H, signed by the bidder's authorized signatory in acceptance of the contractual terms and conditions therein. It is clarified that acceptance of such contractual terms and conditions forms an essential and integral part of the bid.
- 4.10. Bids for supply of Goods made in Israel must also be submitted together with the documents required in Section 11 in order to gain the benefit of the Preference Regulations.
- 4.11. A bid which does not include each of the relevant documents specified above may be automatically disqualified, with or without regard to its content; *however*, the Company may, at its sole discretion, request a particular bidder to supply one of the documents above following submission within a given period of time. If such bidder fails to supply the requested documents to the satisfaction of the Company, within such period of time as is given thereto for such purpose, the Company may disqualify its bid. If a bidder submits documentation in excess of the requirements of this Section 4, the Company reserves the right to treat such excess documentation in the manner described in Section 6.2 below, which shall apply to such excess documentation, *mutatis mutandis*.

5. Clarifications

- 5.1. Bidders in the tender are required to thoroughly check the various Tender Documents. Any bidder who finds ambiguities, discrepancies or inconsistencies in or between the various Tender Documents or various provisions thereof, or any other inconsistency, may address the Company with a written request for clarification. Such written request must be delivered to the mail address provided in Section 16.14, and received by no later than April 29, 2019.
- 5.2. Any bidder who fails to submit a written request for clarification as described in Section 5.1 above will be barred from raising any claim in the future regarding any ambiguities, discrepancies or inconsistencies in or between the various provisions of the Tender Documents.
- 5.3. It is emphasized that only written responses sent by the Company or its authorized agents are binding.
- 5.4. The bidder is aware and agrees that a written response to any question asked may be sent to all of the bidders, at the Company's discretion.

6. Modification of or Reservations to the Tender Documents

- 6.1. It is clarified that the bidder may not modify, add to, omit from, or make any reservations or conditions to the Tender Documents in any way. The Company emphasizes that in any case in which the bidder believes that any clarification is required with respect to the terms and





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conditions of the Tender, it must address the Company in of the manner and within the timeframe set forth in Section 5.1 above.

6.2. If, the provisions of the above Section 6.1 notwithstanding, the bidder modifies, adds to, omits from, or makes any reservations or conditions to the Tender Documents in any way, the Company may, at its sole discretion, act in accordance with any one or combination of the following options:

6.2.1. Ignore any reservation, modification or condition, and require the bidder to meet its bid as if it had been submitted without such reservation, modification or condition, and if the bidder refuses to do so, the Company may, in its discretion foreclose on the bidder's Bank Guarantee (as per Section 14.4.2 below, *mutatis mutandis*);

6.2.2. Accept any modification comprising or implying an additional undertaking, representation or guarantee by the bidder as part of the bid, *provided that* such additional condition shall not be considered in the comparison of bids or the award of contract.

6.2.3. Disqualify the bid, in whole or in part; or

6.2.4. Make any other decision that the Company may deem appropriate under the circumstances.

The bidder represents that it is aware that the Company may take any of the actions described above, whether with respect to its bid or other bids, and it hereby irrevocably waives any claim or argument against the Company in this regard.

6.3. It is clarified that by submitting its bid, each bidder represents that its price quotes have taken into account all terms and conditions of the Contract and this Tender, including without limitation any terms and conditions regarding payment, currency, tax and expenses, and irrevocably waives any claim or argument to the contrary.

7. Split Bids and Partial Order

7.1. Subject to the foregoing, the Company will be entitled to split its order between various bidders at its sole discretion.

7.2. Any bidder who does not wish to allow the Company to select only part of its bid must clearly and explicitly state this in its bid.

7.3. Any bidder who wishes to modify its price quote in the event that its bid is split must specify an adjustment surcharge in case of a split, all as described in the bidder's declaration submitted in the form of Annex





A. If a bidder fails to act as stated in this Section 7.3, the Company may split its bid without any additional surcharge, its price quote for the various components will be binding despite any split in its bid, and it hereby irrevocably waives any claim or argument against the Company in this regard.

7.4. The Company may, at its discretion, reduce the quantity of Goods in its order, in accordance with its needs, and all relevant provisions of the Tender shall apply in such reduced quantity (including the price quote).

8. **Inspection of the Bids**

8.1. The Company may, in its uncontrolled discretion, allow a bidder whose bid is incomplete or flawed to amend, supplement or clarify its bid (including for the purpose of demonstrating the bidder's compliance with the threshold conditions), in such manner and under such conditions as may be determined by the Company in its discretion and in keeping with applicable law.

8.2. The Company reserves the right to refrain from considering or to disqualify the bid of any bidder who fails to provide the Company with required information or who provides inaccurate information.

8.3. The bidder is required, without delay, to update the Company in writing and without delay regarding any change that may occur, if and when such change occurs, in the information delivered to the Company at any time from the Submission Date until the date of publication of the Company's decision regarding the award of contract, and if it is awarded contract, until the execution of the Contract.

9. **Disqualification of Bids**

9.1. The Company may disqualify any bid in accordance with the provisions of the Tender Documents and/or applicable law. Without derogating from the generality of the aforesaid, the Company may, in its discretion, disqualify any bid which is incomplete, mistaken, or based on any incorrect assumption or misunderstanding regarding the Tender, or any bid which may create a conflict of interest with other engagements of the bidder, including engagements of the bidder with the Company on other matters contemplated in the tender. The aforesaid does not derogate from the Company's right to waive or correct technical flaws which may occur in a bid in good faith, pursuant to the provisions of applicable law.

9.2. Without derogating from the generality of the aforesaid, the Company may disqualify, at its sole discretion, the bid of a bidder with whom the Company has had bad experience in previous engagements, including any dissatisfaction or non-compliance with the required standards in





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any manner of performance of work, supply of goods or provision of services, any breach of undertakings vis-à-vis the Company, any suspicion of fraud, and other similar matters.

- 9.3. If at least five bids are submitted which meet the threshold conditions, the Company may, in its discretion, disqualify bids whose quote prices are in an amount whose value is less than 90% of the Qualified Average Amount of all bids which have met the threshold conditions. For purposes of this calculation, the “**Qualified Average Amount**” is the average amount of those bids meeting the threshold conditions after excluding the lowest such bid and the highest such bid, provided that if there are two identical lowest or highest such bids, those bids shall not be excluded from the computation of such average.
- 9.4. An estimate of this Tender’s value will have been made prior to the inspection of bids. The Company may, in its discretion, disqualify any bid which deviates significantly from that estimate.

10. **Award of Contract**

- 10.1. Subject to the other terms and conditions of this Tender, the bidder whose bid meets the threshold requirements and bears the lowest price quote shall receive award of the contract, subject to the terms and conditions of this Tender and applicable law.
- 10.2. Notwithstanding anything to the contrary, the Company may award the contract to a bid other than as described in Section 10.1 above:
 - 10.2.1. in accordance with another provision of this Tender which mandates or grants the Company discretion to consider and/or award contract to a different bid or bids; or
 - 10.2.2. under special circumstances, and for special reasons which the Company shall commit to writing, after having given the bidder who would otherwise have been awarded the contract reasonable opportunity to present its case.
- 10.3. If a single qualifying bid is submitted, or a single bid remains for the tender committee’s consideration, at a price which is significantly less favorable to the Company than the estimated value described in Section 9.4 above, then the Company may inform such bidder accordingly, and may, in its sole and uncontrolled discretion: (a) allow that bidder to submit a more favorable bid by no later than a date which the Company may determine, (b) award contract as per that bid in accordance with the terms and conditions of this Tender, or (c) cancel this Tender.





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10.4. It is further clarified that the Company is free to refuse any bid and/or to cancel the Tender at any stage, in its discretion.

11. Priority for Goods made in Israel

11.1. The Company will give preference to bids for goods made in Israel according to the provisions of the Mandatory Tenders Regulations (Preference for Israeli Products and Mandatory Business Cooperation), 5755-1995 (the “**Preference Regulations**”), with regards to bids to supply Israeli goods whose quote price does not exceed the quote price of bids to supply imported goods by more than 15%.

11.2. In order to benefit from the preference stated in Section 11.1 above, a bidder is required to attach to its bid the following documents:

11.2.1. A declaration signed by the bidder's authorized signatories confirming that the value of the Israeli Price Component of the goods in question constitutes at least 35% of the Bid Price of those goods. The meaning of “**Israeli Price Component**” is as defined in the Preference Regulations: meaning the price of the goods, *ex works* of the Israeli Manufacturer, net of the costs of any raw materials, parts, consulting services, planning, manpower and financing that were used in the manufacture of the goods and which originate from outside of Israel.

11.2.2. A certificate that the manufacturer of the goods is an Israeli citizen or a permanent resident of Israel or a corporation registered in Israel.

11.2.3. Confirmation from an accountant regarding the percentage reflecting the ratio of the Israeli Price Component to the Bid Price of the relevant goods, as specified in the bidder's declaration. The confirmation shall be prepared in accordance with the accepted audit standards in Israel, and the bidder's declaration in Section 11.2.1 above shall be attached thereto, imprinted with the accountant's stamp for identification purposes only.

11.3. The Company reserves the right to investigate each item and determine, solely on the basis of its own professional discretion, whether a particular item is an Israeli Product meeting the Preference Regulations requirements, including whether or not manufacturing activities in Israel constitute a “substantial transformation”. The Company further reserves the right to request from a bidder additional details or clarifications regarding that bidder's declaration as described in Section 11.2.1 above.





- 11.4. It is clarified that, in keeping with the decision of the Company's tender committee, the coating of goods in Israel will not be considered a "substantial transformation", and therefore will not, in and of itself, create a preference in accordance with the Preference Regulations.
- 11.5. In this Section 11, "**Bid Price**", "**Israel**", "**Israeli Manufacturer**", "**Israeli Product**" and "**substantial transformation**" have the meanings provided in or implied by the Preference Regulations
12. Negotiations or Additional Competitive Process
- 12.1. The Company reserves the right to negotiate with bidders whose bids are found to be adequate, subject to applicable law.
- 12.2. An estimate of the value of the engagement will be made for this Tender. In the event that all of the bids that are submitted in the tender less favorable to the Company than such estimate, the Company may, in its sole discretion, hold an additional competitive process between the bidders who submitted the most appropriate bids.
- 12.3. In the event that the Company elects, in its sole discretion, to hold an additional competitive process ("Best & Final"), the Company may approach such bidders as it may select in its discretion, and notify them that they are entitled to submit, within such timeframe as may be determined, a final bid. If such bidder does not submit another bid pursuant thereto, its first bid shall be deemed as its final bid.
13. Execution of Agreement with the Winning Bidder(s)
- 13.1. The Company will determine the bidder or bidders to be awarded contract, if any, and notify all bidders as soon as reasonably possible of the results. The notice of the winning bidder will not bind the Company until the Contract has been signed by the persons authorized to bind the Company thereby.
- 13.2. The engagement with the winning bidder will be based on a written agreement, the form of which is attached hereto as Annex H, and which constitutes an integral part hereof (the "**Contract**").
- 13.3. The aforesaid notwithstanding, the Company shall be entitled, even after determination of the winning bidder(s) and/or notice thereof, to retract such notice and not engage with any of the bidders, including the bidder whose bid was determined to be the winning bid. A reasoned notice of such decision as will be delivered to the winning bidder(s) as early as possible, under the circumstances. For the avoidance of doubt, it is hereby clarified that should the Company retract such notice as aforesaid, it will not be liable for any expense or damage that the winner or any other bidder may have suffered in connection with such





determination or notice or otherwise in connection with participation in the tender, as the case may be.

- 13.4. The Company reserves the right to make adjustments to the Contract that will be signed with the winning bidder, in its sole discretion.

14. Provisions pertaining to the Guarantee

- 14.1. The Company will be entitled to require the bidders to extend the validity of their respective Bank Guarantees, so long as no decision has been made regarding the winning bidder.

- 14.2. It is clarified that the Bank Guarantee of the winning bidder may also be used as a performance guarantee under the terms of the Contract. Without derogating from the generality of the foregoing, the Company may require the winning bidder to arrange for the amendment of its Bank Guarantee to secure the underlying relationship expressed in the Contract, including without limitation extension of validity such that expiry of the Bank Guarantee shall not occur before the later of (a) the date of actual supply of the Goods and (b) the date of confirmation of the payment for the Goods in full by the Company, as evidenced by documents issued by the Company. The bidder agrees and undertakes, if its bid is chosen as a winning bid, to amend its Bank Guarantee as the Company may reasonably instruct or require pursuant to the terms of this Section 14.2

- 14.3. The Company shall be entitled to demand payment of the Bank Guarantee for the amount stated therein or part thereof, if in its reasonable opinion such amount is payable to the Company for any breach of the Tender or Contract or on any other grounds. If such demand is made, the Company will provide the bidder with a copy of a written opinion issued by the Company's legal counsel to the effect that such amount is payable.

- 14.4. Without derogating from the generality of the foregoing:

- 14.4.1. if a bidder retracts or withdraws its bid, the Company may demand payment of the Bank Guarantee (in part or in full, as the case may be), as per the provisions of Section 16.4 below; and

- 14.4.2. if a winning bidder fails to fully and accurately fulfill the terms, conditions, undertakings and requirements of the Tender, including provisions regarding the execution of the Contract, and/or fails to fully and precisely meet its undertakings, and such failure remains unremedied for 7 days after written notice from the Company (or regarding a fundamental breach, at any time upon or after written





notice from the Company, in the Company's discretion), then the Company may elect, in its sole discretion, to (a) disqualify the bid retroactively and decide on a replacement winning bid, as per the terms of Section 13 which shall apply *mutatis mutandis*, and demand payment from the Bank Guarantee in the amount of the difference between such winning bid and such replacement bid with an additional surcharge of 20% (twenty per cent) of such difference as liquidated damages; (b) require such winning bidder to adhere to its bid as per the terms of the Contract, in which case the Company will be entitled to demand payment from the Bank Guarantee for any act or omission which would have comprised a breach of the Contract as per the terms of such bid (as per Section 14.3 above); or (c) consider such winning bid as if it had been retracted, in which case Section 16.4 shall apply, *mutatis mutandis*. In each such case, the Company shall notify such bidder of its decision without delay.

14.5. It is clarified that the Company's rights as specified in this section do not derogate from any other remedy which would otherwise be available to the Company, including as per the Tender Documents and/or applicable law.

15. Examination of bids

15.1. Bidders may examine the Tender results, in accordance with the Mandatory Tenders Regulations, 5753-1993 (the "**Regulations**"), for a non-refundable fee of either NIS 1,000, USD 270, or €250, to be paid to the Company together with the examination request, which request must be received at the Company's office by no later than 30 days from notice of non-award of contract or disqualification, as the case may be.

15.2. Together with submission of its bid, the bidder must provide a reasoned statement clearly specifying which parts (if any) of its bid constitute, in its opinion, a trade or professional secret which is not to be made available for examination by other bidders. If no such statement is provided, or if such portions of the bid are not clearly and specifically marked, the Company shall be entitled to make the entire bid available for the examination of other bidders.

15.3. It is clarified that a bidder who marks certain parts of its bid as a trade secret, by so doing waives its rights to examine the corresponding parts of other bids.

15.4. Nothing in the aforesaid shall be interpreted as any obligation or undertaking by the Company to treat any information as confidential





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and/or to prevent exposure of such information, if and to the extent such obligation or undertaking would conflict with any applicable law, including without limitation the Freedom of Information Law, 5758-1998 (the “**Information Law**”).

- 15.5. If and to the extent the Company is required to determine, in consideration of the Information Law and/or other applicable law, which details of a bid must be made available for the examination of other bidders, the Company, shall take into account, amongst other considerations, the bidder’s statement as described in Section 15.2 above. It is clarified, however, that this decision will be made in the Company’s sole discretion in keeping with applicable law, and by submitting its bid, the bidder agrees that it shall have no claim or argument whatsoever if its entire bid or any part thereof is made available for the examination of other bidders.
- 15.6. The bidder further agrees that if the Company is of the opinion that there is concern as to whether information in a bid that it requests to examine be disclosed, the Company may refrain from disclosing any such information, so long as no court order has been issued requiring such disclosure.

16. **General Provisions**

- 16.1. Any and all expenses involved in preparing the bid are at the bidder's expense only.
- 16.2. Bidders wishing to purchase the Tender Documents in hard copy may do so in consideration for a fee of NIS 500, to be paid to the Company upon the purchase of the documents at the Company's offices, 3 Hasadnaot St., Herzliya Pituach, on Sundays-Thursdays between 10:00-15:00, and after prior coordination with Ms. Talmor Sela, whose details are in Section 16.9 below. The purchase of the Tender Documents in hard copy is not required for participation in the tender.
- 16.3. The bid will be valid for 45 days following the Submission Deadline. Throughout this period, the bid shall be irrevocable. If need be, the Company may require bidders to extend the validity of their respective bids, and Bank Guarantees for an additional period to be determined by the Company. Bids of which are not extended as aforesaid (including extension of the Bank Guarantee) shall be disqualified, even if such bid would otherwise have been preferred, and the Company may continue the process of the Tender process in accordance with its needs, from amongst the bids which have been so extended.
- 16.4. Bidders may not withdraw their bids in the Tender so long as the bid is valid. It is hereby agreed that a bidder withdrawing its bid in the tender shall be liable for liquidated damages to the Company, without need to





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prove damage, in the full amount of the Bank Guarantee, which amount the Company may collect by its first demand. The parties agree that said amount reasonably expresses their expectation of the damage that may be caused to the Company as a result of a bidder's withdrawal of its bid from the Tender. Notwithstanding the above, if (a) the Company is of the opinion that the extent of damage is not greater than a certain amount, or (b) if an alternative bidder enters the Contract with the Company to provide the Goods at a higher price than the withdrawn bid, and the Company is of the opinion that it has suffered no additional damage due to the withdrawal of the bid, then the damage for withdrawal of the bid shall be computed accordingly, then (1) the Company's claim on the Bank Guarantee shall be for such amount, and (2) if the Company has already foreclosed on the Bank Guarantee for a greater amount, the difference shall be returned to the withdrawing bidder.

- 16.5. The bidder's price quote may be provided in NIS, USD or Euro; however, if prices are quoted by an Israeli bidder in a currency other than NIS, the Company will reserve the right to make payment to such Israeli bidder in NIS in accordance with the exchange rate current on date of invoice, as provided in the invoicing and payment terms of the Contract. A price quote expressed in a currency other than NIS, USD or Euro will be considered a modification of the Tender Documents, and the terms of Section 6.2 above will apply. If price quotes are expressed in multiple currencies, the Company may, at its sole discretion, deem the quote to have been provided in any of the currencies so expressed. A price quote expressed as a number without any legible expression of currency will be deemed as if expressed in NIS.
- 16.6. (a) It is clarified that each price quote is inclusive of all costs, expenses and tax (including VAT) associated with the provision or delivery of the Goods or fulfilment of any other condition of the Contract.
- (b) If and to the extent that Israeli VAT applies to the provision of the Goods, the bidder must indicate such Israeli VAT as a separate item in each relevant price quote and invoice. If, at any time and for whatever reason, the Company determines in its reasonable opinion that Israeli VAT applies to any bid, order, or invoice, the Company may unilaterally amend the amount of such bid, order or invoice such that Israeli VAT appears as a separate item and the total quote or amount due, after the addition of Israeli VAT, is equal to the putative amount of such bid, order, or invoice.
- (c) **"Israeli VAT"** means value added tax under the Value Added Tax Law, 5736-1975, at the rate current on date of payment; and **"VAT"**





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means any tax imposed by a governmental authority of any other jurisdiction in a manner similar to Israeli VAT.

- 16.7. By submitting its bid, each bidder undertakes to be irrevocably bound by the terms of Contract expressed in Annex H. It is clarified that each price quote expressed in a bid will be considered as taking into account all relevant provisions of the Contract and Tender, including without limitation any provisions regarding currency, payment, invoices, taxes, expenses, VAT, and delivery, as well as any representation or guarantee expressed therein, effective as of the Submission Deadline and repeated upon execution of the Contract.
- 16.8. By submitting its bid, each bidder undertakes to be irrevocably bound by the confidentiality provisions of the Contract (as expressed in Section 11 of Annex H), effective as of the Submission Deadline.
- 16.9. Unless otherwise specified or implied otherwise by context, in this Tender: (a) “**bid**” refers to the entirety of the documents described in Section 4 and submitted to the Company by no later than the Submission Deadline and/or any part thereof, and is further deemed to include any documents submitted in response to the Company’s request as per Section 4.11 as well as any excess documentation which the Company, in its discretion, decides to include in accordance with Sections 4.11 and 6.2.2; and (b) “**bidder**” means the party submitting a bid.
- 16.10. Non-fulfillment of one or more of the instructions in this tender may lead to the disqualification of the bid, at the Company’s sole discretion, and without derogating from any other right or remedy otherwise available to the Company.
- 16.11. It is clarified that the tender is subject to the provisions of Israeli tender law, including the Regulations, and nothing in the provisions of the Tender Documents shall be interpreted to derogate from any mandatory provisions therein or any other mandatory provisions of applicable law.
- 16.12. The bid must be submitted in a closed envelope by no later than the Submission Deadline, to the tender box which is located on the first floor of the Company's management offices at 3 Hasadnaot St., I.Z., Herzliya Pituach. “Tender No.020-19” must be clearly printed on the envelope. Bidders submitting their bid by courier are advised to instruct their courier service of the importance of placing their bid as a sealed enveloped in the tender box as per the above instructions.
- 16.13. The Company may, at any time, at its discretion, amend or modify the Tender Documents, provided that it gives written notice thereof to all of the bidders in the Tender, and the bidders in the Tender must





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prepare, adjust and/or amend their bids based on such amendments or modifications.

- 16.14. Any question may be referred to the undersigned at fax no. 09-9528169 or via e-mail to talmor@pei.co.il.
- 16.15. All disputes relating to, arising from or in connection with this Tender and/or the Tender Documents shall be finally adjudicated by the competent courts of Israel, Tel Aviv District. This Tender and each of the Tender Documents is governed by the law of the State of Israel, without reference to its conflict of laws rules.

Sincerely,

Talmor Sela

Procurement & Engagements Department





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Annex A – The Bidder’s General Declaration

To: Petroleum & Energy Infrastructures / Oil Products Pipeline Ltd.
3 Hasadnaot,
I.Z. Herzliya
ISRAEL

The undersigned,

(bidder's full name) _____ I.D. / Co.No. _____ Address
_____ Zip Code _____ Country _____ Tel:
_____ Mobile phone: _____ Fax: _____ e-mail:

(“we”) does hereby confirm, represent and undertake as follows:

1. We have read and thoroughly understood the provisions of all of the documents of “Public Tender No. 020-19: Invitation to Submit Bids”, including the annexes thereto and this form (the “**Tender**”, and such documents, the “**Tender Documents**”). Capitalized terms in this declaration, unless otherwise defined, have the meaning ascribed to those terms in the Tender Documents.
2. We agree to and accept all provisions of the Tender, as expressed in the Tender Documents, and we hereby waive any claim with respect to the Tender other than as specifically allowed for therein.
3. If and to the degree our bid is selected as per the procedures and conditions described in the Tender, we undertake to supply the Goods as defined in the Technical Specifications and Bill of Quantities in consideration of our price as quoted therein, in accordance with the terms of the Tender and the Contract, and pursuant thereto agree to sign and the Contract and be bound by its terms.
4. We understand that the supply will be DDP (Incoterms 2010), to Company’s warehouse either at [address] (“**Ashkelon**”) or [address] (“**Terminal**”), as indicated for each item in the Bill of Quantities on a date to be agreed upon between the Company and the selected bidder, and in any event no later than 120 days from the date of receipt of the Order. We also understand that, notwithstanding anything to the contrary, all costs associated with unloading the Goods into the Company’s warehouse(s) will be borne by the supplier, unless provided otherwise in the relevant Order.
5. Our quoted price is as indicated in our bid, and we understand that all conditions regarding payment (including but not limited to invoicing,





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currency, and the events and/or dates upon which payment is due) shall be in accordance with the Contract as per our bid, and we do not and shall not request any other manner or form of payment or consideration.

6. We understand that the Bank Guarantee provided together with our bid will serve as a bid guarantee with regards the Tender as well as a performance guarantee with regards to the Contract, in accordance with their respective terms, and that the Company will be entitled to demand payment from such Bank Guarantee by representing to the guarantor that the amount claimed is due by reason of our obligation arising from or in connection with the Tender or the Contract, without need for additional documentation; however such entitlement is independent of and shall not prejudice the underlying relationship between us and the Company.
7. We understand that this bid may not be cancelled or revoked and is valid in accordance with Section 16.3 of the Invitation to submit bids, i.e. for 45 days from the Submission Deadline, and that withdrawal of our bid may result in forfeiture of the Bank Guarantee, subject to the terms expressed in Section 16.4 of the Invitation.
8. We understand and agree that should our bid be selected as a winning bid, we will be automatically bound by the terms, conditions, and undertakings of the Contract, and that the Bank Guarantee will automatically apply thereto. We further undertake that upon signing of the Contract, we will cause the validity of the Bank Guarantee to be extended as provided in Section 10.2 of the Contract.
9. We are aware that non-compliance with any of the pre-requirements described in Section 3 of the Invitation or any part thereof, and/or non-submission of any of the documents required in Section 4 of the Invitation, shall constitute grounds for disqualification of the bid and/or forfeiture of the Bank Guarantee, all at the Company's sole discretion.
10. For sake of clarity, nothing in this our declaration shall be interpreted in a manner that would derogate from our full and unconditional acceptance of all terms of the Tender and the Contract.
11. We engage on an ongoing basis in the manufacture and/or import, export or supply of the Goods described in the Tender, and we undertake, should our bid be selected, to supply all such Goods as we may be requested under the terms of the Contract.
12. To the best of our knowledge, neither (a) submission of our bid according to the terms of the Tender nor (b) entry into or performance of the Contract, if and to the degree our bid is selected, would create a personal or business conflict of interest for any of us, our officers, our agents or our employees who are, have been or would be involved in the bid or performance of the Contract.





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13. We undertake to keep confidential any information that may be disclosed, delivered or become known to us in the course of our dealings and undertakings with the Company regarding the Tender, other than information which (a) is or becomes public domain without fault of us, our directors, agents or employees, (b) reflects general knowledge or experience in our field of business or expertise, or (c) we are permitted to disclose by virtue of an explicit provision of the Tender or the Company's prior written approval. We shall not use, disclose, publish or otherwise allow for exposure of such information as described above to any person by any means whatsoever, without the Company's prior written consent on a case-by-case basis. In the event that our bid is selected, we will also ensure that our employees and any person who provides services on our behalf in any matter regarding the Tender or the Contract shall fulfill the provisions of this undertaking, and shall be bound by confidentiality covenants no less strict than the same.
14. We are aware that in accordance with Section 7 of the Invitation to submit bids, the Company may elect to split its order between one or more bidders, in which case we wish to choose the alternative marked below:

One of the three options below must be clearly marked:

- 14.1. Our bid may be split, with no additional surcharge.
- 14.2. Our bid may not be split.
- 14.3. If the Company splits our bid, an adjustment surcharge of ____% (in words: _____ per cent) will apply to each item ordered. *[Note: if this option is selected and the adjustment surcharge is not filled in or is illegible, the Company reserves the right to split the bid with no additional surcharge.]*

Signature and stamp _____ Name of signatory _____

Date _____ Position _____





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Annex B: Declaration regarding Non-Collusive Tendering

I the undersigned _____, holder of (I.D. no./passport no.) _____ (issued by the government of _____),¹ employed as _____ at _____ (the “**Bidder**”), after having been warned to tell the truth, failing which I will be liable for the penalties prescribed by law, do hereby declare in writing as follows, and do hereby make the following declaration in the Bidder’s name:

1. I am authorized to make and sign this declaration on behalf of the Bidder under the terms of the Bidder’s organizational documents and any relevant decision or authorization of the Bidder’s managers and/or directors.
2. I am the officer responsible at the Bidder for the bid submitted in this Tender on the Bidder’s behalf.
3. The prices and/or quantities stated in this bid were determined by the Bidder independently, without any consultation, arrangement or contact with another bidder or with another potential bidder, and were not presented to any other bidder or potential bidder, with the exception of sub-suppliers whom the Bidder intends to use in the framework of this bid, whose details are: _____ (if any – please state the name of the sub-supplier, the field in which it provides services and contact details).
4. Neither I nor the Bidder was involved in an attempt to dissuade any competitor from submitting bids in this tender.
5. Neither I nor the Bidder was involved in an attempt to cause any competitor to submit a bid higher or lower bid than the Bidder’s bid.
6. Neither I nor the Bidder was involved in an attempt to cause a competitor to submit an uncompetitive bid of any type.
7. This bid is submitted in good faith, and neither this bid nor any part thereof is the result of or arose from any arrangement or negotiations with another competitor, bidder or potential bidder in this Tender.
8. I undertake to notify the Company should any change occur in any of the above details from the time of execution of this affidavit until the Submission Deadline.

¹ Israeli individuals must provide ID number; non-Israeli individuals must provide passport number and country issuing the passport.





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9. I am aware that the penalty for collusive tendering may be up to five years of actual imprisonment.

| Date | Bidder's Name | Bidder's Stamp | Affiant's Name | Affiant's Signature |
|------|---------------|----------------|----------------|---------------------|
|------|---------------|----------------|----------------|---------------------|

Authentication

Note: Israeli bidders must authenticate this declaration by certification of a currently licensed Israeli lawyer according to the form provided below. Non-Israeli bidders may authenticate this declaration in a form and manner customary for authentication of documents or affidavits in their home jurisdiction, such that the non-Israeli bidder is satisfied that a person making such declaration falsely would be subject to punishment for perjury or other similar criminal offense in their home jurisdiction, and submission of this declaration (however submitted by such non-Israeli bidder) constitutes that bidder's representation to the Company that this is the case. Apostille is not required.

I the undersigned, Adv. _____, Lic. No. _____, of _____ St., do hereby confirm that on _____ appeared before me _____, (who identified himself by I.D. No. _____ / with whom I am personally acquainted), and did, after I warned him/her to tell the truth, failing which s/he would be liable for the penalties prescribed by law, confirm the veracity of and sign his/her declaration above.

Signature and Stamp





Petroleum & Energy Infrastructures Ltd.
Oil Products Pipeline Ltd.

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Annex C - Declaration Regarding “Brokerage Fees”

I the undersigned _____, holder of (I.D. no./passport no.) _____ (issued by the government of _____)², employed as _____ at _____ (the “**Bidder**”), after having been warned to tell the truth, failing which I will be liable for the penalties prescribed by law, do hereby declare in writing as follows, and do hereby make the following declaration, representation and undertaking in the Bidder’s name:

1. I am authorized to make and sign this declaration and undertaking on behalf of the Bidder under the terms of the Bidder’s organizational documents and any relevant decision or authorization of the Bidder’s managers and/or directors.
2. I am the officer responsible at the Bidder for the bid submitted in this Tender on the Bidder’s behalf.
3. This declaration, representation and undertaking is made without derogating from any duties or prohibitions that may otherwise apply by virtue of applicable law.
4. Neither I nor the Bidder has, and neither I nor the Bidder shall:
 - 4.1. offer, give or receive, whether directly or indirectly, any benefit, money or anything of value with the aim of directly or indirectly affecting any decision, act and/or omission of Petroleum and Energy Infrastructures Ltd. (the “**Company**”) and/or any person acting on the Company’s behalf and/or any other person or entity, in connection with the tender known by Tender No.020-19 and/or any contract, order or other relationship related thereto or derived therefrom (any or all of the above, the “**Tender**”);
 - 4.2. solicit, cooperate or otherwise communicate with, whether directly or indirectly, any officer, agent or employee of the Company, or any other person or entity, with the aim of directly or indirectly obtaining any information relating to the Tender which is privileged, confidential, or (whether or not privileged or confidential) not available to all of the Tender’s bidders; or
 - 4.3. solicit, cooperate or otherwise communicate with, whether directly or indirectly, any officer, agent or employee of the Company, or any other person or entity, with the aim of fixing prices in an artificial and/or uncompetitive manner.

² Israeli individuals must provide ID number; non-Israeli individuals must provide passport number and country issuing the passport.





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- 4.4. We have not acted contrary to the provisions of this order in the framework of tender _____ and/or any contract / order deriving therefrom.
5. If, in the Company's opinion, a reasonable suspicion should arise indicating that either I or the Bidder may have acted contrary to the provisions of Section 2 above, it is acknowledged and agreed that the Company shall have the right, acting in its sole and uncontrolled discretion, to exclude the Bidder from the Tender or any other procurement process in respect of which such suspicion may arise (a "**Procurement**") and may, in its sole discretion, disqualify the Bidder's bid(s) in any Procurement and/or cancel, at any time, the Bidder's winning bid(s) in any Procurement and/or terminate, at any time, any contract or order derived from or otherwise related to any Procurement.
6. I will bring the content of this declaration and undertaking to the attention of the Bidder's employees, sub-contractors, representatives, agents and any other person who is involved in any way in the Tender on the Bidder's behalf.
7. References to me in this declaration shall be deemed to include (with regards to the Bidder's declaration and undertaking without reservation, and with regards to my declaration to the extent of my actual knowledge) all employees, representatives, sub-contractors or agents of the Bidder as described in paragraph 6 above.
8. In witness whereof:
- Name: _____
- Signature: _____
- The Company's stamp: _____

Authentication

Note: Israeli bidders must authenticate this declaration by certification of a currently licensed Israeli lawyer according to the form provided below. Non-Israeli bidders may authenticate this declaration in a form and manner customary for authentication of documents or affidavits in their home jurisdiction, such that the non-Israeli bidder is satisfied that a person making such declaration falsely would be subject to punishment for perjury or other similar criminal offense in their home jurisdiction, and submission of this declaration (however submitted by such non-Israeli bidder) constitutes that bidder's representation to the Company that this is the case. Apostille is not required.

I the undersigned, Adv. _____, Lic. No. _____, of _____ St., do hereby confirm that on _____ appeared before me _____, (who identified himself by I.D. No. _____ / with whom I am personally acquainted), and did, after I warned him/her to tell the truth, failing which s/he would be liable for the penalties prescribed by law, confirm the veracity of and sign his/her declaration above.

Signature and Stamp





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**Annex D: Bidder's declaration regarding experience in the sale of pipe
conforming to API-5L standard (condition number 3.7)**

To document the fulfillment of the condition set forth in Section 3.7 of the Invitation, the following chart should be completed, followed by the accompanying declaration:

| Name of Customer | Project Details | Year/ Period of Engagement | Value of Engagement (in USD) | Contact person + telephone |
|------------------|-----------------|----------------------------|------------------------------|----------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

The undersigned, being the bidder's duly authorized representative for purposes of this declaration, does hereby declare and represent in the bidder's name that the information supplied in the chart above is true and accurate in all material respects.

Signature and stamp of bidder

Name of signatory

Position





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Annex E: Form of Manufacturer's Declaration

Public Tender No.020-19 (the "Tender")

The undersigned, _____, a [type of entity] registered and domiciled in [Manufacturer's jurisdiction] (the "Manufacturer"), does hereby represent and declare to Petroleum and Energy Infrastructures, Ltd. (the "Company"), with respect to that certain Tender by which the Company has invited bids for procurement as described therein, that the Manufacturer has successfully supplied, in the course the five years preceding the Submission Deadline (i.e., from May 7, 2014 to present), pipe manufactured according to API-5L in an aggregate value of not less than € 1,000,000 (one million Euro).

Name of Manufacturer: _____

Signature: X _____

By (name of authorized signatory): _____

Position: _____

I, _____, a citizen of _____ bearing passport number _____ of that country [if Israeli: bearing ID no: _____], have signed above as the authorized signatory of the Manufacturer, and I do further declare and affirm, after being warned that I must make a truthful declaration and that if I fail to do so I may face punishment as prescribed by law, that the above declaration made by the Manufacturer and executed by my hand is truthful in all material respects.

Authentication

Note: Israeli bidders must authenticate this declaration by certification of a currently licensed Israeli lawyer according to the form provided below. Non-Israeli bidders may authenticate this declaration in a form and manner customary for authentication of documents or affidavits in their home jurisdiction, such that the non-Israeli bidder is satisfied that a person making such declaration falsely would be subject to punishment for perjury or other similar criminal offense in their home jurisdiction, and submission of this declaration (however submitted by such non-Israeli bidder) constitutes that bidder's representation to the Company that this is the case. Apostille is not required.

I the undersigned, Adv. _____, Lic. No. _____, of _____ St., do hereby confirm that on _____ appeared before me _____, (who identified himself by I.D. No. _____ / with whom I am personally acquainted), and did, after I warned him/her to tell the truth, failing which s/he would be liable for the penalties prescribed by law, confirm the veracity of and sign his/her declaration above.

Signature and Stamp





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Annex F: Bill of Quantities



Bill Of Quantities - tender 020-19

| serial no. | description | spec. | unit | qty. | currency | unit price | total price | destination |
|--------------------|-------------|---|----------|------|----------|------------|-------------|--------------------|
| D-2-1900030 | | | | | | | | |
| 1 | 23670 | PIPE 6"x0.312" API 5L GR.X52(PSL1),SEAMLESS with Polypropylene coating thk 4 mm according to spec | 163809-9 | κ"η | 240.00 | | | Ashkelon warehouse |
| D-2-1900034 | | | | | | | | |
| 2 | 25474 | pipe 10 inch API 5L X52 w.t. 0.438 inch PSL1 WITH COATING POLLYPROPYLENE THK= 6 MM, ACCORDING TO SPEC | 163809-9 | κ"η | 504.00 | | | Terminal warehouse |
| D-1-1900162 | | | | | | | | |
| 3 | 17720 | pipe 12 inch API 5L X52 w.t. 0.375 inch PSL1 WITH COATING POLLYPROPYLENE THK= 4 MM, ACCORDING TO SPEC | 163809-9 | κ"η | 804.00 | | | Terminal warehouse |
| 4 | 25475 | pipe 12 inch API 5L X52 w.t. 0.438 inch PSL1 WITH COATING POLLYPROPYLENE THK= 6 MM, ACCORDING TO SPEC | 163809-9 | κ"η | 504.00 | | | Terminal warehouse |
| D-1-1900270 | | | | | | | | |
| 5 | 24017 | Pipe 10 inch API 5LX52 PSL-1 polypropylene coating with fusion bonded epoxy primer by spec #155940 | 163809-9 | κ"η | 2,974.00 | | | Terminal warehouse |
| D-2-1900073 | | | | | | | | |
| 6 | 23670 | PIPE 6"x0.312" API 5L GR.X52(PSL1),SEAMLESS with Polypropylene coating thk 4 mm according to spec | 163809-9 | κ"η | 300.00 | | | Ashkelon warehouse |
| D-2-1900077 | | | | | | | | |
| | 25501 | Pipe 8*0.344 inch cs, API 5L X52 with coating pollypropylene thk=4mm, acc to spec | 163809-9 | κ"η | 600.00 | | | Ashkelon warehouse |
| D-1-1900311 | | | | | | | | |
| | 17779 | pipe 8 inch API 5L X52 w.t. 0.344 inch with 3 layers coating fbe APC3 or equal | 163809-9 | κ"η | 144.00 | | | Terminal warehouse |
| Total price | | | | | | | | |



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Annex G: Technical Specifications





Engineering Department

#163809-v9

TECHNICAL SPECIFICATION FOR STEEL PIPE, API X52 (SMLS) BARE OR WITH COATING (3 LAYERS P.E/P.P)

This is the enquiry specification for pipe (bare pipe or with cover coating 3 LAYERS P.E or P.P acc to bill of quantities) for the construction of an oil pipeline . The steel pipes shall be produced in accordance with API 5L 45th edition by a manufacturer licensed to use the API monogram or last rev.

Process of manufacture, materials, chemical properties and tests, mechanical properties and tests, hydrostatic tests, dimensions, weights and lengths, tolerances of dimensions and weights, pipe ends, non-destructive inspection, workmanship, visual inspection and definition of defects, marking and coating, color identification- shall be performed in accordance with:

- a. Requirements of API 5L 45th edition or last rev.
- b. Additional requirements as detailed under paragraphs below.

Pipe requirements :

1.Type & Size – according to bill of quantities

- STEEL PIPE API 5L L360 (X52) 6 5/8" x **0.312"**, Seamless pipe (SMLS)
- STEEL PIPE API 5L L360 (X52) 6 5/8" x **0.344"**, Seamless pipe (SMLS)
- STEEL PIPE API 5L L360 (X52) 8 5/8" x **0.344"**, Seamless pipe (SMLS)
- STEEL PIPE API 5L L360 (X52) 10 3/4" x **0.365"**, Seamless pipe (SMLS)
- STEEL PIPE API 5L L360 (X52) 10 3/4" x **0.438"**, Seamless pipe (SMLS)
- STEEL PIPE API 5L L360 (X52) 12 3/4" x **0.375"**, Seamless pipe (SMLS)
- STEEL PIPE API 5L L360 (X52) 12 3/4" x **0.406"**, Seamless pipe (SMLS)
- STEEL PIPE API 5L L360 (X52) 12 3/4" x **0.438"**, Seamless pipe (SMLS)
- STEEL PIPE API 5L L360 (X52) 16 x **0.5"**, Seamless pipe (SMLS)

2. Product specification level –

PSL 1 - inspection & documentation in accordance with EN 10204- 3.1

3. General requirements :



Engineering Department

#163809-v9

- A linepipe joint length range (Min/Max) of 12.15m +/- 0.3m with an average length of 12.15 m is required
- The pipe shall not be cold expanded
- Jointers shall not be accepted
- Repair of defects in the body of pipe will not be accepted.
- Pipes containing lamination of any size shall be rejected.
- Full length (100%) non – destructive ultrasonic inspection
- **Pipe end inspection –**
ultrasonic inspection in accordance with ISO 10893-8 or ASTM A578 and ASTM A435 shall be used to verify that the 25 mm (1.0 in) wide zone at each pipe end is free of laminar imperfections > 6,4 mm (0.25 in) in the circumferential directions.

4. Dimensions, Weights, and Lengths

Diameter - Pipe Body

The tolerances for diameter shall be in according to paragraph 9.11.3 & table 10 of API 5L.

The inside diameter of every 50th pipe shall be measured at both ends.

The minimum and maximum value shall be determined using a rod gauge or similar measuring device capable of measuring with an accuracy of minimum 0.1mm. The measurements shall be taken at least 10mm from the pipe end inside the pipe and shall reflect the actual minimum and maximum value by multiple measurements within the same plane. The measured minimum and maximum values shall be recorded and included in the material test report.

Out of Roundness - Pipe Body

The difference between the maximum and minimum outside diameters on any one-pipe length shall be less than 1%.

Wall Thickness



Engineering Department

#163809-v9

The allowable tolerance on wall thickness over the complete pipe length shall be in according to table 11 of APL 5 L standards for SMLS pipe (- 12.5% + 15%).

Nominal Mass & Weight

The weight & mass of each pipe (including tolerance) shall be recorded and listed in the pipe tally. Manufacturer shall provide the accuracy of weight measurements for review by Company. The weight shall not vary by more than - 3.5 / +10% of the nominal pipe weight

The tolerances for mass shall be in according to paragraph 9.14, 9.14.1c, 9.14.2,9.14.3b of APL 5L standard

Length

- The length of each pipe shall be measured and recorded.
- A linepipe joint length range (Min/Max) of 12.15m +/- 0.3m with an average length of 12.15 m is required
- Jointers shall not be permitted.

Straightness

The total deviation from a straight line, over the entire pipe length, shall be $\leq 0,2 \%$ of the pipe length

The local deviation from a straight line in the 1,0 m (3.0 ft) portion at each pipe end shall be

$\leq 4,0 \text{ mm}$ (0.156 in) . A minimum of 2 pipes per 50 shall be measured for straightness with the frequency increasing for out-of-straightness above 0.2%.

Squareness

The squareness of the ends of finished pipes shall be checked in accordance with the requirements of ISO 3183/ API 5L pra 9.12.1.4 on pipes selected by Company. Full details of the method used shall be provided to Company for review. The results of the squareness test shall be recorded and shall include pipe numbers and all dimensions.

Pipe Ends



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All pipes shall be supplied with bevelled bevel end 30° with a tolerance of +5° -0°, and the width of the root face of the bevel shall be 1,6 mm (0.063 in), with a tolerance of ± 0,8 mm (0.031 in), and be free from harmful burrs.

Bulges and Flat Areas

Deviations from the original contour of the pipe shall not exceed 3 mm in height or depth or extend in any direction for a distance greater than 25% of the pipe diameter. Deviations are not allowed within 100 mm of the ends of the pipe.

5. Pipe Tracking -

Manufacturer shall operate a pipe tracking system, which ensures full traceability of each individual pipe to its particular heat number and to inspection records of all stages of the manufacturing process.

Manufacturer shall provide full details of the pipe tracking system for review by Company.

All parent metal shall be from a single source and come from an identical manufacturing/processing route.

6. Marking –

It is manufacturer responsibility that all materials supplied to this Specification are correctly marked for identification against the certificate. When material is stored, the identification marking shall be easily accessible. Materials, which cannot be identified, shall be rejected.

Marking shall, in general, comply with the requirements of API 5L 45th edition.

- The following data shall be stenciled on the inside of the pipe close to the pipe end, at both ends of the pipe, in clearly legible letters and figures.
 - COMPANY (and Project name)
 - Purchase Order Number
 - Type of material.
 - Pipe number



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- Heat number
- Specified Outside Diameter
- Pipe length, wall thickness and weight
- Month and year of manufacture
- Manufacturer's mark
- Pipe Grade
- Product Specification Level Designation (PSL 1)

A painted rectangular frame shall enclose and clearly indicate the location of this data. The digits shall be at least 22 mm high and shall be stencilled in white paint.

Manufacturer shall submit details of stencil format for COMPANY approval prior to use. All pipe markings shall be inspected prior to dispatch and any pipe lengths not correctly marked shall be rejected until identity is verified and the pipe correctly marked.

Die Stamping

In addition Manufacturer shall low stress die- stamp, on both pipe ends, the pipe number and heat number.

Alternatively the heat number can be represented by code letters, or like, which will allow easy identification when reference is made to supporting documentation.

These numbers shall then be coated with clear lacquer to maintain visibility

7. Pressure tests:

- The hydrostatic test of each pipe length shall be performed at a pressure generating a fiber stress equal to 90% of specified minimum yield strength (SMYS) of steel. The tests pressure shall be held for not than 10 seconds on each pipe length.
- The pressure tester shall be equipped with both:



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- Recording gauge that will record the test pressure and duration of time applied to each length of pipe.
- An automatic device that will prevent a pipe from being classified as tested, until the test requirements (pressure and time) have been complied with.
- All recording equipment and gauges shall have a current certificate of calibration. Calibration reports to be submitted to Company.
- The pressure test chart recorder shall be calibrated against the master gauge at least twice per working shift. All hydrostatic pressure tests shall be chart recorded and log sheets. The frequency of master gauge calibration shall be increased if shown to be unstable.
- Test information shall be recorded on suitable log sheets/pressure charts, which shall identify each pipe against its record, and these shall be made available to Company or its representative on request. The log sheets/pressure charts shall be retained as a record.
- Any pipe which leaks (or bursts) during test shall be rejected, quarantined and returned for a joint investigation by manufacturer and company. All other pipes from the same heat shall be quarantined pending the results of the investigation.
- For every batch of pipes tested, an overall Hydrostatic Test Report shall be compiled showing all essential information, i.e. the pipes tested (pipe numbers), the pressure used, holding time, the test results, etc.
- In cases where a pressure test is discontinued because of a temporary failure of the test equipment, the pipe number of the pipe under test at the time of failure shall be recorded on the log sheets/pressure charts and it shall be shown clearly that the pipe has later received its proper test. Both records shall be retained as evidence.
- Hydrostatic testing shall be performed prior to NDT

8. Coating and Corrosion Protection – polyethylene or polypropylene or bare pipe acc to bill of quantities



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8.1 Polyethylene External Coating -

The coating shall be External 3-layers extruded polyethylene coating (HDPE/ TRIO) including Fusion Bonded Epoxy, Copolymer Adhesive, Polyethylene as a whole complete system should conform to the requirements of the standard DIN 30670 (Polyethylene coatings of steel pipes and fittings) or standard NF-A-49710.

Requirements for testing coating materials:

Resistance to shock loads no less than 18 N x m (test according to DIN 30672)

Peeling insulation resistance at 23±5°C no less than 35 N / cm (test according to DIN 30672)

Electrical inspection (Holiday Detection) with Testing Voltage 25 kV.

Elongation – at least 200% .

Thickness of external coating shall not be less than **3 mm**

The external coating shall be interrupted at a distance of 15 cm with a tolerance of ± 10 mm from the pipe ends and shall be beveled at 30°.

Marking required on coating - the following data shall be stenciled on the pipe coating in clearly legible letters and figures (the letters/digits shall be at least 22 mm high and shall be stencilled in white paint) .

- Purchase Order Number
- Type of material.
- Pipe number
- Heat number
- Specified Outside Diameter
- Pipe length, wall thickness and weight
- Month and year of manufacture
- Manufacturer's mark
- Pipe Grade



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- Product Specification Level Designation (PSL 1)

The manufacturer shall recommend:

Method and materials to be used for field coating of joints and for coating repairs.

Pipe ends prepared for field coating.

The coating system will be applied after sandblasting cleaning of the pipe surface to Sa 2½ of the SVENSK STANDARD SIS 05-59 00 (ISO 8501-1).

A recognized laboratory is required to test the pipe and coating materials supplied under this specification. Quality certificates issued by the laboratory will be fully complied with all requirements of standards and will be submitted to the purchaser.

8.1.1 Polypropylene External Coating –

External 3-layers extruded polypropylene coating (P.P.).

minimum Thickness - **4.0 mm** (ISO21809-1 Class A3). Included Fusion Bonded Epoxy, Copolymer Adhesive. Polypropylene as a whole complete system should conform to the requirements of the standard DIN 30678 (Polypropylene coatings for steel pipes) or standard NF-A-49711.

Requirements for testing coating :

- Vicat softening point (°C, ISO 306) - 145.
- Specific gravity (g/cm³) – 0.90 - 0.92.
- Hardness (Shore D) – 63.
- Indentation resistance at 23±5°C (mm) – 0.1.
- Electrical inspection (Holiday Detection) with Testing Voltage 20 kV minimum .
- Elongation at break (%) - 500 .

Marking required on coating - the following data shall be stenciled on the pipe coating in clearly legible letters and figures (the letters/digits shall be at least 22 mm high and shall be stencilled in white paint) .



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- Purchase Order Number
- Type of material.
- Pipe number
- Heat number
- Specified Outside Diameter
- Pipe length, wall thickness and weight
- Month and year of manufacture
- Manufacturer's mark
- Pipe Grade
- Product Specification Level Designation (PSL 1)

The coating system will be applied after sandblasting cleaning of the pipe surface to Sa 2½ of the SVENSK STANDARD SIS 05-59 00 (ISO 8501-1).

The external coating shall be interrupted at a distance of 15 cm. from the pipe ends and shall be beveled at 30°.

The manufacturer shall recommend:

- Method and materials to be used for field coating of joints and for coating repairs.
- Pipe ends prepared for field coating.

A recognized laboratory is required to test the pipe and coating materials supplied under this specification. Quality certificates issued by the laboratory will be fully complied with all requirements of standards and will be submitted to the purchaser.

Remark - Corrosion Protection

If coating shall take place at Israel or pipes shall be supplied bare without coating (acc. to bill of quantities) then Bare pipes shall be cleaned on outer surface by blasting and painted with one coat of primer prior to shipment. Said primer shall



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be fit for field coating polyethylene coating material and shall protect the pipe surface against corrosion during shipment. 50 mm of each welding end shall not be coated by primer.

9. Quality Assurance -

The Manufacturer shall have in operation a Quality System based on the requirements of ISO 9002 or API Q1.

manufacturer shall submit a Quality Plan (Test and Inspection Plan), based on the manufacturing Quality Manual, covering (as a minimum) all production, pipe tracking system, inspection and testing operations, for review and approval by company not less than 21 days prior to the commencement of any production work. Manufacturer's subsequent Quality Control of the work shall strictly adhere to the agreed Quality Plan. The Quality Plan shall show hold, witness, re-view and monitor points for company

10. purchaser representative -

The purchaser may delegate his representative to witness all stages of manufacturing and tests for steel plates and pipes. The presence of purchaser's representative shall in no way relieve the manufacturer of any responsibility for the quality of pipes, steel plates included.

11. Inspection documents –

As soon as possible, but not later than three weeks after completion of production, manufacturer shall prepare and submit to company two original plus two copies on CD- Rom of a Production Report which shall contain, as a minimum, details of the following:

- Purchase Order (PO) and variations to PO.
- Approved Quality / Inspection and Test Plan
- all approved queries and concessions
- Manufacturing procedures.
- Quality control/inspection procedures.



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- tensile test results and the type, size, location and orientation of the test pieces
- Non-destructive testing procedures.
- All ORIGINAL inspection and mechanical test reports and certification recording the results of inspection and testing.
- heat treatment records
- Mill 3.1 Test Certificates
- Pipe lists
- Ladle analyses for each heat of steel.
- Lengths and pipe identities of all rejected pipes.
- Other special reports reasonably requested by the company
- Details of mill tallies and cutting lengths, etc.

Mill test certificates

Mill test certificates to EN 10204 3.1, shall include, but not be limited to, the following information:

- PROJECT Nr
- manufacturer Identification
- Company's name, purchase order number and item
- Heat Number and test number
- Identification of Steel Type and Grade
- Steel-making process
- Heat treatment condition
- Ladle analysis
- Product analysis
- pipe dimensions and tolerances



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- full tensile testing results, including;
 - Yield Strength
 - Tensile Strength
 - Yield to Tensile Ratio
 - Elongation
 - Reduction of area
- Ultrasonic test reports references.
- Hydrostatic test reports references.
- Surface Inspection Results

Pipe Tally Lists

Manufacturer shall provide company with detailed pipe lists for the complete production of the order stating:

- Pipe identification numbers (referenced to heat numbers)
- Heat numbers.
- Dimensions of pipes.
- Weights of individual pipes.
- Purchase order number(s)
- Types of certificates issued.

The Pipe mill tally sheet shall be supplied on a CD-Rom, in a spread-sheet format (i.e. Excel) as well as on a paper hard copy

12. Storage, Loading and Shipment

- Pipe shall be supplied with pipe end caps.
- No welding of temporary attachments for handling, stacking or securing shall be permitted
- All handling, loading and unloading shall be done in such a manner as to prevent mechanical damage and corrosion.



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- Rail cars, trucks, lighters, ships or other conveyances shall be cleaned of debris, or any substance that might damage the pipes, prior to loading.
- Suitable timber or other dunnage shall be used to protect the pipes against damage in transit.
- Loading onto or into rail cars, track, lighters, ships or other conveyances shall be performed in accordance with API RP 5L, API RP 5L5 or API RP 5L6 as appropriate.
- Finished pipes to be stored for a significant period of time at Manufacturer's works or marshaling yard, shall be stored in such a manner as to prevent corrosion or any other damage occurring.
- Pipe shall not rest on projections, which could result in point stresses or be allowed to rub on an adjacent object. Pipe loading shall be limited to prevent stresses, which result in out-of-roundness.



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Annex H: the Contract

Agreement for the Supply of Goods

Contract No. 020-19

This agreement for supply of goods (this “**Agreement**”) is entered effective as of the ___th day of _____, 2019 (the “**Effective Date**”), by and

between: **Petroleum and Energy Infrastructures Ltd. /
Oil Products Pipeline Ltd.**

of 3 Hasadnaot St., Herzliya,
ISRAEL
(the “**Company**”)

of the first part;

and: _____
of _____ St.
_____ (country)
(the “**Supplier**”)

of the second part;

each a “**Party**” to this Agreement, and together, the “**Parties**”.

Whereas: the Company wishes to purchase from the Supplier certain goods as described herein and further specified in the bill of quantities attached hereto as Exhibit A (the “**Bill of Quantities**”) and the technical specifications attached hereto as Exhibit B (the “**Technical Specifications**”), in accordance with an Order or Orders issued by the Company as described herein (the “**Goods**”); and

Whereas: the Supplier has the necessary knowledge, experience and capability to supply the Goods and wishes to supply the Goods to the Company, 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;

Therefore, the Parties hereby declare, represented and agreed as follows, with intent to be legally bound by the same:

1. Definitions and Interpretation

1.1. This Agreement is entered by the party pursuant to that certain tender for the procurement of goods known as Tender No.020-19 (the “**Tender**”). This Agreement may be referred to as Contract No.020-19. Capitalized terms used herein and not defined otherwise have the same meaning ascribed to those





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terms in the Tender and/or the Tender Documents (and if defined differently in several Tender Documents, as defined in the Invitation).

- 1.2. An “**Order**” means any order by the Company for the supply of Goods, signed by the Company’s authorized signatory(ies), that is sent to the Supplier (by any written means, including via fax or e-mail), and each such Order shall be deemed to incorporate all of the terms and conditions of this Contract relevant thereto, including the Exhibits attached hereto. 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 specifies otherwise in the Order.

2. The Supplier’s Representations and Warranties

- 2.1. The Supplier represents that it has read and examined this Agreement, including all documents attached hereto, that all of the provisions, conditions and plans are known and clear, and that it has the knowledge, capability and experience to fulfil the terms of this Agreement and supply the Goods in accordance with each relevant Order which may be issued pursuant to the terms of this Agreement.
- 2.2. The Supplier represents that all conditions of the Tender described in Section 3 of the Invitation are and have been fulfilled, and that all documents and/or written correspondence which it has presented to the Company in the course of the Tender process (including without limitation as described in Sections 4.5, 4.6, and 4.7 of the Invitation) have been duly executed by its authorized signatories or agents, and are valid, true and accurate in all material respects.
- 2.3. The Supplier represents that, to the best of Supplier’s knowledge after ordinary commercial diligence, the manufacture of the Goods by each Manufacturer took place in an EU or OECD member country, and Supplier’s representations in its bid regarding each Manufacturer and the manufacturing process of the Goods are accurate in all material respects.
- 2.4. The Supplier represents and undertakes that any and all Goods shall comply with the Technical Standards, and will forward, upon the Company's demand, documents attesting to compliance with such standard.
- 2.5. The Supplier represents and undertakes that the Goods supplied according to each Order will be of the type, quality, dimensions, material and processing specified in the Order which reflect the Technical Specifications and/or any samples, models or instructions provided by the Company related thereto. If the Tender Documents indicate that any item to be provided requires the Company’s approval, the Supplier will not supply such item until the Company’s approval is received.
- 2.6. [Reserved]





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- 2.7. 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 18 months from the date of supply thereof or 12 months from the date of commencement of use thereof by the Company, whichever is earlier (the “**Warranty Period**”), excluding Company’s failure to follow manufacturer’s instructions, or resulting from the willful or grossly negligent act or omission of the Company or any third party subsequent to the Goods’ delivery.
- 2.8. Without derogating from any warranty by virtue of applicable 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 Company’s failure to follow manufacturer’s instructions, or the willful or grossly negligent act or omission of the Company or any third party subsequent to the Goods’ delivery (hereinafter: a “**Flaw**”), the following provisions shall apply:
- (a) The Supplier will be liable for any damage caused to the Company as a reasonably foreseeable result of any Flaw.
 - (b) The Supplier will be required as soon as possible and at its expense, to repair any Flaw, or, upon the Company’s reasonable demand, to replace any Flawed item with another new item with a corresponding function in accordance with the relevant 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.
 - (c) If the Supplier fails to fulfill its undertakings as aforesaid, the Company will be entitled, without prejudice to any of its other rights, to repair or replace the Goods 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.
- 2.9. The Supplier will indemnify and hold harmless the Company, its officers, employees, agents and sub-contractors, for any damage or expense incurred, including with respect to demands or claims of third parties, resulting from a Flaw or other breach 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. 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 case.

3. Supervision and Inspection





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- 3.1. Without prejudice to any of other terms and conditions of this Contract, the Company's representative will be entitled to check the quality of the Goods and their compliance with the Order prior to, upon or after receipt thereof, all at the Company's option and discretion, in order to determine whether the Goods comply with the Order.
- 3.2. The Company will not be charged for Goods found to be defective or inconsistent with the Order.
- 3.3. 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 per the Supplier's representations and warranties.

4. Prices

- 4.1. The prices of the Goods (including delivery as described in Section 8 below) will be in accordance with the provisions of the Order alongside each unit, which shall be fixed according to the price quotes provided in the Bill of Quantities and subject to no adjustment for any reason whatsoever (other than as per applicable terms and conditions of the Tender, if any), unless agreed by the Parties in advance and in writing.
- 4.2. Supply and delivery will be as described in Section 8 below. Terms of payment and invoicing will be as described in Section 9 below.
- 4.3. 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.

5. Changes to the Order

- 5.1. The Supplier will not be entitled to introduce any change or modify any Order unless the Company's prior written consent is given thereto.
- 5.2. 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.

6. The Company's Rights in the Case of Failure to Supply the Goods in a Timely Fashion

- 6.1. Delivery of the Goods by no later than the Final Delivery Date (as defined in Section 8.2 below) is a fundamental condition of the Order, and time is of the essence. Failure to deliver the Goods or any part thereof by the Final Delivery Date (or circumstances in which such failure is reasonably foreseen) shall constitute a fundamental breach of the Supplier's undertaking according to such Order.
- 6.2. In any case of failure (or foreseen failure) to deliver the Goods in a timely fashion as described in Section 6.1 above, the Company may, at its sole





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discretion, do any of the following or any combination thereof, as several or concomitant remedies, each of the following remedies being without prejudice to any other such remedy and without prejudice to any other right or remedy otherwise available to the Company:

- (a) cancel the entire Order or such part thereof that was not (or is foreseen likely not to be) performed in a timely fashion as described in Section 6.1 above;
- (b) order the Goods and/or similar 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 may incur thereby, which expense the Supplier will be required to reimburse immediately upon demand.
- (c) demand liquidated damages as follows:
 - (1) for a delay of up to two weeks, 0.25% of the value of the Order for each day of delay;
 - (2) for a delay of more than two weeks and up to four (4) weeks, 0.5% of the value of the Order for each day of delay; and
 - (3) for a delay of more than four (4) weeks – 1% of the value of the Order for each day of delay, up to a ceiling of 20% of the value of the Order.

7. Partial Supply

The Supplier will not be entitled to make partial supply of an Order, 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 Company will be under no obligation to take possession of the Goods, and the Goods shall remain the possession and responsibility of the Supplier, and such partial supply will not be deemed a partial fulfilment of the Order. Alternatively, the Company may elect to take possession of the Goods as if partial supply were allowed, and conditions of payment for such partial supply as per the terms of this Agreement (*mutatis mutandis*), after a 10% discount as penalty for partial supply without Company's prior consent.

8. Supply and Delivery

8.1. The Goods will be supplied DDP (Incoterms 2010), to Company's warehouse either at Ashkelon South Industrial Zone ("**Ashkelon**") or Kiryat Hayim (Haifa area) ("**Terminal**"), as indicated in the Order in accordance with the Bill of Quantities, or as otherwise specified by the Company provided that the





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Supplier is reasonably compensated for any additional costs (the “**Delivery Site**”).

- 8.2. The Supplier will supply the Order in full, including all Goods stated in the Order, by no later than the final date of supply stated in the Order, which shall be no earlier than 120 days following the Supplier’s receipt of the Order, or an earlier date if agreed by the Parties (the “**Final Delivery Date**”).
- 8.3. Delivery shall be considered to have occurred once (i) the Goods are actually unloaded and delivered to the Delivery Site, (ii) the Goods are found to be in conformity with the terms of the Order, and (iii) all relevant conditions of this Section 8 have been fulfilled. Without derogating from the generality of the foregoing, it is specifically stipulated that any cost associated with unloading the Goods at the Delivery Site will be borne by the supplier, unless provided otherwise in the Order.
- 8.4. It is clarified that any goods supplied to a destination other than the Delivery Site without prior coordination shall be considered undelivered, and the Company will not be liable for any payment therefor.
- 8.5. The Supplier will not deliver the Goods before coordinating by telephone in advance with the person named in the Order for coordination purposes (if so named).
- 8.6. The Goods shall be delivered new as manufactured, in conformance with the Technical Specifications and all other terms and conditions of the Tender and this Contract, together with any certificates of quality, manufacture and/or inspection or other documentation which are either: (a) mentioned in the Technical Specifications; or (b) reasonably requested by the Company in connection with the origin, manufacture, shipping, and/or quality of the Goods and/or their conformance with the Technical Specifications or other terms of this Contract.
- 8.7. It is clarified that no payment will be required upon delivery. The Company will pay the Supplier in response to an Invoice issued by the Supplier in compliance with the terms and conditions of Section 9 below.
- 8.8. The Goods shall be delivered free of any right, claim, or encumbrance of any third party, and, without prejudice to any right or remedy which the Company would otherwise enjoy, the mere existence of any such right, claim or encumbrance shall be sufficient to deem the Goods as not having been delivered.

9. Terms of Payment

- 9.1. The Supplier may submit an original written invoice to the Company conforming to the conditions of this Section 9 (an “**Invoice**”), at any time subsequent to receiving the Company’s written confirmation that all Goods





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pertaining to a particular Order have been delivered in full, as per the terms of this Agreement (including Section 8 hereof) and to the Company's satisfaction. It is clarified that the Company is under no obligation to pay the Supplier, other than in response to an Invoice issued by the Supplier and submitted to the Company in compliance with the terms and conditions of this Section 9.

- 9.2. The currency of the Invoice must be in the currency attributed to the price quote relevant to the Order in accordance with Section 16.5 of the Invitation (the "**Invoiced Currency**"). Notwithstanding the above, regarding an Israeli Supplier, if the Invoiced Currency is not NIS, then the Company reserves the right to make payment either in the Invoiced Currency as per the Invoiced Amount, or in NIS as per the amount resulting from the Invoiced Amount after applying the foreign exchange rate for the Invoiced Currency published by Bank of Israel, current as of the date of the Invoice.
- 9.3. The amount indicated on the Invoice must be equivalent to the price quote relevant to the Order, in the Invoiced Currency (such amount, when duly invoiced as per the terms of this Agreement, the "**Invoiced Amount**"). It is clarified that the Invoiced Amount is inclusive of all costs, expenses and tax (including VAT) associated with the provision or delivery of the Goods or fulfilment of any other condition of this Agreement.
- 9.4. If and to the extent that Israeli VAT applies to the provision of the Goods, the Invoice must indicate such Israeli VAT as a separate item such that the Invoiced Amount is inclusive of such Israeli VAT. If, at any time and for whatever reason, the Company determines in its reasonable opinion that Israeli VAT applies to any Order or Invoice, the Company may unilaterally amend such Order or Invoice, such that Israeli VAT appears as a separate item and the total amount due, after the addition of Israeli VAT, is equal to the putative price quote or Invoiced Amount relevant to such Order or Invoice.
- 9.5. The Company shall pay the Invoiced Amount of each Invoice, by a bank transfer which shall be executed no later than 45 days following the last date of the calendar month on which the Invoice is actually received (the "**Payment Date**").
- 9.6. It is clarified and stipulated that the Company will not be liable for any interest or pricing index differentials for any payment made up to 30 days subsequent to the Payment Date, or for any delay in payment due to either negligence of the Supplier or any Invoice's lack of conformity to the terms of this Section 9.

10. Performance Guarantee





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- 10.1. The Bank Guarantee provided by the Supplier together with its bid (from [name of Bank] as guarantor, bearing reference number [ref. no. of Bank Guarantee]) shall serve as a performance guarantee for the delivery of the Goods as well as all other provisions of this Agreement, and (without derogating from any entitlement under the terms of the Tender) the Company is entitled to demand payment from such Bank Guarantee for any debt, obligation, guarantee or undertaking arising out of or in connection with this Agreement (including without limitation any applicable remedy, whether sounding in tort, contract or otherwise), by any presentation complying with the terms of the Bank Guarantee.
- 10.2. The Supplier shall, immediately upon execution of this Contract, cause the Bank Guarantee to be amended to the Company's satisfaction, such that the Bank Guarantee shall not expire before the later of (a) the date of actual delivery of the Goods as described in Section 8 above and (b) the date of confirmation of the payment for the Goods in full by the Company, each as evidenced by documents issued by the Company. An amendment substantially conforming to the form of Exhibit A attached hereto shall satisfy the requirement of this Section 10.2. If no such amendment is received by the Company by 30 days before the Bank Guarantee's expiry date, then the Company will be entitled to demand full amount of the Bank Guarantee or any part thereof, at any time at its discretion, and return any balance to the Supplier upon the actual occurrence of the events described in (a) and (b) above.
- 10.3. If the Company demands payment of the Bank Guarantee or any part thereof, the Company will provide the Supplier with a copy of such demand and an indication of the date of presentation of such demand, and the Supplier shall, within 14 days of receipt of such notice (or within 14 days of the date of presentation, if later) cause the Bank Guarantee to be amended such that the amount of the Bank Guarantee is restored to its original value as of the Submission Deadline.
- 10.4. In this Section 10, "**amendment**" of the Bank Guarantee includes issuance of a new or alternate bank guarantee which meets all the requirements of the Tender and this Agreement (including without limitation Section 4.1 of the Invitation), including as if amended according to the provisions relevant thereto. Upon provision of such validly issued alternate bank guarantee, the Company shall return the prior Bank Guarantee, and such alternate bank guarantee shall be deemed the amended Bank Guarantee for purposes of the Tender and this Agreement.

11. Confidentiality





Petroleum & Energy Infrastructures Ltd.
Oil Products Pipeline Ltd.

Finance Division - Procurement & Engagements Department

The Supplier undertakes to keep confidential any information that may be disclosed, delivered or become known to the Supplier, or any of its directors, officers, agents, sub-contractors, representatives or employees (“**Supplier’s Representatives**”) in the course of its dealings, communications and undertakings with the Company, other than information which (a) is or becomes public domain without fault of Supplier or Supplier’s Representatives, (b) reflects general knowledge or experience in Supplier’s field of business or expertise, or (c) which Supplier is permitted to disclose by virtue of an explicit provision of this Agreement or the Company’s prior written approval. Neither Supplier nor Supplier’s Representatives shall use, disclose, publish or otherwise allow for exposure of such confidential information as described above to any person, other than Supplier’s Representatives on a strictly need-to-know basis, by any means whatsoever, without the Company’s prior written consent on a case-by-case basis. Supplier shall ensure that each of Supplier’s Representatives who is exposed to the confidential information as described above shall be bound by confidentiality covenants no less strict than as described in this paragraph. For sake of clarity it is emphasized that all information of the Company to which Supplier or Supplier’s Representatives may be exposed shall be assumed to comprise the confidential information and trade secret of the Company, unless specifically indicated otherwise by the Company.

12. Miscellaneous

- 12.1. Nothing in this Agreement shall be interpreted as granting any right or remedy to any party other than the Supplier and the Company.
- 12.2. The relationship between the parties shall not be construed as comprising any partnership, agency or joint venture of any kind.
- 12.3. This Agreement comprises the entire agreement between the parties and supersedes all previous understandings or agreements.
- 12.4. Headings in this Agreement are provided for sake of convenience only and are not to be referred to in the interpretation of this Agreement.
- 12.5. No forbearance of either party shall be interpreted or deemed as a waiver of any kind unless explicitly set forth in writing, and no waiver shall be considered or interpreted to comprise any waiver or forbearance other than as strictly construed by the terms thereof. No amendment or modification to this Agreement shall be of any effect unless clearly set forth by the written agreement of the parties.

13. Jurisdiction and Governing Law





Petroleum & Energy Infrastructures Ltd.
Oil Products Pipeline Ltd.

Finance Division - Procurement & Engagements Department

This Agreement shall be governed by the laws of the State of Israel, without reference to its conflict of laws principles. Any dispute arising out of or in connection with this Agreement is irrevocably referred to the exclusive jurisdiction of the competent courts of Israel (Tel Aviv District).

In witness whereof, the Parties have hereto set their hands and executed this Agreement, effective as of the Effective Date:

THE SUPPLIER

THE COMPANY

By (name): _____

By (name): _____

Position: _____

Position: _____

The following Exhibits are considered attached hereto and form an integral part hereof:

Exhibit A: Bill of Quantities [reference is made to Annex F of the Tender Documents]

Exhibit B: Technical Specifications [reference is made to Annex G of the Tender Documents]

Exhibit C: Form of Amendment of Bank Guarantee

Annex H: the Contract

Exhibit C: Form of Amendment of Bank Guarantee





Petroleum & Energy Infrastructures Ltd.
Oil Products Pipeline Ltd.

Finance Division - Procurement & Engagements Department

[Date]

To: 1. Petroleum and Energy Infrastructures Ltd.
2. Oil Products Pipeline Ltd. (hereinafter: “You”)

Re: Amendment of Guarantee Ref No. _____ (the “Guarantee”)

Dear Sirs,

We are instructed by __[name of Supplier]__ having registered office at __[Supplier’s address]__, __[Supplier’s jurisdiction]__ (“Applicant”), that said Applicant has entered with You a contract for the supply of certain goods as described therein known as Contract No. 020-19 (the “Contract”), pursuant to a winning bid submitted in Your tender known as Public Tender No. 020-19 (the “Tender”), to which bid submission our Guarantee was attached. The Applicant informs us that according to the terms of the Contract, the Applicant must cause the Guarantee to be amended as described therein.

That being stated, we hereby amend the Guarantee to include the following paragraph:

Notwithstanding anything to the contrary, this Guarantee shall not expire before the later of (a) the date of actual supply of the Goods and (b) the date of confirmation of payment for the Goods in full by either Petroleum and Energy Infrastructures Ltd. or Oil Products Pipeline Ltd. (the “Company”), each as evidenced by documents issued by the Company.

Consequently, the Guarantee shall under all circumstances remain valid until we received documents issued by you evidencing that both of the events described above have occurred.

Without derogating from any other provisions of the original Guarantee, we reiterate the following:

- (a) We irrevocably undertake to pay to You any sum or sums up to the maximum amount of [select one: {100,000 New Israeli Shekels}/{25,000 Euro}/{27,000 U.S. Dollars}], upon receipt of Your first demand stating merely that the amount claimed is due to You from the Applicant by reason of the Applicant’s obligation arising from or in connection with the Tender or the Contract.
- (b) A complying presentation will require no additional documentation, and may be submitted in hard copy to [address for presentation or] our address provided above.
- (c) The Guarantee is governed by and subject to the Uniform Rules for Demand Guarantee (URDG), 2010 Revision, ICC Publication No. 758 (the “URDG”). The supporting statement under Article 15(a) of the URDG is excluded.

Yours faithfully,

[printed name, stamp and signature of bank]





Annex J: Declaration for Israeli bidders

מכרז מס' 020-19 (להלן: "המכרז")

תצהיר המציע

אני הח"מ, _____ נושא ת.ז. מס' _____, לאחר שהוזהרתי כחוק כי עליי לומר את האמת וכי אהיה צפוי לכל העונשים הקבועים בחוק אם לא אעשה כן, מצהיר/ה בזאת כדלקמן:

שמי ומס' תעודת הזהות שלי הם כאמור לעיל.

אני מגישה/ה את התצהיר בשמי / בשם חברת _____ שמספרה _____ (להלן: "המציע"), בה אני מורשה/ת חתימה ואני מורשה לחתום על תצהיר זה בשם המציע.

הנני מצהיר/ה כי התקיימו אלה:

1. המציע ו/או מי ממנהליו לא הורשעו בעבירה שיש עמה קלון (ואם הורשעו כאמור - חלפו 7 שנים מהמועד בו סיימו לרצות את עונשם), וכן לא תלוי ועומד נגד מי מהם כתב אישום בגין עבירה שיש עמה קלון.
2. אין מניעה לפי כל דין להשתתפות המציע במכרז וקיום כל ההתחייבויות שבהסכם המצורף לו, ואין אפשרות לניגוד עניינים, ישיר או עקיף, בין ענייני המציע ו/או בעלי עניין בו, לבין ביצוע העבודות ו/או קיום ההסכם על ידי המציע ומי מטעמו.
3. המציע עומד בכל תנאי הסף של המכרז.

הנני מצהיר/ה כי החתימה המופיעה למטה היא חתימתני וכי תוכן תצהירי-אמת.

| | | |
|----------|-------|--------------|
| _____ | _____ | _____ |
| שם המציע | תאריך | חותמת וחתימה |

אישור

אני הח"מ, _____ עו"ד (מ.ר. _____), מאשר/ת כי בתאריך _____ הופיע בפניי, במשרדי ברחוב _____ מר/גב' _____ שזיהה עצמו/ה על-ידי ת.ז. מס' _____ / המוכר לי אישית ולאחר שהוזהרתי אות/ה, כי עליו/ה להצהיר את האמת, וכי י/תהיה צפויה לכל העונשים הקבועים בחוק, אם לא י/תעשה כן, אישר/ה את נכונות הצהרתו/ה וחתם/מה עליה בפני.

| | |
|-------|-------|
| _____ | _____ |
| חתימה | חותמת |





Petroleum & Energy Infrastructures Ltd.
Oil Products Pipeline Ltd.

Finance Division - Procurement & Engagements Department

Annex K: Form of Bank Guarantee

[Date]

To: 1. Petroleum and Energy Infrastructures Ltd.
2. Oil Products Pipeline Ltd. (hereinafter: “You”)

Re: Guarantee Ref No. _____ (this “Guarantee”)

Dear Sirs,

We are instructed by __[name of bidder]__ having registered office at __[bidder's address]__, __[bidder's jurisdiction]__ (“Applicant”), that said Applicant is interested in participating as a bidder in Your tender known as Public Tender No.020-19, for the supply of certain goods as described therein (the “Tender”), including certain terms of contract for the supply of such goods by the winning bidder, which shall obligate the Applicant if and to the extent its bid is chosen, known as Contract No. 020-19 (the “Contract”). The Applicant informs us that according to the terms of the Tender, a qualifying bid must be accompanied by a guarantee which meets certain conditions, and which shall apply to the underlying relationship described in the Tender and the Contract.

That being stated, we, __[name of bank and branch]__, a bank registered with and supervised by __[name of banking authority]__ with offices at __[address]__, __[jurisdiction]__, hereby irrevocably undertake to pay to You any sum or sums up to the maximum amount of *[select one: {100,000 New Israeli Shekels}/{25,000 Euro}/{27,000 U.S. Dollars}]* upon receipt of Your first demand stating merely that the amount claimed is due to You from the Applicant by reason of the Applicant's obligation arising from or in connection with the Tender or the Contract. A complying presentation will require no additional documentation, and may be submitted in hard copy to *[address for presentation or]* our address provided above.

We affirm that we are a banking corporation regulated by the banking authority of __[bidder's jurisdiction]__, and possess the authorizations and licenses necessary to operate as a bank in such jurisdiction.

This Guarantee shall be valid until September 30, 2019 (the “Expiry Date”), and shall automatically expire and be of no further effect if Your written demand for payment is not received at the address aforementioned on or before the Expiry Date.

This Guarantee is governed by and subject to the Uniform Rules for Demand Guarantee (URDG), 2010 Revision, ICC Publication No. 758 (the “URDG”). The supporting statement under Article 15(a) of the URDG is excluded.

Yours faithfully,

[printed name, stamp and signature of bank]

