THE Alliance/Zim MED-USEC Slot Exchange Agreement

FMC Agreement No. 012447

A Cooperative Working Agreement

Expiration Date: See Article 9.
# THE Alliance/Zim MED-USEC Slot Exchange Agreement

**FMC Agreement No.**

**Original Page No. i**

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ARTICLE 1: NAME OF AGREEMENT

The name of this agreement is THE Alliance/Zim MED-USEC Slot Exchange Agreement (the “Agreement”).

ARTICLE 2: PURPOSE OF AGREEMENT

The purpose of this Agreement is to authorize the parties to exchange slots on their respective services in the Trade (as hereinafter defined) and to authorize the parties to enter into cooperative working arrangements in connection therewith.

ARTICLE 3: PARTIES TO AGREEMENT

The parties to the Agreement are:

1. (a) Hapag Lloyd Aktiengesellschaft
   Ballindamm 25
   20095 Hamburg, Germany

   (b) Nippon Yusen Kaisha (NYK)
       3-2 Marunouchi 2-Chome
       Chiyoda-ku, Tokyo 100-0005, Japan

   (c) Mitsui O.S.K. Lines, Ltd. (MOL)
       1-1, Toranomon 2-Chome
       Minato-ku, Tokyo 105-8688
       Japan

   (d) Kawasaki Kisen Kaisha, Ltd. (KL)
       Iino Building, 2-1-1
       Uchisaiwai Cho
       Chiyoda-ku
       Tokyo 100-0011, Japan

   (e) Yang Ming Marine Transport Corp. (YML)
       271 Ming De 1st Road
       Cidu District, Keelung 20646
       Taiwan
HL, NYK, MOL, KL, and YML shall act as a single Party hereunder and are hereinafter collectively referred to as "THE Alliance Lines" or individually as a "THE Alliance Line."

2. ZIM Integrated Shipping Services Limited (Zim)
   9 Andrei Sakharov Street
   “Matam” – Scientific Industries Center
   P.O.B. 1723
   Haifa, 31016
   Israel

THE Alliance Lines and Zim are hereinafter referred to individually as a “Party” and collectively as the “Parties.” Further, any THE Alliance Line and/or Zim may be referred to from time to time individually as a “Line” and collectively as “Lines.”

ARTICLE 4: GEOGRAPHIC SCOPE

The geographic scope of this Agreement is the trade between all ports in Italy, France and Spain on the one hand, and all ports on the East Coast of the United States and Canada, on the other, as well as ports and points served via such U.S. and foreign ports (the “Trade”).

ARTICLE 5: AUTHORITY

A. The Slot Exchange

1. On such terms and conditions as the Parties may agree from time to time, the Parties may exchange slots on their respective services in the Trade.
Initially, it is expected that THE Alliance Lines shall provide to Zim space for 650 TEUs per sailing on THE Alliance’s AL6 service between Italy and France and the U.S. East Coast and Canada, in exchange for which Zim shall provide to THE Alliance Lines space for 650 TEUs on Zim’s ZCA service between Spain and the U.S. East Coast and Canada. The number of slots to be exchanged, or the services on which slots will be exchanged, may be modified by the Parties without amendment to this Agreement; provided, however, that a change in the number of slots above a maximum of 740 slots or below a minimum of 400 slots shall require an amendment to this Agreement. In addition, either Party may sell additional slots to the other Party on an ad hoc, per voyage, as available, as needed basis, on such terms and conditions as the Parties may agree from time to time.

2. Neither party shall subcharter slots made available to it hereunder to any third parties without the prior written consent of the other Party, which shall not be unreasonably withheld.

3. The Parties may confer on operational matters relating to the AL6 and ZCA services, including the vessels to be used by the Lines, scheduling and port rotations, port calls, transit times, speed and adjustments to vessel speed (such as slow steaming), and selection and use of terminals.

4. The Parties shall be entitled to use the exchanged slots without any geographical restrictions regarding the origin or destination of the cargo subject to operational restrictions and efficiency targets as the Parties may adopt from time to time, and subject to the concurrence of the vessel operator.
in the case of hazardous, breakbulk, or noncontainerized cargo. There shall be no priorities for either full, empty, wayport/interport or breakbulk cargo.
B. General Provisions

1. The Parties may consult and may agree upon the chartering, hiring, establishment, use, scheduling and coordination of transhipment, barge, and feeder services, in conjunction with the linehaul operations of any of the services covered by this Agreement. The Parties may also discuss, and may agree, on, the interchange of equipment between Zim and THE Alliance Lines.

2. Each Line shall be responsible for marketing its own interests in the Trade.

3. The Parties are authorized to discuss and agree on their respective rights, fair and reasonable allocation of liabilities among the Parties, apportionment of damages, satisfaction of claims, procurement of insurance and claims thereunder, and indemnities for activities under this Agreement, such as matters pertaining to cargo loss or damage; damage or loss to containers or other equipment; schedule or delivery delays; loss of or damage to a vessel; accidents; hazardous, breakbulk, or oversized cargoes; loss or damage caused by cargo; damage to persons or property; failure to perform; force majeure; general average; and any liability to third parties. The Parties may also discuss and agree on all matters relating to the terms and conditions of charter parties pertaining to the operation and use of vessels/space/cargo subject to this Agreement, participation in voluntary government programs concerning security, safety, or similar matters (such as C-TPAT), and sequestration of all or portions of vessels, or other Flag State use of vessels,
including pursuant to the U.S. government’s Voluntary Intermodal Sealift Agreement Program.

4. Nothing in this Agreement shall be understood to preclude a Party or Line from: (i) continuing to operate any existing services within the geographic scope of the Agreement; (ii) modifying any such existing services as it may decide from time to time, or (iii) commencing a new service in the Trade.

5. Pursuant to 46 C.F.R. §535.408, any further agreements contemplated by this Agreement which are required to be filed under the Shipping Act of 1984, as amended, shall not be implemented until an appropriate amendment to this Agreement has been filed and become effective.

ARTICLE 6: ADMINISTRATION AND DELEGATION OF AUTHORITY

6.1 This Agreement shall be implemented and administered by meetings and other written and oral communications among the Parties. The Parties are authorized to adopt written procedures and policies with respect to the day-to-day operational requirements of the service, as well as with respect to communications among themselves.

6.2 Counsel for any Party or Line is hereby authorized to file this Agreement and any amendments thereto with the U.S. Federal Maritime Commission, execute this Agreement and any amendments hereto, and to otherwise act on behalf of the Parties with respect thereto.
ARTICLE 7:  MEMBERSHIP

Membership is limited to the Lines, unless otherwise unanimously agreed by the Parties.

ARTICLE 8:  VOTING

Except as otherwise provided herein, decisions on matters as to which the Parties are required or authorized to reach agreement shall be reached by mutual agreement of the Parties.

ARTICLE 9:  DURATION AND RESIGNATION

9.1 The effective date of this Agreement shall be the date it becomes effective under the U.S. Shipping Act of 1984, as amended, and its initial term shall expire as of October 1, 2018. The Agreement shall continue indefinitely following the expiration of the initial term until terminated according to the provisions of this Article 9, by unanimous agreement of the Parties, or by withdrawal of one of the Parties.

9.2 Any Party may withdraw from this Agreement by giving six (6) months’ notice to the other Party; provided, however, that no such notice may be given until six (6) months after the original effective date of the Agreement.

9.3 For the avoidance of doubt, each THE Alliance Line has the right to withdraw from THE Alliance Agreement (FMC No. 012439) by giving twelve (12) months’ written notice of withdrawal. If this right is exercised by any THE Alliance Line such that it withdraws from the THE Alliance Agreement then, notwithstanding Article 9.1 above, the individual THE Alliance Lines shall have
the right to withdraw from this Agreement with effect from the same date. In such an event, the remaining THE Alliance Lines and Zim will use their best endeavours to continue the Agreement, subject to any amendments necessary to enable the arrangement to continue.

9.4 This Agreement shall terminate if THE Alliance Agreement (FMC No. 012439) terminates.

9.5 Notwithstanding Article 9.1, if at any time during the term of the Agreement there shall be a change in the control or a material change in the ownership of any one Line (the Line so affected being referred to in this Article 9.5 only as the Affected Line) and the other Lines are of the opinion arrived at in good faith that such change is likely to materially prejudice the cohesion or viability of the service, then the other Lines may by unanimous agreement within six (6) months of the coming into effect of such change give six (6) months' notice in writing to the Affected Line terminating the Agreement in relation to that Line. For purposes of this Article 9.5, a change in the control or material change in the ownership of a Line shall not include any change of holding in the framework of a financial restructuring whereby shares are transferred and/or allocated to any third party, and any sale or transfer of shares by the shareholders thereafter (excluding to a container Liner operator, any parent or affiliate thereof, and/or any entity that is a substantial shareholder of a container liner operator), and any public offering of shares in that Line or its holding company, or any shareholder of such Line or its holding company who was a substantial shareholder of such Line or holding company
on the effective date of this Agreement acquiring control of such Line or holding company. For purposes of this clause, “substantial shareholder” shall mean a shareholder with more than 20% equity ownership of the Line or holding company.

9.6 Notwithstanding Article 9.1, if at any time during the term of this Agreement any Line should become bankrupt or declares insolvency or have a receivership order made against it, suspend payments, or continue its business under a receiver for the benefit of any of its creditors, or if a petition is presented or a meeting convened for the purpose of considering a resolution, or other steps are taken, for the winding-up of the Line (otherwise than for the purposes of and followed by a resolution previously approved in writing by the other Lines), or any event similar to any of the above shall occur under the laws of the Line’s country of incorporation (the Line so affected being referred to in this Article 9.6 only as the Affected Line) and the other Lines are of the opinion that the result may be materially detrimental to the service, or that sums may be owed by the Affected Line to any other Line(s) may not be paid in full or their payment may be delayed, then, by unanimous decision of the other Lines, any further participation of the Affected Line in the Agreement or any part thereof may, with immediate effect, either be terminated or suspended for such period as the other Lines, in their sole discretion, deem appropriate.

9.7 In the event of termination of the Agreement for whatever cause in relation to one Line or Party, the Lines/Parties (as the case may be) shall continue to be liable to one another in respect of all liabilities and obligations
accrued due prior to termination and in such other respects as the Parties shall determine to be fair as between themselves in relation to the completion of all contracts of carriage outstanding at the date of termination.

**ARTICLE 10: NON-ASSIGNMENT**

The rights and obligations of each Line hereunder shall not be assignable except to subsidiaries, parent companies or fellow subsidiaries that are VOCCs, or to another VOCC with the prior unanimous agreement of the other Lines. Each Line shall warrant that any subsidiary or fellow subsidiary to which any assignment is made shall not be sold to a third party so long as such assignment continues in existence, and shall make no further assignment except with the unanimous consent of all Lines.

**ARTICLE 11: LAW AND ARBITRATION**

11.1 This Agreement shall be governed by and construed in accordance with the laws of England and shall otherwise be subject to the U.S. Shipping Act of 1984, as amended.

11.2 Any dispute or difference between the Parties or between Zim and one or more of THE Alliance Lines arising out of or in connection with this Agreement which cannot be amicably resolved shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Article 11. The arbitration shall be conducted in
accordance with the London Maritime Arbitration Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

11.3 The reference shall be to three arbitrators. A Party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other Party, requiring the other Party to appoint its own arbitrator within 14 calendar days of that notice, and stating that it will appoint its arbitrator as sole arbitrator unless the other Party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other Party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the Party referring a dispute to arbitration may, without the requirement of any further prior notice to the other Party, appoint its arbitrator as sole arbitrator and shall advise the other Party accordingly. The award of a sole arbitrator shall be binding on both Parties as if he had been appointed by agreement. Nothing herein shall prevent the Parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

11.4 In cases where neither the claim nor any counterclaim exceeds the sum of US$ 100,000 the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when arbitration proceedings are commenced.

ARTICLE 12: NOTICES

Any notice hereunder shall be made by courier service or registered mail, or in the event expeditious notice is required, by e-mail or fax confirmed by
courier or registered mail, to the persons designated by the Lines to receive such notices at the addresses shown in Article 3 hereof.

**ARTICLE 13: COMPLIANCE WITH LAW**

The Lines shall, individually and collectively, conduct their operations under this Agreement in compliance with laws and regulations applicable to any one or more of the Parties, including but not limited to applicable regulatory compliance and trade sanctions, anti-boycott, anti-corruption and bribery, environmental, labor, competition, and privacy laws.

**ARTICLE 14: THE ALLIANCE LINES**

It is agreed among THE Alliance Lines and acknowledged and understood by Zim that:

(a) THE Alliance Lines are authorized collectively to undertake all of the rights, powers, obligations and liabilities of THE Alliance as a Party to this Agreement, to the extent that this Agreement confers rights, powers, obligations or liabilities on the THE Alliance Lines as a group.

(b) THE Alliance Lines are authorized to discuss and develop joint positions, and make joint decisions, with respect to any and all matters relating to the implementation of, or actions and decisions pursuant to, this Agreement (or any agreement among the Parties pursuant thereto). This includes all matters on which the Parties are authorized to discuss or agree pursuant to
Article 5 of this Agreement, and all actions or decisions (whether individual or joint) within the scope of Article 5 of this Agreement.

(c) With respect to all rights (including slot allocations), powers, obligations and/or liabilities that this Agreement confers on the THE Alliance Lines as a group, THE Alliance Lines are authorized to discuss and agree on the allocation or apportionment of any such rights, powers, obligations and/or liabilities amongst themselves; provided, however, that nothing in this Article 14 shall alter any rights that Zim has or may have against any Party or Line, as the case may be.
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives as of this __ day of ____________, 2016.

Signed for and on behalf of
Hapag-Lloyd Aktiengesellschaft

Signed for and on behalf of
Nippon Yusen Kaisha

Signed for and on behalf of
Mitsui O.S.K. Lines, Ltd

Signed for and on behalf of
Kawasaki Kisen Kaisha, Ltd.

Signed for and on behalf of
Yang Ming Marine Transport Corp.

Signed for and on behalf of
ZIM Integrated Shipping Services Limited