

Amiad Water Systems Ltd. - Procurement Terms and Conditions

1. Definitions. The following definitions apply unless otherwise specifically stated:

"PO" shall mean Amiad's Purchase Order, these Procurement Terms and Conditions and any documents or clauses incorporated by reference into this PO or Procurement Terms and Conditions.

"Amiad" shall mean Amiad Water Systems Ltd.

"Supplier" shall mean the Supplier, Seller, Contractor or Vendor identified on the applicable PO, which shall provide the Work.

"Work" shall mean delivery of Goods and/or performance of Services by the Supplier to Amiad, as noted in the PO.

"Services" shall mean services noted in the PO.

"Goods" shall mean goods noted in the PO.

2. Complete Agreement. This PO constitutes the final, complete and exclusive agreement between Supplier and Amiad. Any terms or conditions submitted by either party that are in addition to, different from or inconsistent with these Procurement Terms and Conditions and PO, including, without limitation, any verbal agreement, shall be void. In case of a conflict between a general and specific term in this PO, the specific term shall govern and in any case of a conflict between two specific terms, Amiad shall inform Supplier which term governs.
3. PO Issuance. Supplier warrants and represents that the Work shall be rendered with due skill and care and shall be strictly in accordance with the requirements, quantity and quality standards of the PO, and comply with standard commercial specifications. The Supplier warrants that the Goods: shall be of merchantable quality and fit for their intended purpose; shall be manufactured and delivered strictly in accordance with any supplied and incorporated drawings, specifications and other instructions of Amiad; shall be free from defects in

design, materials and workmanship; shall be of the best available design and of the best material.

4. Price and Payment. Payment will be made following the written approval of the PO by the Supplier, and in accordance with the payment terms in the PO. The price for the Goods and/or Services shall be that specified on the PO and is inclusive of all costs, including all applicable bank transfers commissions, packaging, shipping, freight and insurance charges and all taxes, duties, charges, levies, fees, tariffs or similar analogous taxes on import or export of goods, payable on or in respect of the Goods and/or Services. Payment will be made only after Supplier furnishes Amiad with an invoice, relevant tax withholding approvals and a certificate of good standing issued by the ITA in relation to the Supplier's fulfillment of its bookkeeping requirements. If payment is upon milestone completion, payment will be made after Amiad approves Supplier has met each applicable milestone.

Payment of an invoice is not evidence or an admission that the Goods and/or Services meet the requirements of the PO, and shall be without prejudice to any claim for damages or other rights Amiad may have against the Supplier.

5. Delivery. Unless otherwise provided in writing between the parties, Supplier shall deliver the Goods and/or Services to Amiad at the delivery point identified on the PO (DDP Incoterms). Risk of loss of the Goods remains with Supplier, and title will not pass to Amiad until the Goods are delivered to, and accepted by Amiad at the delivery point. Supplier is solely responsible for all packaging costs. Packaging must comply with the specifications stated in the PO, and if none are specified, Supplier shall provide proper and adequate packaging in accordance with commercial best practices to ensure the Goods delivered to Amiad will be free of loss or damage and in best condition. Supplier shall accompany the Goods

with a delivery note containing the PO number, Invoice number and any other relevant information.

6. Timelines. Supplier warrants that the Work shall be supplied by the date specified in the PO. Supplier acknowledges that Amiad may, by its sole discretion, postpone the delivery by up to 15 business days from the delivery date identified in the PO, and Supplier shall have no right or claim regarding such postponement.
7. Quality and Inspection. Supplier warrants that the quality of Work and Goods will be in accordance with Amiad's quality and safety requirements. Supplier shall establish and maintain a quality assurance program compatible with ISO:9001 requirements and standards and if requested so by Amiad, shall deliver Amiad with a quality report for the Goods. Supplier undertakes to perform and take any preventive and/or corrective action required by Amiad's quality assurance officer due to any discrepancies and/or deviations found, within 5 days of such request. Amiad reserves the right to inspect at any time the Goods, at the Supplier's site or following their delivery to Amiad, as applicable. Supplier shall allow such inspections and shall provide Amiad with the relevant assistance and resources with no additional cost. Upon request and after being given proper notice, Supplier shall arrange for Amiad's representatives and/or Amiad's clients' representatives to have access to the site or processes of the Supplier for inspection purposes.
8. Warranty. Supplier warrants that all Goods and/or Services: will be free from defects in material, and workmanship; will conform with the standard or quality required under the PO; will conform to all applicable descriptions, specifications, drawings, plans, instructions, data, samples, models and any other Amiad requirements; will be fit for the particular purpose(s) of the Goods and/or Services; will be free of any defect caused by Supplier's action and/or negligence ("The Warranty"). The Warranty period is twenty four (24) months from the date of delivery of the Goods or completion of the Services, as the case may be, unless agreed otherwise by the

parties ("The Warranty Period"). Supplier shall (without prejudice to any of Amiad's other rights and remedies) as quickly as possible remedy such defects (whether by repair or replacements as Amiad shall elect in its sole discretion) without cost to Amiad and shall reimburse Amiad for all damages and/or costs incurred to Amiad in returning or replacing rejected Goods and/or Services. Any Goods returned to the Supplier shall be at the Supplier's risk and expense, including any damages and cost incurred during the removal, return and repair process.

9. Intellectual Property. "Intellectual Property" shall mean any and all intellectual property rights, including, but not limited to inventions, copyrights, patents, designs, trade names, logos, trademarks, trade secrets, drawings, specifications, data and information regarding Amiad's products, Amiad's technologies and Amiad's business, all know-how, whether or not patentable or otherwise protectable, and all intellectual property rights associated therewith, both registered and unregistered, and all goodwill related thereto. Supplier represents and warrants that the Work, and Amiad's and/or Amiad's customers use of the Work, does not and will not infringe upon any third party's Intellectual Property rights, right of publicity or privacy, or any proprietary rights. Supplier shall defend, indemnify and hold Amiad harmless from and against any and all claims as incurred, arising out of or in connection with any infringement of a third party's Intellectual Property rights. The Supplier recognizes and acknowledges that all data and/or information and/or Intellectual Property rights of any kind the Supplier may encounter during the performance of the Work, including, without limitation, product specifications, drawings, methods, technical data, prints, manufacturing and production processes and techniques, patterns, plans and any development and/or improvement thereof ("Work Related IP"), are owned by Amiad, and Supplier will not produce, develop or use the Work Related IP and/or use it with any third party. If the PO requires the Supplier to prepare, develop or provide any of the Goods/Services specifically for Amiad, or according to

Amiad's specific instructions ("Developed Goods/Services"), the Supplier agrees to assign to Amiad absolutely all Intellectual Property right, title and interest. In case where intellectual property rights of Developed Goods/Services cannot be assigned to Amiad, Supplier will obtain and assign to Amiad an exclusive, royalty-free, worldwide, perpetual, irrevocable, transferable, sub-licensable license to use all Developed Goods/Services Intellectual Property rights incorporated into, from the delivery date of the Developed Goods/Services and thereon, and Supplier warrants that it will not develop or produce the Developed Goods/Services to any third party.

10. Amiad's Property and Parts. All property of any kind Amiad delivers the Supplier for the performance of the Work ("Amiad's Property") is and will remain Amiad's property. All of Amiad's Property is subject to removal by Amiad at any time, and returned upon Amiad's request, at its sole discretion. All Amiad's Property, while in Supplier's custody or control, will be held in good condition and repair, and if Amiad specified specific storage instructions, Supplier shall comply with such instructions. Supplier guarantees that no lien, encumbrance or security interest will be filed by Supplier or anyone acting on behalf of the Supplier, or claiming under or through Supplier, against Amiad, Amiad's Property, or the Goods or Services furnished under this PO.
11. Confidentiality. Supplier acknowledge that confidential information may be exchanged during the course of transactions under this PO. For purposes hereof, "Confidential Information" shall mean all information, formulations, data, technology, know-how, designs, inventions, discoveries, processes, models and/or trade and business secrets, including without limitation the details of this PO, sales, financial, contractual and marketing information which have been hereto or may hereafter be transmitted or otherwise disclosed by the parties hereto. Supplier shall use Confidential Information only as required by it for the proper performance of its duties under this PO, shall maintain the Confidential Information in confidence, and protect it from disclosure, using the

same degree of care, but no less than a reasonable degree of care, as Supplier uses to protect its own confidential information. Supplier shall not divulge and/or disclose and/or copy and/or use any Confidential Information to any purpose or to any third party without the prior express written consent of Amiad, except that Supplier may afford its employees, who are bound by similar confidentiality provisions, access to the Confidential Information to the extent required by them for the proper performance of their duties under this PO. Supplier undertakes that all rights and obligations under this Section 11 will apply to its employees. Supplier shall not use any Confidential Information in order to compete with Amiad and/or transfer any of the Confidential Information to any third party which may compete with Amiad. Supplier's undertakings under this Section 11 shall survive the termination of this Appointment. Amiad may, at its sole discretion, request that all Confidential Information in possession of the Supplier be returned immediately to Amiad at any time.

12. Liability. The Supplier assumes responsibility for all damage and/or loss and/or expense and/or injury to persons or property, including Supplier's employees and Amiad employees, occasioned through the action and/or negligence of the Supplier with regards to this PO.
13. Indemnification and Insurance. Supplier shall defend, indemnify and hold Amiad harmless against any liabilities, damages, remedies, losses, penalties, fines, costs, expenses (including reasonable legal fees and expenses), demands, claims and proceedings of any nature incurred by Amiad arising out of or in connection with Supplier's breach and/or non-compliance with the provisions of this PO, including but not limited to, (1) if Supplier does not provide the Goods and/or Services by the dates specified in the PO and (2) if Supplier does not meet Amiad's quality requirements. Supplier's liability to indemnify Amiad shall not exceed the amounts payable to Supplier by Amiad according to this PO. The Supplier shall obtain and maintain at its own expense for the duration of this PO appropriate insurance coverage with

appropriate loss limits, including insurance covering its business, product liability insurance and bodily injury, against all third party claims and appropriate third party insurance. Upon request the Supplier shall provide Amiad with certificates of such insurance coverage.

14. Right to Modify; Termination for Convenience. Amiad reserves the right to issue at any time changes to the quantity and/or type of Goods, as specified in the technical specifications and/or in this PO. If Supplier asserts that such change may cause a delay in delivery time and/or change in the PO price, Supplier will promptly notify Amiad in writing before delivering the Goods, and the parties shall negotiate in good faith in order to agree on a new delivery time and/or price, as the case may be. If Supplier does not notify Amiad in advance and in writing of necessary adjustments to delivery time and/or PO price, any change made by the Supplier shall not bind Amiad. Amiad may terminate the PO in whole or in part at any time if Amiad determines, in its sole and absolute discretion that a termination is in its best interests and is for Amiad's convenience. Supplier shall be entitled to be paid for Goods delivered and/or Services properly performed prior to the effective date of termination, and for reasonable direct costs incurred by the Supplier for the performance of Work until the effective date of termination, if such costs are supported with proper documentation. Amiad may delay a PO with written notice following a customer's request, and Supplier shall stop work immediately on receipt of such notice and stop incurring any costs, unless instructed otherwise by Amiad. In case such delay is longer than 180 days, Supplier may cancel the PO and shall be entitled to be paid in accordance with the above provisions regarding termination for convenience.

15. Termination for Material Breach. If Amiad chooses to terminate any or all of the PO due to Supplier's breach of the PO terms, including failure to meet the delivery time scheduled in the PO and/or failure to replace defective goods and/or delivery of defective goods, Supplier shall not be entitled to any additional payment regarding the PO and Supplier shall return

to Amiad any payments made by Amiad regarding this PO, plus interest at the rate of the Current Loan Accounts excess rate in Bank Leumi Le- Israel B.M, from the due date until the outstanding sums are fully paid. In addition, and without limiting any other right or remedy Amiad may have, Amiad may acquire the Goods and/or Services (or their nearest reasonably available substitute) from a third party or third parties. The Supplier must pay to Amiad upon demand the whole of any cost, expense, loss or damage suffered or incurred by Amiad as a result of Supplier's breach of this PO, including any additional cost incurred by Amiad for acquiring substitute Goods and/or Services from a third party and/or any additional costs Amiad shall have to pay its customers due to any delay that may occur, and those amounts shall be a debt due from the Supplier to Amiad.

16. Environment and Safety. In performing the Work, Supplier shall: (1) Comply with environmental laws of every nature; (2) Consider the environment, minimize environmental hazards resulting from the Work and help prevent pollution, while using environmental-friendly materials and packaging materials; (3) ensure the safety of all personnel involved in the Work (including Amiad employees); (4) Where performing any or all of the Work on Amiad's site, comply with Amiad's safety, security and environmental policies and procedures, and any instructions or orders issued by Amiad in regard thereto.

17. Compliance. The Supplier undertakes to strictly comply with all laws and regulations including, but not limited to, ensuring that no use of conflict minerals (gold (Au), tantalum (Ta), tungsten (W) and tin (Sn)) originating from the Democratic Republic of the Congo and its neighboring countries will be used in the Work; Act in accordance with EU Regulation (EC) No 1907/2006 - REACH concerning the Registration, Evaluation, Authorization and Restriction of Chemicals and to act in accordance with the directive 2002/95/EC of the European Parliament on the restriction of the use of certain hazardous substances in electrical and electronic equipment (ROHS). Supplier warrants and acknowledges that it is obligated to strictly comply with Amiad's Code of

Ethics (available at www.amiad.com). Supplier has not and will not offer, promise or make or agree to make or reimburse, directly or indirectly, any payment to or for gifts (of money or anything of value), meals, travel or other value for Amiad employees and/or Amiad's contractors and/or service providers.

18. Change of Control. Amiad may be terminated this PO immediately in the event that the Supplier becomes insolvent, or upon the filing by or against Supplier of a petition in bankruptcy or reorganization, or the appointment of a liquidator or receiver and if such petition is not discharged nor such liquidator or receiver withdrawn within thirty (30) days, or upon assignment for the benefit of creditors of such party, or such similar action, or upon a change of control of the Supplier which may prevent the Supplier from performing the Work. Upon such termination, Amiad may, without additional approval, enter onto Supplier's site and return Amiad's assets from the site.
19. Assignment and Subcontractors. The Supplier shall not directly or indirectly subcontract or assign the Work or any of its rights, benefits or obligations under the PO or any part of the PO without obtaining Amiad's prior written consent which may be granted or withheld at Amiad's sole and absolute discretion. Amiad may assign any or all of its rights hereunder and may assign its obligations hereunder provided the Supplier's rights, benefits and/or obligations will not be affected. Amiad shall notify the Supplier in writing upon such assignment.
20. Assignment to different supplier. Upon early termination of this PO between Amiad and Supplier for any reason, Amiad may assign any or all of the Supplier's Work and obligations to a third party. If such assignment is made following Supplier's breach of the PO, Amiad will charge the Supplier for any damages and costs suffered by Amiad in seeking a different supplier and assigning the Work.
21. Employee-Employer Relationship. The relationship between Amiad and Supplier is that of an independent contractor. Nothing in this PO shall constitute or be deemed to constitute a relationship of employer and employee, partnership, joint venture or any similar joint interest between the parties and Supplier will not have the authority to bind Amiad or to contract in the name of Amiad or to create liability against Amiad in any way whatsoever. Supplier shall be solely responsible for any payment, deduction or any benefit of its personnel or representatives or employees.
22. Offset. Amiad is entitled to offset against monies otherwise due to the Supplier any monies that may be due or owing by the Supplier to Amiad. Supplier shall have no right or claim against Amiad regarding such offset.
23. Lien. Supplier waives any right of lien pursuant to any law.
24. Supplier's Representatives. The Supplier shall be bound by any actions made by its representative, including but not limited to its drivers, employees or any other representatives which are reasonably foreseen as Supplier's representative.
25. Waiver. Amiad's failure to exercise and/or delay in exercising any right, power or privilege under this PO shall not operate as a waiver; nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof. Any waiver must be in writing and signed by an authorized officer of Amiad.
26. Jurisdiction. This PO shall be governed by, interpreted and construed in accordance with the laws of the State of Israel. The competent court in Tel Aviv, Israel shall have sole and exclusive jurisdiction regarding any dispute or claim arising hereunder.
27. Notice. Notice as required herein shall be delivered by hand, by fax or by registered or certified mail, return receipt requested, postage prepaid. A notice shall be effective 3 days after being delivered by registered mail, 1 day after being sent by fax, and at the day it is delivered by hand.