

Agreement No. _____

Entered and signed this _____ day of _____ 2023 (the "Effective Date")

between

Israel Railways Ltd.

Company No. 52-004361-3

1 Yoseftal St.

Lod 7130703

Israel

("ISR")

Of the First Part

and

("Supplier")

Of the Second Part

Each of ISR and the Supplier shall be referred to herein as a "Party" and collectively they shall be referred to as the "Parties".

WHEREAS, ISR is interested in acquiring Carbon brushes for ISR's locomotives' traction motors, generators and alternators as described in the Technical Specifications attached as Annex A (the "**Brushes**"), all in accordance with and subject to the terms and provisions of this Agreement; and

WHEREAS, ISR has published Tender No. 42213 requesting proposals for the manufacture and supply of the Brushes (the “**Tender**”); and

WHEREAS, Supplier submitted a proposal in the Tender which was selected by ISR to be the winning proposal; and

WHEREAS, Supplier declares, represents and certifies that it has read, understood and agrees to the terms set forth in this Agreement, and that it has the know-how, and that it is fully capable, both professionally and financially and in all other respects, including with regard to its ability, expertise, professional skills, facilities, resources, financial resources, licenses, permits and all that is required and necessary to undertake the obligations and the timely performance of the Works set forth and described in this Agreement and its Annexes attached hereto, to the highest standards; and

WHEREAS, based on the Supplier's aforementioned representations and undertakings, the Parties wish to set forth the terms and conditions which shall govern the Parties’ rights and obligations with regards to the Agreement, including in connection with the manufacture and supply of the Brushes, all as provided herein;

NOW, THEREFORE, IT IS DECLARED, COVENANTED AND AGREED BETWEEN THE PARTIES AS FOLLOWS:

1. PREAMBLE, HEADINGS AND APPENDICES

- 1.1. The preamble to this Agreement, the attached Annexes (including any additional annex to be attached hereto following the signing of this Agreement) and the Tender Documents form an integral and inseparable part hereof and shall be binding on the Parties.
- 1.2. The headings in this Agreement are for reference purposes only and shall not be used in interpreting this Agreement.
- 1.3. The following documents, including all appendices and attachments thereto, shall constitute the Annexes to the Agreement which form an integral and inseparable part hereof:
 - 1.3.1. Annex A – Technical Specifications
 - 1.3.2. Annex A1 – Supplier's Proposal in response to the Tender
 - 1.3.3. Annex B – Consideration Annex
 - 1.3.4. Annex C – Supplier's Bank Account Form
 - 1.3.5. Annex D – Final Acceptance Certificate Form
 - 1.3.6. Annex E – Performance and Warranty Guarantee Form

2. PRIORITY OF DOCUMENTS AND INTERPRETATION

- 2.1. Unless as otherwise provided herein, this Agreement and the Annexes attached thereto are to be taken as mutually explanatory of one another and shall be deemed to form one agreement. Nevertheless, in the event of any contradiction, discrepancy, conflict, inconsistency, ambiguity and/or uncertainty between the provisions of or any data contained in this Agreement, the Annexes attached hereto and/or the Tender Documents, the following order of precedence shall apply:
- 2.1.1. This Agreement, excluding the Annexes;
 - 2.1.2. The Consideration Annex;
 - 2.1.3. The Technical Specifications;
 - 2.1.4. The other Annexes to this Agreement but excluding the Supplier's Proposal to the Tender;
 - 2.1.5. The other Tender Documents (excluding Attachment B to the Tender);
 - 2.1.6. The Supplier's Proposal to the Tender.
- 2.2. Except as otherwise specifically indicated, all references to Sections refer to Sections of this Agreement, and all references to Annexes refer to Annexes to this Agreement. Annexes to be attached hereto after the Effective Date shall be deemed an integral part of this Agreement. The words "herein," "hereof," "hereinafter," and similar words and phrases, shall refer to this Agreement as a whole and not to any particular Section. The word "days" shall mean a calendar day and the term "Business Days" shall have the meaning ascribed to it in Section 3.5 below. Whenever required by the context of this Agreement, the singular shall include the plural, the masculine shall include the feminine and vice versa.

3. DEFINITIONS

Capitalized terms used in this Agreement shall have the meaning assigned to them below:

- 3.1. "**Acceptance**" / "**Accepted**" - shall mean, ISR's issuance of a signed Final Acceptance Certificate in the form attached hereto as **Annex D**, following delivery of the Brushes to the Site in accordance with the Delivery Terms, the performance of all tasks required for the successful performance of the Acceptance Checks in accordance with the Technical Specifications as well as the fulfillment of all Supplier's undertakings and obligations pursuant to this Agreement;
- 3.2. "**Acceptance Checks**" – shall mean Supplier provided all documents required in section 12 of the Technical Specifications and in additional visual inspection on Site by ISR Technical Team;

- 3.3. **"Agreement"** – Shall mean this Agreement No. _____ between the Parties, as amended and/or modified from time to time, including any attachment, appendix, variation thereto;
- 3.4. **"Applicable Law"** – shall mean any Israeli statute, law, ordinance, rule, regulation, order, writ, injunction, judgment, decree, and all other requirement of any governmental entity existing as of the date hereof or at any time during the term of this Agreement and applicable to ISR and/or Supplier.
- 3.5. **"Business Days"** – shall mean any day other than Friday and/or Saturday excluding official holidays and bank holidays in Israel;
- 3.6. **"Defect"** – shall mean any defect, error, snag, deficiency, malfunction, unfitness for intended use, outstanding work or non-compliance with the Technical Specifications, the Agreement or, where each of the foregoing is silent – good engineering practices;
- 3.7. **"Delivered at Place"/"DAP"** – shall mean the terms of delivery for the Brushes at ISR's Site, according to Incoterms 2020, International Rules for the Interpretation of Trade, ICC Publication No. 723), subject to the Delivery Terms;
- 3.8. **"Delivery Terms"** – shall have the meaning assigned to it in Section 11.1 below;
- 3.9. **"Delivery Time"** – shall have the meaning assigned to it in Section 11.2 below;
- 3.10. **"Final Acceptance Certificate"** – shall have the meaning assigned to it in Section 13.4.;
- 3.11. **"Force Majeure"** - shall have the meaning assigned to it in Section 23.1 below;
- 3.12. **"Intellectual Property Rights"** - shall have the meaning assigned to it in Section 20.2 below;
- 3.13. **"IPM"**– shall mean ISR's Project Manager for this Agreement as further detailed in Section 8.5 below;
- 3.14. **"Liquidated Damages"** – shall have the meaning assigned to it in Section 14 below;

- 3.15. **"Performance and Warranty Guarantee"** – shall have the meaning assigned to it in Section 16.1 below;
- 3.16. **"Purchase Order"** – shall mean an order made pursuant to the provisions of this Agreement for the purchase of Brushes detailed in Section 8.1 below in accordance with the applicable Delivery Time as defined in Section 11 below. It is hereby clarified that the terms and conditions of the Agreement shall prevail over any standard term and/or condition included in the Purchase Order;
- 3.17. **"Brushes"** – shall mean one or more of 7 types of Brushes as more fully defined and detailed in the Technical Specifications;
- 3.18. **"Site"**- ISR's depot located at Kishon, Haifa or any other ISR facilities in Israel designated by ISR;
- 3.19. **"SPM"** – shall mean the Supplier's Project Manager for this Agreement as detailed in Section in Section 8.5 below;
- 3.20. **"Technical Specifications"** – shall mean the Technical Specifications attached hereto as *Annex A*;
- 3.21. **"Tender"** – shall mean Tender No. 42213 for the performance of the Works, including the manufacture, supply and Warranty of the Brushes;
- 3.22. **"Tender Documents"** – shall mean the Invitation to Tender and all documents listed therein, the Technical Specifications, the Agreement and their respective appendices and any other document issued by the Tender committee during the Tender process;
- 3.23. **"Warranty"** – shall have the meaning assigned thereto in Section 0 below;
- 3.24. **"Warranty Period"** – shall have the meaning assigned to it in Section 0.1 below;

3.25. **"Works"** – shall mean all works, components, materials and equipment to be executed or supplied by Supplier, in connection with the design, manufacture, supply, delivery, unloading and Warranty including but not be limited to, any implied and/or incidental and/or temporary works and/or any ancillary services and/or functions and/or tasks of any kind whatsoever required for the completion of the Works and the supply and delivery of the Brushes no later than the respective Delivery Times, provision of all labor, materials, equipment, machinery, tools, accessories, components and other elements of any kind and description, all in accordance with the Technical Specifications and this Agreement.

4. **TERM OF THE AGREEMENT**

This Agreement shall commence on the Effective Date and shall continue in full force and effect for a period of twenty four (24) months and/or the end of the Warranty Period for the last Brush, purchased under this Agreement, whichever is longer (the "**Agreement Period**"). ISR shall have the option, upon its sole discretion to extend the Agreement for additional three periods of twelve (12) months each by providing Supplier with 30 days prior written notice before the end of the Agreement Period (the "**Optional Period**"). The total months of the Optional Period shall not exceed 36 months. All terms and conditions of this Agreement shall apply during Optional Period, *mutatis mutandis*.

5. **SUPPLIER'S REPRESENTATIONS AND WARRANTIES**

Supplier hereby represents and warrants to ISR as follows:

5.1. **Corporate Power and Authority**. Supplier has all necessary corporate power and authority to execute and deliver this Agreement, to perform its undertakings and obligations detailed hereunder and to consummate the transactions contemplated hereby. The Supplier has taken all necessary corporate actions to execute and deliver this Agreement including with respect to the performance of the Works and the consummation of the transactions contemplated hereby which require no further authorization or other corporate proceedings on the part of Supplier. This Agreement has been duly and validly executed and delivered by Supplier and constitutes a valid, legal and binding obligation of the Supplier, enforceable against the Supplier in accordance with its terms.

5.2. **No Conflict**. No actual or potential conflict of interest or unfair competitive advantage exists with respect to Supplier's acting hereunder, and Supplier shall not engage in any contractual relationship that may cause such conflict of interest or unfair competitive advantage to exist.

- 5.3. **No Litigation or Impediment.** There is no (i) litigation that is currently in effect or threatened, against Supplier, which would challenge the authority of Supplier to enter into this Agreement or to carry out its undertakings and obligations detailed hereunder, or (ii) impediment, whether legal or stemming from a prior or simultaneous commitment made by Supplier, or any other impediment of whatever nature, which might prevent Supplier from entering into this Agreement or hinder the performance of any or all of its undertakings and obligations detailed hereunder.
- 5.4. **No Undue Influence.** The Supplier and/or anyone acting on its behalf has not, directly or indirectly, made any proposal and/or actually given any benefit, funds or anything of value with the purpose of influencing the ISR's decision and/or the decision of any of its employees and/or anyone acting on its behalf, to engage with Supplier in this Agreement.

5.5. **Examination and Evaluation**

Supplier hereby represents and warrants to ISR that:

- 5.5.1. Supplier has examined all Tender Documents pertaining to the Tender, including the Agreement, and in particular the Technical Specifications, as well as all other documents comprising this Agreement, and is satisfied with regard to the data, specifications, terms and conditions under which the Brushes shall be designed, manufactured, checked, supplied and delivered to ISR, the execution of the Works required for the provision of the Brushes as well for the fulfillment of any and all obligations under this Agreement;
- 5.5.2. Supplier has evaluated (independent of, and without relying on, any information or data provided by ISR) any and all other factors that may be deemed to affect the carrying out of its obligations under this Agreement, including but without limitation, the technical risks and environmental influences, and any other risk involved therewith, and such other conditions that may be expected to affect the progress or completion of the Works in accordance with this Agreement, and has reasonable grounds to believe and certifies that such performance is feasible and practicable under the terms and conditions stated herein;
- 5.5.3. Supplier has examined and is fully acquainted and satisfied with all of the information provided to it by ISR;
- 5.5.4. Supplier shall not be entitled to any payment or compensation of any kind whatsoever other than as explicitly set forth herein, and shall not make and be prevented from making any claim for additional payment and/or extension of time from ISR, including claims of misunderstanding or misapprehension in respect of any matter which a reasonable experienced professional supplier of the Brushes knew or should have known or allegation or fact that incorrect information was furnished to the Supplier by any person (subcontractors included), firm or any legal entity which it knew or should have known to be incorrect and/or failure on its part to obtain correct information with regard to the Works.

5.6. **Compliance with Applicable Law.**

5.6.1. Supplier is aware and has knowledge of all legal requirements prevailing in the State of Israel that are to be followed for the execution of the Works. Without derogating from any provision herein, Supplier shall abide by any Applicable Law, and shall perform and execute the Works in strict compliance therewith (including but without limitation in compliance with regulations and orders relating to the employment of its employees).

5.7. **Discrepancies and Omissions**

5.7.1. Supplier represents that wherever it becomes aware and/or should have become aware of any suspected or actual contradiction or discrepancies between the provisions of, or any omission in, any of the various documents forming this Agreement, it shall notify the ISR in writing, immediately and in any event within no more than five (5) days of becoming aware.

5.7.2. No inaccuracies, errors, misstatements, omissions, discrepancies, defective or incomplete descriptions, contradictions or ambiguities in or between any of the provisions of this Agreement, or any information or instructions communicated or given by ISR to Supplier from time to time, shall constitute grounds for stoppage of the Works, for relieving or releasing Supplier of any of its responsibilities, duties, obligations or liabilities pursuant to this Agreement, for cancellation or termination of this Agreement by Supplier or for withdrawal from the Works.

5.7.3. Should any works, matters or things required for the proper execution and completion of the Works be omitted from this Agreement by ISR, the IPM shall – upon notice from Supplier to that effect or on its own initiative – give necessary explanations and instructions and decide what works, matters or actions are to be performed by Supplier and in what manner and order of sequence. Supplier shall thereupon be bound to comply and implement such instruction. In case any such instruction with regard to an omission involves matters of price or terms of payment or timetable, such matters shall be settled by mutual agreement (prices shall be based upon the rates specified in the Consideration Annex or pursuant thereto) – without derogating from Supplier's obligation to execute such instructions given by the IPM.

5.8. **Review and Approval.** The Supplier confirms and agrees that it shall apply to receive ISR's written consent, wherever ISR's consent, explicitly or implied, is required according to this Agreement. This requirement and the granting of ISR's consent, shall not derogate in any way from Supplier's responsibilities and liabilities under this Agreement, and ISR shall bear no responsibility or liability whatsoever in connection with the aforesaid.

- 5.9. **Independent Contractor.** Supplier is an independent contractor acting on its own risk and account and solely responsible for its own financial obligations, and nothing contained in this Agreement shall be construed as creating a joint venture, partnership, or principal and agent relationship between the Parties, nor will it be construed as creating any relationship whatsoever between ISR and any employees, subcontractors, representatives or agents of Supplier. Supplier will not have the authority, nor will it represent that it has the authority to assume or create any obligation, expressly or implied, on behalf of ISR.

6. GENERAL OBLIGATIONS

- 6.1. **Purchase and Sale.** Supplier hereby undertakes to execute and timely perform the Works required for the provision of the Brushes, including, *inter alia*, the design, manufacture, supply, delivery, unloading and Warranty in accordance with the terms and the conditions of this Agreement and the Technical Specifications.
- 6.2. **Standards.** The provision of the Brushes and the execution of the Works shall be made in strict conformity with the terms and conditions of this Agreement and as specified in the Technical Specifications. Without derogating from the generality of the above, the Brushes shall meet the standards set forth by ISR in this Agreement, the Technical Specifications, and in the absence of such standard, Supplier shall comply with the standards which ensure the highest quality of workmanship, material and equipment required by applicable law and/or as instructed by ISR at ISR's sole discretion. All calculations, designs, manufacturing, and drawings related to the Brushes or any part thereof shall assure the reliability, efficiency, competency as well as the functionality of the Brushes to ISR's full satisfaction.
- 6.3. **Permits.** Supplier shall, at its sole expense, obtain, maintain, comply with and keep in effect all approvals, permits and licenses required for the execution of this Agreement, the supply of the Brushes, pursuant to this Agreement. Without derogating from the generality of the foregoing, the Supplier shall obtain all necessary export licenses required for the export of the Brushes to Israel.
- 6.4. **Safety.** All Works shall be performed in strict compliance with ISR's safety regulations and any other applicable law pertaining to safety at work, as may be in force from time to time. Supplier shall immediately report to the IPM the occurrence of any accident in connection with the execution of the Works. Supplier shall also report any such accident to the relevant competent authority whenever such report is required.

- 6.5. **Cooperation.** Supplier undertakes to fully cooperate with ISR any other supplier and/or contractor and/or supplier engaged by and/or acting on behalf of ISR and to furnish ISR with all relevant information required for the interface between the Brushes and any other equipment and/or infrastructure of ISR.
- 6.6. **Quality Management System.** Supplier hereby undertakes, warrants and confirms, and will ensure same for its subcontractors, to remain certified in accordance with ISO 9001 standard or equivalent. At any time during the term of this Agreement, the Supplier shall, if so instructed by ISR, provide evidence of such certifications. In any event, Supplier must notify ISR, in writing, in the event said certification is suspended and/or canceled and/or not continued.
- 6.7. **Documentation.** Supplier undertakes to provide ISR with all documentation specified in the Technical Specifications.

7. **SUPERVISION; ACCESS TO PLACES OF PRODUCTION; INSPECTIONS**

- 7.1. **Supervision by ISR.** ISR shall be entitled (but not obligated) to monitor and supervise the performance of the Works with regards to the provision of the Brushes and Warranty, by itself or through any third party in Israel and/or abroad, and Supplier undertakes to cooperate with respect thereto including submitting all information required by ISR and/or any third party on its behalf. Such supervision, if applicable, shall not derogate from any provision of this Agreement and/or from Supplier's liability and responsibility to perform the Works in accordance with the provisions of this Agreement and to supply the Brushes and fulfill all its undertakings and obligations set out herein, nor shall it impose any responsibility on ISR which is not otherwise expressly set forth in this Agreement.
- 7.2. **Places of Production.** The place of production of the Brushes shall be at the Supplier's plant in [_____].
- 7.3. **Assistance by Supplier.** Without derogating from the above, Supplier shall supply any assistance and access reasonably requested by ISR's inspectors and duly authorized representatives (including all equipment necessary) in order to enable them to carry out inspection, checking, test and measurements in connection with this Agreement and provide them with any information requested. The costs of inspection by ISR in Israel and abroad will be borne by ISR.

- 7.4. **Rejection of the Works, Materials and Components.** If any of the Works, materials or components, whether completed or in process, is reasonably rejected on inspection, the same shall be marked in a manner satisfactory to the IPM, so as to ensure its subsequent identification as a rejected article. Supplier shall within seven (7) days or within such other reasonable time, pull down, take out, separate and sort out any such marked Works, materials or components so rejected. Materials or components of the Works or the entire Works rejected under this Section shall not be considered as having been delivered under this Agreement and Supplier shall, without delay, replace and deliver satisfactory materials, components or Works at Supplier's sole cost and expense. No such rejection shall give grounds to any delay or extension in the timetables set forth in the Agreement.
- 7.5. **Inspection not to Relieve Supplier's Obligations.** Inspection, examination, rejection or approval with no objections by ISR of finished or unfinished Works or of materials or components shall neither relieve nor derogate from Supplier's obligation to execute and complete the Works in strict accordance with the requirements of this Agreement.

8. **ORDER PROCEDURE**

- 8.1. During the Agreement Period, ISR shall issue, at its sole discretion, from time to time, Purchase Orders for the purchase, delivery and supply of an unlimited number of various types of Brushes according to type and quantity as detailed in Section 8.3 below ("**Purchase Order**").
- 8.2. Additionally, during the Agreement Period, ISR reserves the sole and absolute right to negotiation the purchase of any additional type/s of brushes not specified in Annex B.
- 8.3. The Purchase Order shall specify the type, exact amount, the total quantity of the Brushes being ordered and the applicable Delivery Time as defined in Section 11 herein below.
- 8.4. Upon receipt of a Purchase Order by e-mail, Supplier shall confirm via e-mail receipt of the said Purchase Order to ISR's IPM within no later than five (5) Business Days. An original document of such confirmation shall be sent to ISR via air mail.
- 8.5. The Parties' contact persons are as follows, or any replacement contact persons as notified in writing by one Party to the other:

For ISR (“IPM”): [____]
Israel Railways Ltd.
Address: Yoseftal 1, Lod
Telephone: [____]
E-mail: [____]

For Supplier (“SPM”): [____]
[_____
Address: [____]
Telephone: [____]
E-mail: [____]

- 8.6. Each Party shall, in writing without undue delay, notify the other Party of changes in contact persons, addresses, telephone numbers, or e-mail addresses, if any. Supplier will endeavor to furnish a secured electronic mail service or other equivalent means, which will be used by both Parties for the purpose of ordering procedure, requests, queries, reports etc.
- 8.7. The following original documents shall be supplied to ISR by the Supplier:
- 8.7.1. Commercial invoices. The invoice/s shall include a clear reference to this Agreement, the amount, part number (inclusive of serial number), if any, quantity, delivery note number, shipping date, Supplier’s company registration number and ISR’s order number for the Brushes;
 - 8.7.2. Original Certificate of Origin and Non-Manipulation Certificate (if required);
 - 8.7.3. Bill of Lading - issued in ISR’s name;
 - 8.7.4. Packing Lists;
 - 8.7.5. Any other documentation necessary to release the Brushes and/or any part thereof from customs in an expeditious manner and to facilitate payment, e.g. the documents that will enable ISR to clear the Brushes and/or any part thereof through customs and which will enable ISR to make payment in foreign currency in accordance with the applicable Israeli law.
- 8.8. Original copies of all of the above documents **must arrive** at ISR’s Site at least three **(3) calendar days before** the arrival of the ship delivering the Brushes or any part thereof to Israel. In addition, copies of all of the above documents shall be sent to ISR by e-mail simultaneously with the delivery of the originals. The above documents **must** be forwarded solely in ISR’s name and shall state ISR’s exact name.

9. THE CONSIDERATION

- 9.1. In consideration for the successful completion of the Works, the timely supply of the Brushes and the fulfillment of all of Supplier's obligations pursuant to this Agreement including, without limitation, the Warranty and all accompanying services and equipment to ISR's full satisfaction as required in accordance with the terms and conditions of this Agreement, Supplier shall be entitled to receive payment in accordance with the Consideration Annex attached hereto as *Annex B* (the "Consideration").
- 9.2. Consideration shall be the final, complete and inclusive price that shall be paid to Supplier for the design, manufacture, supply, delivery, unloading and Warranty of the Brushes and the execution of all the Works pursuant to this Agreement, exclusive only of VAT. Other than as set forth herein, the Supplier shall not be entitled to receive any additional payments in connection with the performance of its obligations hereunder. The Consideration is inclusive of all taxes (other than VAT), license fees, royalties, or any other costs or expenses of any kind related to the provision of the Brushes and/or to the Works. ISR shall not be charged with any further payments in connection with the Supplier's execution of any of its obligations and undertakings under this Agreement.
- 9.3. Value added tax, to the extent applicable, shall be added to any payment made by ISR to Supplier hereunder, subject to the issuance of a tax invoice on ISR's name, in accordance with the law.
- All amounts payable to the Supplier under this Agreement shall be paid in USD (\$).
- 9.4. To preclude any doubt, it is hereby clarified that all taxes, fees, duties, licenses, costs or other payments that are to be paid in connection with the design, manufacture, assemble, exportation, supply and delivery of the Brushes, including but not limited to transportation costs, custom agents' fees, purchase tax (in Hebrew "Mas Kniya" or "מס קניה") wharfage fees (in Hebrew "Dmei Ratzif"), cleaning of the containers, unloading and unstiffing at the site, Israeli customs duties, port handling fees (in Hebrew "Dmei Nitul" or "דמי ניטול"), , port infrastructure fees (in Hebrew "Dmei Tashtit" or "דמי השתית"), cam locks for discharging at port, supervision while discharging at port, discharging terms at port, etc., shall be considered as part of the Proposed Price for the Brushes and shall be borne solely by Supplier (Winning Bidder).
- 9.5. Notwithstanding the above, ISR shall be required to pay, if applicable the VAT (and only the VAT) imposed by the Israeli Tax Authorities on the Brushes.

- 9.6. **ISR's Set-Off Right.** Without derogating from any right of set-off conferred upon ISR elsewhere in this Agreement or under applicable law, ISR shall have the right to set-off against any amounts that may be owed to Supplier pursuant to this Agreement and/or to any other Agreement between ISR and Supplier, any amount, debt or payment owed by Supplier to ISR pursuant to this Agreement (including but without limitation in the form of indemnification or compensation for damages, regardless if their sum is liquidated or not).

10. **TERMS OF PAYMENT**

Payment by ISR to Supplier shall be made as follows:

- 10.1. One Hundred Percent (100%) of the Brushes Price shall be paid to Supplier within net 45 EOM following the issuance of a Final Acceptance Certificate for the Brushes under a Purchase Order, provided that Supplier has provided ISR at least thirty (30) calendar days prior to the payment with all the following:
- 10.1.1. An invoice in the amount of the Payment; and
 - 10.1.2. The Performance and Warranty Guarantee as defined in Section 16 below.
- 10.2. Payments under this Agreement shall be made to Supplier by means of bank transfer to Supplier's bank account as specified in the form attached hereto as *Annex C*.

11. **DELIVERY TERMS AND DELIVERY TIME**

- 11.1. The terms of supply and delivery of the Brushes shall be DAP at ISR's Site, and subject to the expressed terms and conditions defined herein in this Agreement (the "**Delivery Terms**").
- 11.2. The time of delivery for each type of the Brushes shall not exceed 150 days following the issuance of the Purchase Order ("**Delivery Time**").
- 11.3. Within 10 Business Days following the successful completion of the Acceptance Checks of the Brushes, ISR shall issue Supplier with the Final Acceptance Certificate, indicating the Acceptance of the Brushes, all in accordance with and subject to the provisions of the Agreement.

12. **TRANSFER OF TITLE**

- 12.1. The ownership and title to the Brushes and any part thereof shall fully pass to ISR free and clear of all security interests, liens, attachment, encumbrances and any other rights or claims of any kind of any third party, upon the date of issuance by ISR of the applicable Final Acceptance Certificate. The passing of title to ISR and vesting of ownership rights shall be without prejudice to any right that may accrue to ISR under this Agreement.

- 12.2. ISR shall bear no responsibility for any Works performed or materials, components or equipment used by Supplier, including such materials, equipment or Works being stored or that have been placed at any location besides the Site and which are lost, stolen, damaged, destroyed or otherwise fail prior to Acceptance. Supplier shall be solely responsible to protect completely and preserve entirely the Brushes and any related Works, components, material and equipment until the Acceptance thereof.

13. TESTING AND ACCEPTANCE CHECKS

- 13.1. Inspection Prior to shipment – Prior to the shipment of the Brushes, Supplier shall be solely responsible to issue the required documentation according to Section 12 of the Technical Specifications.
- 13.2. Without derogating from the aforesaid, ISR shall, at any time, have the right to appoint its own inspector or any entity on its behalf, who shall be entitled to be present at all stages of production including, *inter alia*, all tests described in the standards set out in the Technical Specifications and to review the results of any quality assurance or conformance tests carried out by the Supplier in order to ensure that the Brushes are manufactured and supplied in accordance with the Technical Specifications prior to the delivery of each order to ISR. In such event, the Supplier shall provide such inspector any assistance or cooperation needed including all the necessary documentation, notice of any change in the testing or manufacture schedules and testing equipment.
- 13.3. If any inspection or tests determine that the relevant materials, components or the Brushes are defective, of inferior quality, do not fully comply with the Technical Specifications or are deficient in any other way, ISR shall be entitled to reject such materials, components or Brushes in their entirety. Following such rejection of any materials, components or Brushes, the Supplier shall immediately replace same to ISR's satisfaction, at the Supplier's expense.
- 13.4. Upon delivery DAP of the Brushes or any part thereof, to the Site, and upon completion of the Works to ISR's full satisfaction, ISR shall conduct Acceptance Checks and in the event that the results of such Acceptance Checks for the entire quantity of Brushes ordered shall be successful to ISR's full satisfaction, ISR shall sign the Final Acceptance Certificate, in the form Attached hereto as *Annex D* ("**Final Acceptance Certificate**").

- 13.5. Without derogating from ISR's rights under this Agreement and/or any Applicable Law, in the event that, ISR shall not grant a Final Acceptance Certificate then, ISR may take the following measures: (1) request that Supplier repossess all of the Brushes that did not pass the Acceptance Checks by ISR ("**Defective Brushes**") it supplied without any additional cost to ISR and supply alternative Brushes, within two (2) months from ISR's written demand, to be tested by ISR without any additional cost to ISR. (2) request that Supplier repossess all Defective Brushes it supplied without any additional cost to ISR and without supplying alternative Brushes (in such event ISR shall only pay for the Brushes which it accepted) (3) terminate the Agreement for breach and request that Supplier repossess all of the Brushes it supplied (Defective Brushes and non- Defective Brushes) without any additional cost to ISR and without supplying alternative Brushes (in such an event ISR shall not pay for any of the Brushes that were supplied).
- 13.6. ISR's requests as detailed above shall be final and binding upon the Supplier. Supplier shall fully and unconditionally comply with any and all request by ISR as detailed above and hereby waives any and all demands against ISR. In the event, that any of the above circumstances shall occur, Supplier shall immediately and no later than ninety-six (96) hours from ISR's demand, repay ISR for all outstanding amounts received from ISR, without derogating from any of ISR's rights under any law and/or this Agreement, to collect the Performance and Warranty Guarantee or any other right available to ISR under any law and/or this Agreement.

14. **LIQUIDATED DAMAGES**

- 14.1. Without prejudice to any other relief or remedy available to ISR under this Agreement or under law, in the event that Acceptance of the Brushes is delayed beyond the specified Delivery Time, the Supplier shall pay ISR liquidated damages in the sum equal to half of a percent (0.5%) of the value of the total Purchase Order for each calendar week of delay, or any part thereof. The liquidated damages shall not exceed a total of seven and a half percent (7.5%) of the Consideration (the "**Liquidated Damages**") without prejudice to any other relief or remedy available to ISR under this Agreement.
- 14.2. The liquidated damages have been determined after due consideration of the damages the Parties anticipate that ISR will suffer under the specific circumstances to which each specific type of liquidated damage apply, and therefore they shall not be regarded as a penalty. Payment of the liquidated damages shall not be conditioned on ISR having to present evidence of any loss.

15. WARRANTY

- 15.1. The Brushes shall be fully warranted by the Supplier for a period of twelve (12) months from the Acceptance of the Brushes by ISR (the “**Warranty Period**”).
- 15.2. Supplier confirms and warrants to ISR that during the respective Warranty Period, the Brushes and any part thereof shall be fully functional in all respects in strict accordance with the terms and the conditions of this Agreement, including the Technical Specifications, and be free of any Defect (the “**Warranty**”).
- 15.3. Subject to Section 17 hereunder, during the Warranty Period, the Supplier shall bear full responsibility and undertakes to remedy and fully compensate ISR, at its own expense for any and all damage or loss caused to ISR due to Defects in the Brushes including, without limitation, Defects in design, materials, workmanship, assembly, components, faulty dismantling for sea and land conveyance and other faults whether caused by the Supplier or any of the Supplier’s sub-contractors, and whether attributed to negligent production.
- 15.4. Without derogating from the above, in case any Defect is discovered in the Works within the respective Warranty Period, the Supplier shall, at his own expense and without delay, immediately rectify the ascertained Defect by repair and/or replacement, to the satisfaction of ISR, including, but not limited to, any and all Works, spare parts, special tools, equipment, costs related to transportation, dismounting and mounting, etc.
- 15.5. Without derogating from the aforesaid, the Supplier is obliged to replace at Site any defected and/or damaged Brushes within no later than ninety (90) Business Days from the day of ISR's receipt of the damage report. All costs and expenses associated with the replacement of the defected and/or damaged Brushes shall be borne solely by Supplier.
- 15.6. The Supplier shall do its best efforts to shorten the delivery time of the replaced Brushes as detailed in Section 15.5 above.

16. PERFORMANCE AND WARRANTY GUARANTEE

- 16.1. To secure the punctual, complete and entire performance of all of Supplier's obligations under this Agreement, including without limitation to the Supplier's warranty obligations and Supplier's obligations to pay ISR any Liquidated Damages if applicable, Supplier shall furnish ISR within ten (10) days of the Effective Date, with an irrevocable autonomous bank guarantee to be paid upon first written demand without the need to prove or substantiate the demand from a first class bank, approved in advance by ISR, in the full amount of ten (10) percent of the full Consideration issued in the form attached hereto as *Annex E* (the "**Performance and Warranty Guarantee**").
- 16.2. The Performance and Warranty Guarantee shall remain in full force and effect until sixty (60) days following the end of the Warranty Period.
- 16.3. The extension of the Performance and Warranty Guarantee shall be at the Supplier's sole responsibility. In the event the required extension is not submitted to ISR at least thirty (30) days prior to the expiry date of the existing guarantee, ISR shall be entitled to exercise such guarantee.
- 16.4. Without derogating from the above, the submission of the Performance and Warranty Guarantee shall be a pre-condition to effecting any payments due to the Supplier under this Agreement.

17. LIABILITY

- 17.1. Notwithstanding anything contained herein to the contrary, Supplier agrees to indemnify and hold harmless ISR and its directors, officers, and employees from and against all taxes, losses, damages (including direct, indirect or consequential damages) or loss to property of either ISR or third parties, or injuries to or death of persons, including employees of ISR and third parties, of whatever kind caused by, arising out of, incidental to, or connected with the Services, liabilities, costs and expenses, including attorney's fees and other legal expenses, arising directly or indirectly from (i) any negligent, reckless or intentionally wrongful act of Supplier or Supplier's assistants, employees or agents, (ii) a determination by a court that the Supplier is not an independent contractor, or (iii) any breach by the Supplier or Supplier's assistants, employees or agents of any of the covenants contained in this Agreement. Such responsibility shall include court costs and attorneys' fees, if any, in proportion to the Supplier's share of the liability.

- 17.2. In the event that a competent court has determined that the Supplier is not an independent Contractor as aforesaid in Section 17.1, the Supplier agrees and acknowledges that were the Supplier to have been engaged as an employee of the ISR, the monthly salary that would have been payable to the Supplier would have been based on only forty percent (40%) of the daily fee (excluding VAT) multiplied by the number of hours worked per month and this salary would have been the basis for calculating any statutory social benefits due to the employee.
- 17.3. Should ISR be charged by a court of law to pay any amount to a third party for damages or loss for which the Supplier is responsible, as stated herein, the Supplier shall either reimburse ISR or fully compensate the third party directly, at ISR's option, for any amount which ISR or the Supplier shall be obliged to pay by a court of law as aforesaid, including all the loss and expenses incurred by ISR in that respect. The amount of any such reimbursement shall be regarded as a debt due from the Supplier to ISR under this Agreement. In the event of such a claim being lodged against ISR as aforesaid, ISR shall inform the Supplier about it in writing within a reasonable time thereafter.
- 17.4. ISR does not assume any liability to third persons, nor will ISR reimburse the Supplier for its liability to third persons (including but not limited to the Supplier's sub-suppliers, agents, employees and representatives), with respect to loss or damage due to death, bodily, mental or emotional injury or damage to property resulting in any way from the performance of the Services under this Agreement or any subcontract hereunder, and the Supplier alone shall bear the responsibility in any such case.
- 17.5. Supplier's total monetary liability towards ISR arising out of or in connection with this Agreement (whether from provisions of the Agreement or of any Applicable Law) shall be limited to 100% of the Agreement value. In the event that the Supplier's total liability sum as per the above has been fully recovered (whether in one or several events), ISR, at its discretion, shall have the right (in addition to and without derogating from its rights pursuant to the provisions of this Agreement) to terminate this Agreement subject to a fourteen (14) days advance written notice to Supplier. In the event of termination of this Agreement due to Supplier's breach, the limits of liability of the Supplier under this Section shall be capped not to exceed 150% (one hundred and fifty percent) of the Agreement value.
- 17.6. Notwithstanding the foregoing, the liability of the Supplier towards ISR in connection to this Agreement as described above shall not be limited to the maximum liabilities as provided above solely in the following circumstances:
- 17.6.1. Any liability in respect of personal injury and death, including monetary damages directly incurred as a result of such injury or death;

- 17.6.2. Any liability arising out of fraud, willful misconduct and gross negligence;
- 17.6.3. any liability in respect of loss or damage of any third party, including monetary damages directly incurred as a result of such loss or damage.

18. **Withholding of Payments and Collection on Guarantees.**

Without derogating from any other rights of ISR under any applicable law and/or agreement, in the event that any claim is made against ISR, or any lien or attachment is affixed against any of its properties, which claim, lien or attachment relates to or is based on circumstances and/or events which fall within the responsibilities and/or indemnification obligations of Supplier as per Section 17 above, then unless Supplier provides adequate security, to ISR's satisfaction, that the claim will be covered, ISR may (i) withhold all payments then due or thereafter becoming due to Supplier, until such claim is satisfied and such liens or attachments released, and (ii) settle the matter by paying any such claim or removing such lien or attachment, and recover any amounts required in order to do so by collecting upon any of the applicable Guarantees.

19. **INSURANCE**

- 19.1. Without derogating from any of the Supplier's responsibilities and liabilities under this Agreement and/or under the Applicable Law, the Supplier shall maintain, at its own expense through a reputable and legally licensed at all times for as long as any liability under this Agreement may exist, a worldwide Product Liability Insurance with a limit of liability not less than €2,000,000 per occurrence and in the aggregate for an annual period of insurance, covering liability of the Supplier for any loss or damage derived from the Brushes (hereinafter: "**Supplier's Insurance**");
- 19.2. The Supplier's Insurance shall be primary and precedent to any of ISR and/or the Israeli Government's insurances. The Supplier shall refrain from canceling the Supplier's Insurance and/or from reducing their scope. The Supplier waives and shall have no claims or demands of any kind against ISR and/or anyone on its behalf, with respect to the content and/or extent and/or coverage of the Supplier's Insurance.
- 19.3. The Supplier alone is responsible for payment of premiums and deductibles stated in the Supplier's Insurance.
- 19.4. The Supplier undertakes to provide ISR with a copy of all of its insurance policy within fourteen (14) days of ISR's first request.

20. INTELLECTUAL PROPERTY RIGHTS

- 20.1. **Intellectual Property Rights Warranty.** Supplier represents and warrants that it is the owner of all rights and title (including but without limitation Intellectual Property Rights, as defined below) in and to the Brushes, as well as in any Works and any component thereof (including, without limitation, systems, parts, software incorporated in the Brushes or integrated with them), and documentation provided to ISR under this Agreement and the Technical Specification and/or that it has obtained sufficient rights and that it is authorized to offer and sub-license to ISR any such Brushes, Works or documentation and/or any part thereof and/or Software, by the relevant third parties who developed and/or own and/or hold the Intellectual Property Rights thereof, and that ISR may use same in accordance with the terms and conditions of this Agreement, including the operation and maintenance of the Brushes and for the purpose of interface with other ISR's equipment (whether existing now or in the future).
- 20.2. **Non Infringement Warranty.** Supplier represents and warrants that the Brushes, Works and/or Software and documentation, and their use by ISR in accordance with this Agreement (i) do not and will not infringe any patents, copyrights, whether or not registered, trade names, registered and unregistered trademarks, service marks, trade dress, domain name registrations and other source indicators; computer software, including databases; trade secrets, commercial secrets, inventions (whether or not patentable and whether or not reduced to practice), know-how, methodologies, or other intellectual property right of any person ("**Intellectual Property Rights**"), and (ii) no claim, action or suit for the misappropriation or infringement of any Intellectual Property Right has been brought or is pending or, to the best of its knowledge, threatened against Supplier and/or any third party from which Supplier has obtained such Intellectual Property Rights in connection with the Brushes, Works or documentation provided under this Agreement.
- 20.3. **Responsibility of Supplier.** Supplier shall be solely and fully liable and responsible for the use of, and shall fully and timely pay all royalties, fees and other payments with respect to, all Intellectual Property Rights, licenses and rights of whatever type, manufactured, used, implemented or employed in the design, production, completion, use or operation of the Brushes and Works and/or Software and documentation by Supplier or ISR.

21. TERMINATION

- 21.1. This Agreement may be terminated by ISR at its sole and absolute discretion at any time, whether before or after commencement of the Works, by giving Supplier prior written notice of at least fourteen (14) days, if any of the following occurs:
- 21.1.1. The Supplier assigns or transfers any of its rights or obligations pursuant to this Agreement without the prior written approval of ISR.

- 21.1.2. The Supplier becomes bankrupt, insolvent, or does not pay its debts as they become due, or admits in writing its inability to pay its debts or makes assignment for the benefit of creditors, or liquidation, receiverships, or reorganization proceedings (whether temporary or not) have been commenced against Supplier and have not been removed within twenty one (21) days.
- 21.1.3. An attachment order has been imposed and/or any other execution process has been taken with respect to all or a material part of Supplier's assets, or a part thereof which is material for the performance of any of its obligations hereunder and has not been removed within thirty (30) days.
- 21.1.4. Supplier has stopped managing its business (or substantial portion thereof) or execution of the Works, for a consecutive period of thirty (30) days.
- 21.1.5. Any representation or warranty made by Supplier in this Agreement and/or any certificate, schedule or other document delivered by Supplier pursuant to this Agreement has been false or materially misleading when made.
- 21.1.6. Supplier breaches any material provision of this Agreement and fails to cure such breach within twenty (20) days from the date of ISR's notice.
- 21.1.7. Supplier breaches any provision of this Agreement and fails to cure such breach within thirty (30) days from the date of ISR's notice.
- 21.2. **Restitution of Payments.** Without prejudice to any other remedies available to ISR under any agreement and/or under any applicable law, in the event that ISR exercises its right to terminate this Agreement for any of the reasons set forth in Section 21.1 then within thirty (30) days from notification by ISR that it has rescinded or terminated this Agreement, prior to the issuance of Final Acceptance Certificate, Supplier shall return to ISR all payments it has received from ISR in respect of all terminated Works.
- 21.3. **Termination for Convenience.** In addition to, and without derogating from any other right that ISR may have to terminate this Agreement, including but without limitation pursuant to any other provision of this Section and/or to any applicable law, ISR shall have the right to terminate this Agreement at will, without cause and at ISR's sole and absolute discretion, by thirty (30) days prior written notice to Supplier.
- 21.4. Supplier hereby waives the right to termination under this Agreement and/or under law, for any reason. The sole and only remedy available to Supplier under this Agreement is compensation for breach subject to the terms of this Agreement.

21.5. Effect of Termination

21.5.1. Subject to Sections 21.7 and 21.7 below, termination of this Agreement will not limit either Party from pursuing any other remedies available to it under any agreement and/or applicable law, and termination or expiration of this Agreement, from whatever cause arising, shall be without prejudice to the rights of the Parties accrued under this Agreement up to the time of termination.

21.5.2. The provisions of this Agreement which expressly or by their nature are required to survive termination of this Agreement (including but without limitation provisions regarding Warranty, Intellectual Property and Liability) shall survive the expiration or termination of this Agreement.

21.5.3. Upon receipt of any termination notice, Supplier shall, take all required steps and actions to:

- (i) Cease all Works according to the IPM's instructions; and
- (ii) Transfer to ISR all its rights under all warranties extended by its suppliers.

21.6. Notwithstanding the above, in the event that ISR shall exercise its right pursuant to Section 21.3, Supplier shall be reimbursed only for the direct actual expenses of the Works already incurred in the time of the termination notice as specified below:

21.6.1. Within fourteen (14) days following the receipt of the termination notice pursuant to section 21.3, Supplier shall provide ISR a detailed list specifying all of Supplier's direct expenses of the Works which have been incurred by Supplier in the time of the termination notice ("**Costs Incurred**"). In addition Supplier shall provide the following documentation to prove any and all Costs Incurred such as invoices, labor hours, technical tests results etc.) ("**Suppliers Request for Cost Incurred**").

21.6.2. ISR shall review Supplier's request for Cost Incurred and shall approve at its sole discretion the Costs Incurred. Supplier shall be entitled to receive a final and complete compensation of 115% of the Costs Incurred pursuant to Section 21.3.

21.7. Payment to Supplier (if and to the extent that Supplier shall be entitled thereto) shall constitute the sole and exclusive remedy (monetary or otherwise) to Supplier in connection with the Agreement and/or the cancellation and/or the termination thereof, and Supplier shall not be entitled to any other payment or recourse for loss of profits or to any other remedy that might be available to it under applicable law and/or agreement (including but without limitation specific performance and/or injunctive relief) in the event of termination of this Agreement pursuant to this Section.

21.8. No damages or other recourses whatsoever (including but without limitation enforcement of this Agreement) shall be due to Supplier, by reason of any termination of this Agreement in accordance with its terms. In particular, but without limitation, Supplier shall not be entitled to any compensation, reimbursement or damage of any kind for any unjust enrichment or tort claim, if any, resulting from the termination of this Agreement as aforesaid and/or on account of loss of prospective profits or investments and/or loss of goodwill or any other causes.

22. SUBCONTRACTORS

22.1. The Supplier may not engage subcontractor ("**Subcontractor**") for the performance of any of its obligations under this Agreement without the prior written consent of ISR.

22.2. Without derogating from the above, engaging a sub-contractor shall be subject to the following terms and conditions:

22.2.1. The Subcontractor must meet the terms and the conditions set out in the Technical Specifications.

22.2.2. Subcontractor shall abide by all applicable obligations under the Agreement which are required by it for the fulfillment of the Agreement, such as, but not limited to, obligations with regards to the Declarations and Representations, General Obligations, Intellectual Property, Warranty, Risks and Liabilities, Delivery Terms, Termination etc.

22.2.3. In the event that the Subcontractor shall fail to comply with this Agreement, ISR shall have the right to rescind its approval (with respect to Subcontractor) and/or to instruct Supplier to perform the relevant Works by itself or through another approved subcontractor, whereupon Supplier shall immediately stop employing the non-complying subcontractor.

22.2.4. The retention of the subcontractors, shall not relieve Supplier of its responsibility to ISR in connection with the execution of the Works, the supply of the Brushes and the fulfillment of the obligations under the Agreement or from any liability under this Agreement and under applicable law, nor shall it impose any liability or responsibility upon ISR in connection with the aforesaid, including but without limitation for any acts and omissions done and/or works executed by Subcontractors, and Supplier shall be fully responsible towards ISR for the acts and omissions of its subcontractors.

23. **FORCE MAJEURE**

- 23.1. “**Force Majeure**” shall mean an event outside the control and without fault or negligence of the Party effected, which constitutes exceptional and unforeseeable circumstances which, despite the exercise of diligent efforts, such Party was unable to prevent, limit or minimize, and which makes it impossible or illegal for such Party to perform its obligations under this Agreement, including but not limited to fires, floods, accidents, earthquakes, volcanic activity, hurricanes, riots, wars embargoes, strikes (other than strikes by the employees of Supplier or employees of Supplier's subcontractors).
- 23.2. Neither Party shall be liable for a delay in performance of its obligations pursuant to the Agreement, to the extent that such delay results from Force Majeure.
- 23.3. A Party affected by Force Majeure shall (a) promptly notify the other Party in writing of any such event, the expected duration thereof, and its anticipated effect on the party affected in terms of the performance required hereunder; and (b) endeavor to continue to perform its obligations as far as reasonably practicable and make reasonable efforts to mitigate the effects of the Force Majeure.
- 23.4. Any Works or supply delayed due to an event of Force Majeure shall be extended for such time as the event transpired without entitlement to receive further or additional payment on top of the Consideration, including with regard to linkage payments.

24. **LANGUAGE**

Any correspondence with regard to this Agreement shall be in English. All correspondence, orders, documentation, drawings, specifications, instructions, manuals etc. made by the Parties in performance of this Agreement will be in English or Hebrew.

25. **APPLICABLE LAW AND SETTLEMENT OF DISPUTES**

- 25.1. This Agreement shall, in all respects, be governed by and construed in accordance with the laws in force from time to time in the State of Israel.
- 25.2. The Uniform Law on International Sales (1964) and the United Nations (Vienna) Convention Contracts for the International Sale of Goods of April 11, 1980 shall not be applicable to this Agreement.

- 25.3. Any dispute in connection with the Agreement including its validity or interpretation shall be settled between the Parties. The negotiations shall be conducted by at least two persons chosen by each party for this purpose. The timeframe for the settlements of disputes between the Parties shall not exceed a period of three (3) months.
- 25.4. All matters in dispute, following failure of negotiations as outlined above, shall be referred to the competent court located in Lod in Israel which shall have exclusive jurisdiction in all matters arising therefrom unless otherwise mutually and expressly agreed, in writing, by the Parties.
- 25.5. Dispute not Effecting Performance. Under no circumstances will the Supplier be entitled to delay or suspend the performance of any of its obligations hereunder, including by way of applying for an injunctive order.

26. MISCELLANEOUS

- 26.1. **Waiver of Lien by Supplier.** Supplier hereby waives any right of lien and claim and preservation of ownership (in Hebrew: "שימור בעלות") (collectively, "**Retention Rights**") against ISR with regard to the Brushes and the Works. Supplier represents and warrants that the consideration to be paid by ISR under this Agreement includes ample financial provisions concerning the waiver by Supplier of all Retention Rights with regard to the Works, and the payments to be made by Supplier to its Subcontractors contain ample financial provisions for the insertion of a clause requiring a similar waiver by said Subcontractor in connection with the Works.
- 26.2. **Set-Off** Without derogating from any right of set-off conferred upon ISR elsewhere in this Agreement or under applicable law, ISR shall have the right to set-off against any amounts owed to it pursuant to this Agreement against any amount payable by ISR to Supplier pursuant to this Agreement. Supplier shall not be entitled to set-off amounts owed to it by ISR against any amount payable by Supplier to ISR and Supplier hereby waives any such right.
- 26.3. **Exercise or Non Exercise of Rights by the Parties.** Consent by a Party to deviate from any of the provisions of this Agreement in a particular case shall not constitute a precedent, and no inference by analogy shall be drawn from it in respect of any other case. If a Party does not exercise any of the rights conferred upon it by this Agreement or any guarantee arising hereunder in a particular instance, such fact shall not be regarded as a waiver of those rights in any other instance and shall not be considered as implying or indicating a waiver of any right under this Agreement.

- 26.4. **Entire Agreement; Amendments.** This Agreement constitutes the entire agreement between the Parties concerning the subject matter hereof, superseding all prior and contemporaneous drafts (including drafts of the Agreement that formed part of the Tender), proposals, negotiations, communications, documents, understandings and agreements, written or oral, with respect to the subject matter of this Agreement, unless specifically incorporated herein by reference. Any such superseded documents shall not be used in any manner for the interpretation of this Agreement and shall not constitute admissible evidence in any proceedings between the parties. This Agreement may only be amended by a written document signed by both Parties.
- 26.5. **No Third-Party Beneficiaries.** All rights and obligations of the Parties hereunder are personal to them. This Agreement is not intended to benefit, nor shall it be deemed to give rise to, any rights to any third party (including, without limitation any Subcontractor).
- 26.6. **Assignment.** The Supplier may not assign or transfer any of its rights and obligations pursuant to this Agreement without the prior written consent of ISR. The Supplier may not charge or create any security interest with respect to its rights pursuant to this Agreement without the prior written consent of ISR. ISR may at any time, upon its absolute discretion, assign and/or transfer any and/or all of its rights and/or obligations under this Agreement to the State of Israel and/or any other entity controlled and/or affiliated to the State of Israel ("**State of Israel**") by providing written notice to Supplier ("**Notice of Assignment**"). Upon receipt of Notice of Assignment by Supplier, the assignment and/or the transfer shall be binding and Supplier may not object such assignment and/or transfer and shall fulfill any and all obligations resulting from such assignment and/or the transfer as directed by ISR and/or the State of Israel, which in turn may also assign and/or transfer their rights.
- 26.7. **Severability.** If any provision of this Agreement is held or made invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the remainder of this Agreement, and the invalid or unenforceable provisions shall be replaced by a mutually acceptable provision, which, being valid, legal and enforceable, comes closest to the original intentions of the parties hereto and has like economic effect.
- 26.8. **Notices.** All notices, unless otherwise expressly provided in this Agreement, shall be in writing and shall be sent by either of the Parties to the other Party by registered mail or personal delivery to the addresses set forth at the head of this Agreement, and shall be deemed to have been given seven (7) Business Days after the date on which the notice was posted, or in the case of personal delivery, at the time of delivery.

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS AGREEMENT BY THEIR DULY AUTHORIZED REPRESENTATIVES AS OF THE EFFECTIVE DATE.

ISRAEL RAILWAYS LTD.

Signature: _____

Signature: _____

Title: **CEO**

Title: _____

Printed Name:

Printed Name: _____

Signature: _____

Signature: _____

Title: **Deputy General Manager
Economics and Finance**

Title: _____

Printed Name:

Printed Name: _____

Annex A

Technical Specifications

Annex A1

Supplier's Proposal in response to the Tender

Annex B

Consideration Annex

Annex C

Bank Account Form

PART A – Supplier's Bank Details

[to be completed by the Supplier's authorized signatories]:

We the undersigned, _____ [authorized signatories on behalf of the Supplier] request herein that all payments to be paid to us by Israel Railways Ltd. under this Agreement shall be made by means of bank transfer to our bank account according to the following details:

Bank Account No.: _____

Swift Code: _____

EBAN Code (applicable to European Accounts): _____

Branch Number: _____

Bank Name: _____

Bank Address: _____

Signature: _____

Name: _____

Title: _____

Date: _____

PART B - Certificate of Authorization

[to be completed by an ADVOCATE / C.P.A]:

I, _____ [Advocate/C.P.A] of _____, hereby certify that _____ and _____ are fully empowered by _____ [Supplier] to sign the Bank Account Form, and hereby certify that their signatures upon the Bank Account Form are fully binding in accordance with the _____ [Supplier] articles of association.

Signature and stamp: _____

Bank Account Form

PART B - Certificate of Authorization

[alternative authorization: to be completed by the SUPPLIER'S BANK]:

We, the undersigned _____ [Bank] hereby declare that as of _____ [date of Supplier's signature on Part A above] the _____ [Supplier] is the registered owner of the above mentioned account and certify that Part A above has been signed by the Supplier's authorized signatories. We undertake to promptly inform Israel Railways Ltd. regarding any change in the ownership of the account or the authorized signatories.

Signature: _____

Name: _____

Title: _____

Stamp: _____

Annex D

Final Acceptance Certificate

To:

[Name of Supplier]

[Street]

[City]

[Country of origin]

From:

Israel Railways Ltd.

1 Yoseftal St.

Lod 7136801

Israel

We hereby certify that the Brushes as defined in the Agreement No. _____, which was ordered by Israel Railways Ltd. ("**ISR**") according to the Agreement has been accepted and taken over by ISR after the performance of Acceptance Checks.

THIS CERTIFICATE IS ISSUED WITHOUT PREJUDICE TO THE RIGHTS AND POWERS OF ISR UNDER THE AFORESAID CONTRACT.

Signed: _____ Israel Railways Ltd.

Name

Date

Confirmed:

Signed: _____ for [*Name of The Supplier*]

Name

Date

Annex E

Form of Performance and Warranty Guarantee

Israel Railways
Haifa East Station
1 Hativat Golani Street
P.O. Box 1481
Haifa, Israel

Re: Guarantee No. _____ (“Performance and Warranty Guarantee”)

Whereas _____ (“**Supplier**”) and Israel Railways Ltd. (“**ISR**”) entered into an Agreement No. _____ on _____ (the “**Agreement**”) for the supply of Carbon brushes for ISR's locomotives' traction motors, generators and alternators (the “**Brushes**”):

Now, we _____ (“**Guarantor**”) hereby irrevocably Guarantee the immediate payment, on first demand, to ISR of the sum of _____ Euro in the event that Supplier has not fully complied with all of its obligations under the Agreement, including its warranty obligations.

This Guarantee shall be valid and remain in force for a period of two (2) months following the end of the Warranty Period for the last Goods supplied under this Agreement, as those terms are defined in the Agreement, or as otherwise extended in writing by ISR, Supplier and Guarantor, and may be drawn down by ISR on one or more occasions up to the aggregate amount referred to above. This Guarantee shall not be revocable by Guarantor or Supplier by notice or otherwise.

For collecting any amount under this Guarantee, ISR shall not have to refer first to Supplier, nor shall it have to produce any judgment or any other judicial document, nor shall it have to prove any breach, failure or non-compliance on the part of Supplier or on the part of any person acting for Supplier or on its behalf or in its name, and a written demand or facsimile notice to Guarantor from an authorized representative of ISR shall be sufficient for all purposes of this Guarantee, and specifically shall be sufficient to collect any sum(s) under this Guarantee from the Guarantor immediately upon the demand of ISR.

This Guarantee shall be interpreted in accordance with the laws of the Israel, and any proceedings for enforcement shall be brought exclusively before the competent Court of Lod.

THIS GUARANTEE IS NEITHER TRANSFERABLE NOR ASSIGNABLE IN ANY WAY WHATSOEVER

Guarantor