

HSDG/ML/MSC SPACE CHARTER AGREEMENT

FMC AGREEMENT NO. 012136-003  
(2<sup>nd</sup> Edition)

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**ARTICLE 1: NAME OF THE AGREEMENT**

The name of this Agreement is the ~~HSDG~~/ML/MSC Space Charter Agreement (the "Agreement").

**ARTICLE 2: PURPOSE OF THE AGREEMENT**

The purpose of this Agreement is to authorize the chartering of space and a limited range of related cooperative activities in the trade covered by the Agreement.

**ARTICLE 3: PARTIES TO THE AGREEMENT**

The parties to the Agreement (hereinafter referred to individually as "Party" and jointly as "Parties") are:

~~1. Hamburg-Sudamerikanische Dampfschiffahrts-Gesellschaft KG  
("HSDG")  
Address: Willy Brandt-Strasse, 59  
20457 Hamburg, Germany~~

~~2. Maersk Line A/S ("ML")  
Address: 50, Esplanaden  
DK-1098, Copenhagen K. Denmark~~

~~3. MSC Mediterranean Shipping Company S.A. ("MSC")  
Address: 12-14 Chemin- Rieu  
1208 Geneva  
Switzerland~~

~~HSDG and ML are sometimes hereinafter referred to jointly as "Party A."~~

**ARTICLE 4: GEOGRAPHIC SCOPE**

This Agreement covers the trades between ports on the U.S. Atlantic Coast, on the one hand, and ports in Panama, Australia, and New Zealand on the other hand. All of the foregoing is hereinafter referred to as the "Trade."

**ARTICLE 5: AGREEMENT AUTHORITY**

5.1 Effective on or about March 20, 2018, ML and ~~HSDG~~ shall charter space to MSC as follows: a total slot allocation of 525 TEUs or 8,400 tonnes per vessel voyage northbound or 7,350 tonnes per vessel voyage southbound, whichever is used first (average weight 16.0 tonnes per TEU northbound and 14.0 tonnes per TEU southbound), including 100 reefer plugs roundtrip. This total allocation shall be split as follows:

(a) from the U.S. Atlantic Coast to Australia/New Zealand, a maximum southbound allocation of 275 TEUs or 3,850 tonnes (whichever is used first) and to the U.S. Atlantic Coast from Australia/New Zealand, a maximum northbound allocation of 275 TEUs or 4,400 tonnes (whichever is used first), with the allocation in each direction to include 100 reefer plugs; and

(b) from Colombia/Panama to Australia/New Zealand, a southbound allocation of 250 TEUs or 3,500 tonnes (whichever is used first) and to Colombia/Panama from Australia/New Zealand, a northbound allocation of 250 TEUs or 4,000 tonnes

(whichever is used first).<sup>1</sup> MSC may utilize slots within its allocation to move containers between the U.S. Atlantic Coast and Panama/Colombia.

~~HSDG and ML shall agree on the number of slots to be contributed by each of them for sale to MSC.~~

5.2 The Parties are authorized to discuss and agree on the terms and conditions relating to the sale of slots hereunder, including slot hire, the maximum weight restrictions (if any) applicable to the slot allocation, the permitted ratio (if any) of particular equipment sizes, and the compensation to be paid for such slots. It is agreed that slots will be paid for on a whether used or not basis and shall, subject to the maxima set forth in Article 5.1 hereof, be available to MSC at all points of a round voyage, including for coastal moves. MSC undertakes that it will comply with all local law/cabotage rules for coastal moves. MSC may not sell or sub-charter slots received under this Agreement.

5.3 ~~HSDG and ML~~, and the vessels on which ~~it~~they provides space to MSC, shall comply with the requirements of the ISM Code. ~~HSDG and ML~~ shall be responsible for all operational aspects of the vessels. ~~Party AML~~ shall have the option to introduce changes to the vessel schedule, and shall communicate ad hoc or permanent changes in the vessel schedule to MSC at least 30 days in advance. In the

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<sup>1</sup> Non-U.S. trades are included in this Agreement solely for purposes of disclosing to the Federal Maritime Commission ("FMC") the complete agreement of the Parties. Inclusion of non-U.S. trades does not bring such trades within the scope of the U.S. Shipping Act of 1984, as amended, or the jurisdiction of the FMC.

event MLParty-A clearly demonstrates that factors beyond its control have made it necessary to omit a port or ports in order to restore the schedule, it may load and discharge cargo at the nearest port of convenience with transshipment, storage and other costs to be for the account of the party that issued the bill of lading for such cargo. MLParty-A shall undertake to ensure proper and immediate notice and provide consultation as to efforts to minimize related costs. In the event that operating conditions such as but not limited to strikes by terminal employees impair ML'sParty A's ability to sustain a regular weekly service, MSC accepts to pay its proportional share (slots purchased compared to vessel capacity) of any additional operating costs incurred during such period, for instance resulting from ML'sParty-A's decision to deploy an extra vessel.

5.4 The Parties are authorized to discuss and agree on the joint and/or individual negotiation of appropriate contracts with terminal operators and stevedores, and to reach agreement on other issues relating to the loading and/or discharge of cargo, such as overtime and stand-by time.

5.5 MSC shall comply with all laws, regulations, requirements, directions or notices of customs, port and other authorities, and shall bear, pay and indemnify MLParty-A against all duties, taxes, fines, imposts, expenses, liabilities, damage, delay or losses (including, without prejudice to the generality of the foregoing, freight for any additional carriage undertaken) incurred, suffered or related to any illegal, incorrect, untimely or insufficient declaration, marking, numbering or addressing of MSC cargo or containers that are subject to this Agreement. Further, MSC shall immediately communicate to MLParty-A hold orders received from US Customs in respect to

particular bills of lading or containers. MSC shall co-operate fully with MLParty A in complying with hold orders, providing necessary information to MLParty A and U.S. Customs, and otherwise assuring prompt and full compliance with related instructions received from U.S. Customs. These obligations shall apply strictly and without regard to whether

MSC acted or failed to act intentionally, negligently or otherwise.

5.6 The Parties shall all be signatory to the Agreement to Voluntarily Participate in Customs-Trade Partnership Against Terrorism ("C-TPAT Agreement") and agree to develop and implement a verifiable, documented program to enhance security procedures throughout their respective portions of the supply chain process, as described in the C-TPAT Agreement.

5.7 The Parties are authorized to discuss and agree upon such general administrative matters and other terms and conditions concerning the implementation of this Agreement as may be necessary or convenient from time to time, including, but not limited to, performance procedures and penalties; stowage planning; record-keeping; responsibility for loss or damage; insurance; the handling and resolution of claims and other liabilities; indemnification; documentation and bills of lading; and the treatment of hazardous and dangerous cargoes.

5.8 Pursuant to 46 C.F.R. § 535.408(b), any further agreement contemplated herein cannot go into effect unless filed and effective under the Shipping Act of 1984, as amended, except to the extent that such agreement concerns routine operational or administrative matters.

5.9 The Parties shall collectively implement this Agreement by meetings, writings, or other communications between them and make such other arrangements as may be necessary or appropriate to effectuate the purposes and provisions of this Agreement.



**ARTICLE 6: ADMINISTRATION AND DELEGATIONS OF AUTHORITY**

6.1 This Agreement shall be administered and implemented by meetings, decisions, memoranda and communications between the Parties.

6.2 The following individuals shall have the authority to file this Agreement and any modifications thereto with the Federal Maritime Commission, as well as the authority to delegate same:

- (a) Any authorized officer of each of the Parties; and
- (b) Legal counsel for each of the Parties.

**ARTICLE 7: MEMBERSHIP**

Initially, membership in this Agreement shall be limited to the Parties. Additional parties may be added by unanimous agreement of the Parties.

**ARTICLE 8: VOTING**

Except as may be otherwise provided herein, all decisions hereunder shall require unanimous agreement of the Parties.

**ARTICLE 9: DURATION AND TERMINATION**

9.1 This Agreement will become effective on the date it becomes effective pursuant to the U.S. Shipping Act of 1984, as amended, and shall continue indefinitely, subject to termination as provided herein.

9.2 This Agreement may be terminated by ~~MLParty-A~~ or by MSC by providing not less than six (6) months prior written notice to the other Party.

9.3 Notwithstanding Article 9.2 above, should MSC repeatedly fail to comply with the requirements described in Article 5.5 of this Agreement, or should MSC not comply with the requirements under the C-TPAT as described in Article 5.6 of this Agreement, ~~ML~~Party A may terminate this Agreement with immediate effect.

9.4 Notwithstanding any termination in accordance with Article 9.2 or 9.3 above, the non-defaulting Party(ies) retain its/~~their~~ right to claim against the defaulting Party for any loss and/or damage caused or arising out of such termination.

**ARTICLE 10: ASSIGNMENT**

The rights and obligations of any Party under this Agreement shall not be assignable except with the prior consent of the other Parties.

**ARTICLE 11: LAW AND ARBITRATION**

11.1 Except as otherwise provided in Article 11.2 below, this Agreement is governed by and shall be construed in accordance with the Laws of England. If a dispute arises among the Parties which cannot be amicably resolved and which does not concern outwards liner cargo shipping from Australia, it shall be referred to arbitration in England according to the Arbitration Act 1996, together with the rules of the London Maritime Arbitrators Association. The language of

the conciliation or arbitration shall be English and the place of arbitration shall be London.

11.2 If any question or dispute arises in relation to outward cargo shipping from Australia, the Parties shall inform the Minister responsible for the administration of the Part X of the Competition and Consumer Act 2010 of the nature of the question or dispute and request permission for the question or dispute to be settled in accordance with Article 11.1. If such permission is not given, then Australian law shall apply to this Agreement and arbitration shall be before a single arbitrator to be appointed by agreement or, in default of agreement, by the Australian Commercial Disputes Centre and the arbitration shall take place in Sydney in accordance with and subject to the Commercial Arbitration Act 1984 (NSW) and UNCITRAL Arbitration Rules. Where the amount is US\$100,000 or less, the arbitration shall proceed on the basis of documents and written submissions only. Any right of appeal or other recourse under Part V of the Commercial Arbitration Act 1984 shall be excluded to the extent permitted under that Act.

**ARTICLE 12: COUNTERPARTS**

This Agreement and any future amendment hereto may be executed in counterparts. Each such counterpart shall be deemed an original, and all together shall constitute one and the same agreement.

**ARTICLE 13: SEPARATE IDENTITY/NO AGENCY OR PARTNERSHIP**

Each Party shall retain its separate identity and shall have separate sales, pricing and, to the extent applicable, separate marketing function. Each Party shall issue its own bills of lading. This Agreement does not create and shall not be interpreted as creating any partnership, joint venture or agency relationship between the parties, or any joint liability under the law of any jurisdiction.

**ARTICLE 14: NOTICES**

All notices required to be given in writing, unless otherwise specifically agreed, shall be sent by registered mail or courier service to the addresses listed in Article 3.

**ARTICLE 15: LANGUAGE**

This Agreement and all notices, communications or other writings made in connection therewith shall be in the English language. Neither party shall have any obligation to translate such matters into any other language and the wording and meaning of any such matters in the English language shall govern and control.

**ARTICLE 16: SEVERABILITY**

If any provision of this Agreement, as presently stated or later amended is held to be invalid, illegal or unenforceable in any jurisdiction in which this Agreement is operational then this Agreement shall be invalid only to the extent of such invalidity, illegality or unenforceability and no further. All remaining provisions hereof shall remain binding and enforceable.

**ARTICLE 17: WAIVER**

No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement, or under any other documents furnished in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege, or the exercise of any other right, power or privilege. No waiver shall be valid against either party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

**ARTICLE 18: AMENDMENT**

Any modification or amendment of this Agreement must be in writing and signed by both parties and may not be implemented until filed with the FMC and effective under the Shipping Act of 1984, as amended.